



**Islamic Banking and Finance in Emerging
Countries:
A Study of Post-Soviet Central Asian
Republics**

Bilal Ahmad Malik*

* Centre of Central Asian Studies, University of Kashmir, Srinagar, India

Abstract

Till late 1980s most Central Asians were still deeply secular in outlook, a legacy of 70 years of communist rule. Since the breakup of the Soviet Union, each of the Central Asian Republics joined the largest Islamic banking institute IDB: Kyrgyzstan (1993); Turkmenistan (1994); Kazakhstan (1995); Tajikistan (1996); and Uzbekistan (2003). By 1997, the IDB established a regional office in Almaty, Kazakhstan, to foster its efforts to enhance the socio-economic development of the region. The regional office in Almaty has effectively become the hub for IDB group operations in the whole area. The regional decision makers, investors and private bankers are gradually opening up to Islamic financial products. Responding positively to the growing customer demand, local governments like Kazakhstan, Kyrgyzstan and Uzbekistan have made some significant amendments in their respective state constitutions. Such amendments were meant to provide a legal platform for the industry where it could facilitate its *Shari'ah* based financial instruments and could also generate a healthy market share. The present paper would be an attempt to examine the present nature and status of Islamic banking and finance industry in the five emerging economies of Post-Soviet Central Asia.

Keywords: Post-Soviet Central Asia, Islamic finance, Emergence, Development