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Islamic banking for corporates

Broadening horizons



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Foreword

In today’s dynamic business environment, corporates are increasingly seeking financing and risk management solutions that not only support growth but also align with evolving expectations of sustainability, transparency, and responsible business practices. Islamic finance, built on principles of fairness, risk-sharing, and asset-backed financing, offers a compelling alternative that speaks directly to these priorities.

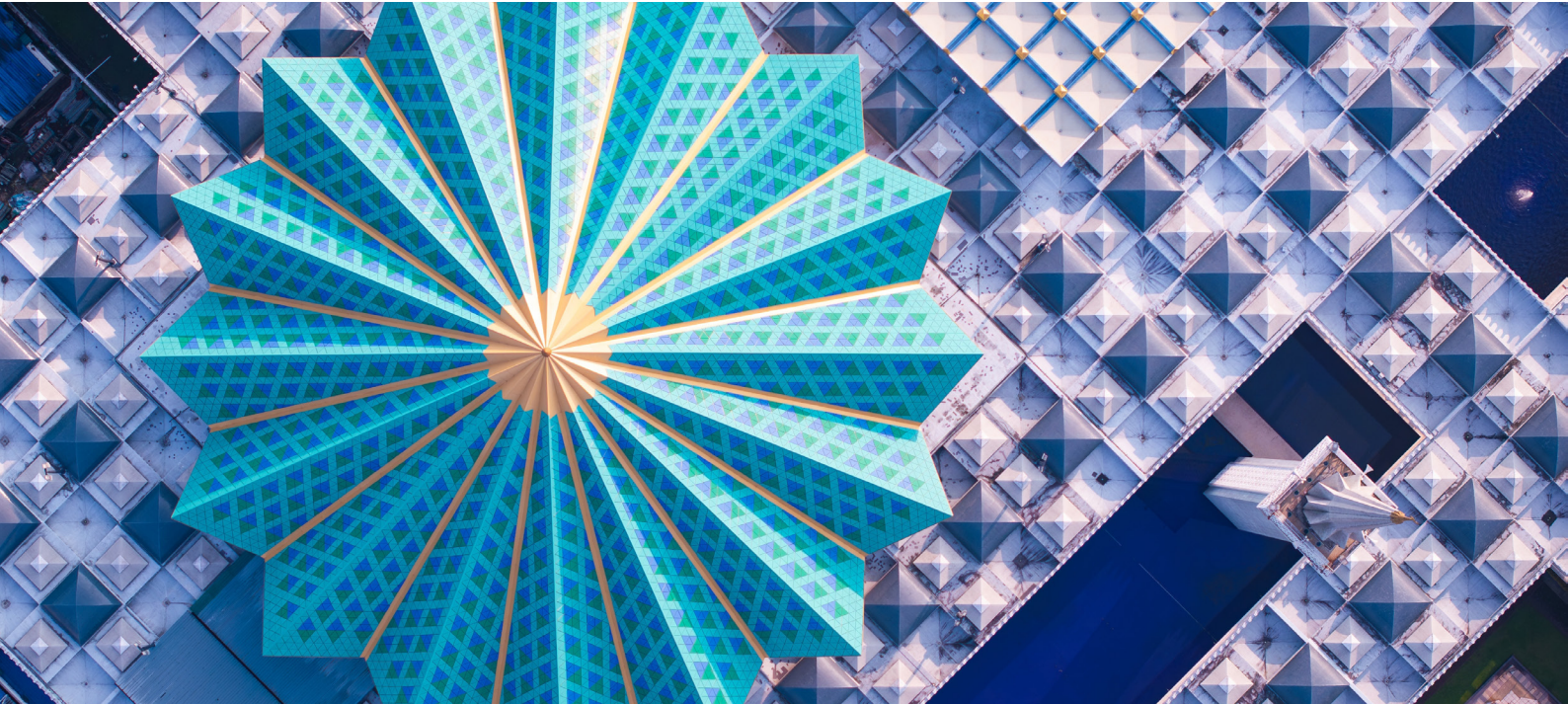
Over the past decades, Islamic finance has transformed from a niche proposition into a mainstream industry, spanning more than 80 countries and exceeding USD5 trillion in assets. Its growth is underpinned by both demand and innovation — from trade finance to working capital, from sustainable sukuk to treasury solutions — enabling corporates of every size to benefit from financing that is ethical, competitive, and globally recognised.

