

Name - Yusra Zainab

Topic - The Institutional Development of Islamic Financial Market of GCC Countries

Supervisor - Prof Shahid Jamal Ansari

Dept/Centre - Centre for West Asian Studies

Notification Date - 28/08/2023

Notification no - COE/Ph.D/(Notification)544/2023

## **FINDINGS**

This research provides a comprehensive overview of the Islamic finance market in the GCC countries, exploring its development within the region's unique socio-economic and political landscape. Key findings include:

- 1. Regional Characteristics:** The GCC's economy is heavily reliant on oil, cheap migrant labor, and a monarchic political system. The region's rentier economy and populist governance have been significant in shaping its economic and financial landscape, particularly in the wake of the Arab Spring.
- 2. Evolution of Islamic Finance:** The modern Islamic banking and finance industry, although relatively young, has rapidly developed due to early initiatives by organizations such as the OIC, IsDB, IIFA, and AAOIFI. Petro-capital has played a crucial role in the industry's inception, with oil revenues enabling the establishment and growth of Islamic financial institutions (IFIs).
- 3. Supporting Institutions:** Various Islamic Financial Institutions (IFIs) have provided the necessary architectural framework for the industry, with significant contributions from the GCC countries. However, the support from GCC governments varies, with some countries being more welcoming than others.
- 4. Challenges and Competitions:** The Islamic finance industry faces challenges such as regulatory framework issues, criticism of imitating conventional financial models, and the need for innovation. Collaboration with conventional financial institutions and international bodies is essential for growth and overcoming these challenges.
- 5. Government and Shariah Boards Support:** The level of support from GCC governments and Shariah Boards has been mixed, with some countries showing significant backing while others remain cautious due to political concerns.
- 6. Global Economy:** Islamic financial institutions work within the global financial system, offering Shariah-compliant alternatives to conventional financial products. Despite criticisms, the industry has shown resilience and growth potential.

In conclusion, the research highlights the Islamic finance industry's complex interplay with religion, politics, and oil wealth in the GCC. It underscores the industry's unique challenges and its efforts to establish a competitive, innovative, and profitable Shariah-compliant financial model. The Islamic finance market, rooted in religious principles, seeks to complement the conventional financial system while maintaining its distinctiveness and ethical values. The industry's future development depends on continued innovation, supportive regulatory frameworks, and increased global collaboration.