This report is designed to introduce Islamic finance to corporate clients - many of whom may be exploring Islamic finance for the first time. Showcasing how Islamic banking works and why it matters today, it includes an overview of the principles that make Islamic finance unique, insights into industry developments and trends shaping the future, as well as real client examples that illustrate how businesses like yours have leveraged these solutions in practice and tapped into Islamic banking as a lever for growth.

At Standard Chartered, we are proud to be leading this space as the only international bank with a global Islamic banking franchise, offering a comprehensive suite of Shariah-compliant products to meet our corporate clients’ needs. We invite you to explore the opportunities outlined in these pages and look forward to working with you on finding the right Islamic finance solutions for your business.



Khurram Hilal
CEO, Group Islamic Banking
Standard Chartered

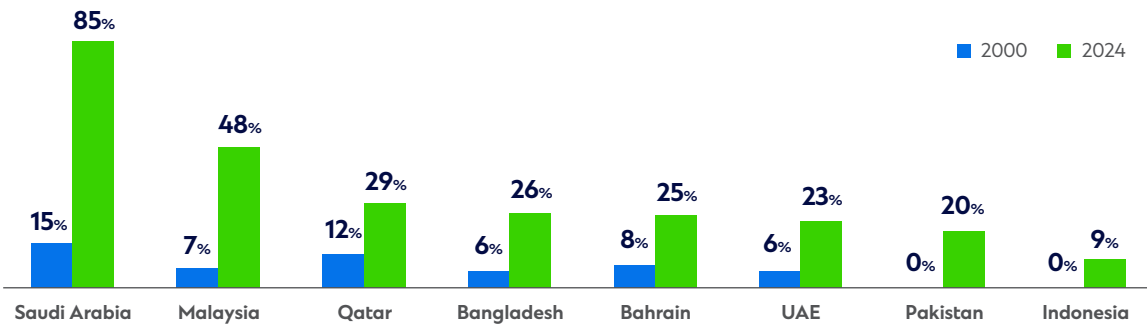


From a niche offering to a five trillion-dollar financing opportunity

Over the past 50 years, Islamic banking has steadily gained traction and now stands as a credible and increasingly influential segment of the global financial landscape, driven by growing demand from corporates, sovereigns, and investors seeking values-driven, Shariah-compliant financial solutions.

Since 2000, Islamic banking has seen remarkable growth across key markets, with countries like Saudi Arabia, Malaysia, and Qatar significantly expanding their market share.

Islamic banking market share growth in key markets 2000-2024



Source: LSEG data. Please refer to appendix for more information.

The institutionalisation of Islamic banking is also becoming increasingly evident as more corporates integrate Islamic financing, through Sukuk (Islamic bonds), as a strategic and competitive funding option. This expansion signals a broader shift in corporate financing strategies, as corporates seek to diversify funding sources.

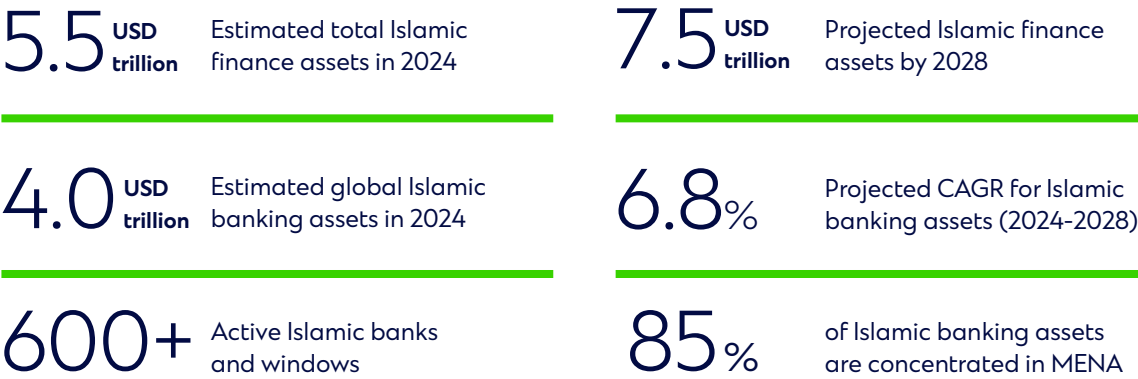
Corporate Sukuk issuance



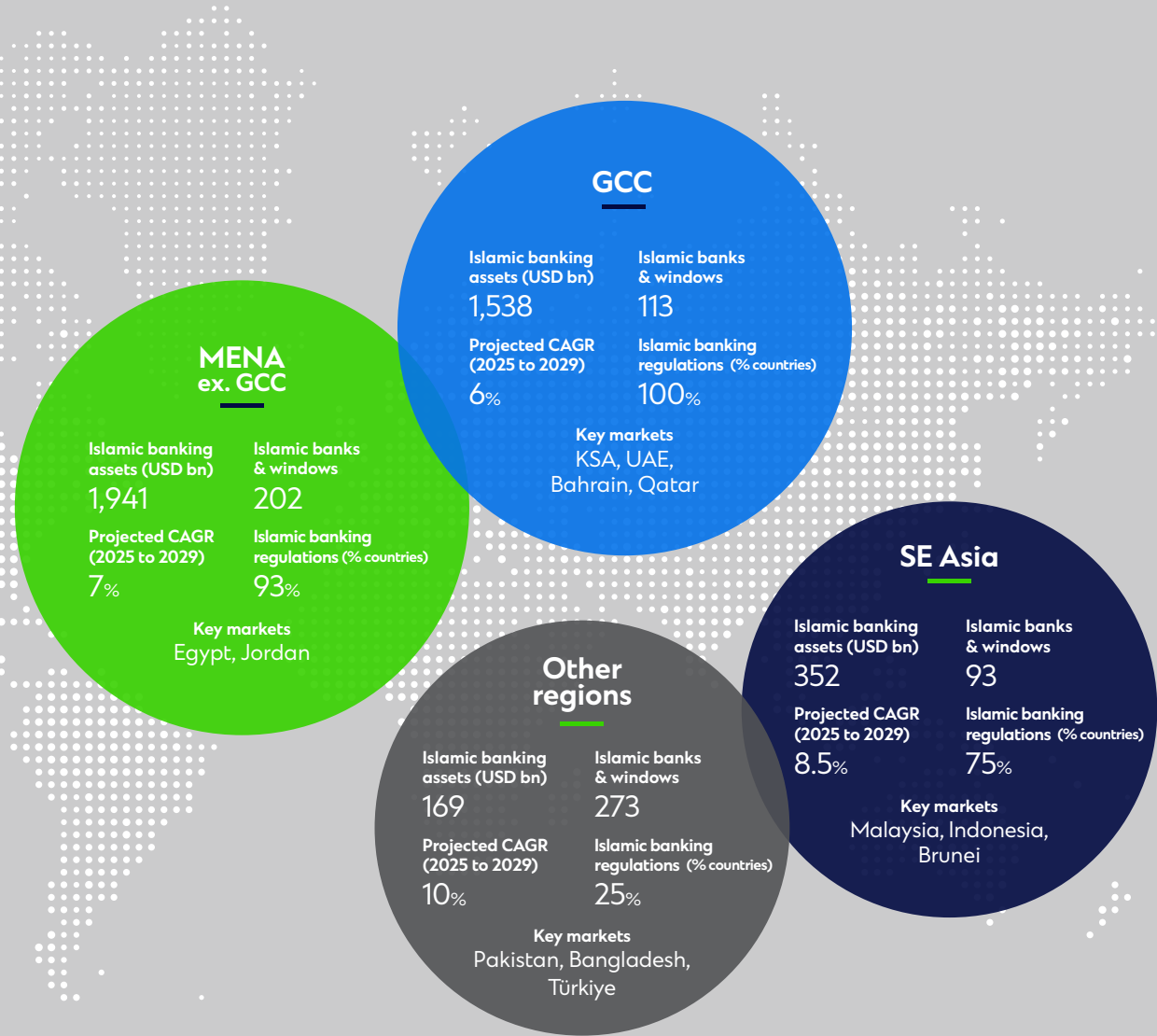
Source: LSEG data. Please refer to appendix for more information.

Corporate Sukuk issuances have targeted both domestic and international investors. While domestic Sukuk have historically dominated, international issuances have steadily gained traction, accounting for 45 per cent of corporate Sukuk proceeds in 2024 and rising to 58 per cent in the first half of 2025. These figures highlight growing demand from investors beyond traditional Islamic finance markets, affirming Sukuk's role as a globally relevant financing instrument.

Global Islamic banking landscape in numbers



Islamic banking regional development



Source: LSEG data. Please refer to appendix for more information.

Understand Islamic banking in five questions

Despite its expansion into the mainstream, Islamic banking remains complex and often misunderstood.

Our recent global corporates survey¹ revealed that 42 per cent of corporates that were interested in Islamic banking products were, at most, somewhat familiar with them. Furthermore, 65 per cent of those interested had no prior background on Islamic banking products.

Ambiguities around what it is, its principles, structures, and market dynamics pose challenges for corporate leaders looking to engage with or invest in this space. Without clear understanding and visibility, participants in the wider market, including multinational corporates, could miss out on a five trillion-dollar strategic financing opportunity that offers access to values-driven, Shariah-compliant capital and growing investor demand across key markets.

To unlock its full potential, it is essential to first build a clear and nuanced understanding of how Islamic banking works and where it creates strategic value.

1. What is Islamic banking?

Islamic banking is a values-based approach to banking that operates under Shariah principles. It emphasises ethical and transparent practices, links finance to real economic activity, and promotes social responsibility, financial inclusion, and economic stability by avoiding interest, excessive leverage, and speculative transactions.

It applies asset-based financing and risk-sharing models that aim to minimise financial risk and promote a more equitable sharing of profits between parties.

Islamic banking is delivered through two channels:

- **Full-fledged Islamic banks** offering only Shariah-compliant services.
- **Islamic windows within conventional banks**, allowing corporates to access Islamic finance while maintaining existing banking relationships.



In some markets, such as Türkiye and Morocco, Islamic banking is referred to as “Participation banking” to emphasise the participatory nature of its financial contracts, where banks and clients share profits and risks rather than engage in interest-based transactions.

¹ Standard Chartered 2025 Capital Structure & Rating Advisory (CSRA) survey. Please refer to appendix for more information.

Eligible assets for Islamic asset-based or asset-backed structures must meet specific criteria:

- **Shariah-compliant**, meaning they cannot be associated with prohibited activities such as alcohol, gambling, or conventional interest-based finance.
- **Tangible, identifiable, and legally transferable**, with a stable valuation and free from excessive uncertainty.

Common assets used in asset-based or -backed financing include inventory, equipment, vehicles, real estate, and commodities. These are typically applied in operational contexts like Murabaha or Ijara. For asset-backed structures, such as Sukuk, they often involve income-generating real estate, infrastructure projects, leased assets, or other capital-intensive assets that can be securitised.



2. What are the key principles of Islamic finance that corporates should be aware of?



3. What governance structures ensure the integrity of Islamic banks?

Islamic banks operate under a multi-layered governance framework that ensures both financial soundness and Shariah compliance. This includes:

- **Banking regulation:** Islamic banks are regulated by central banks under general banking regulations, and often also under dedicated frameworks in markets like the GCC, Malaysia, and Pakistan.
- **Shariah governance:** Each Islamic bank appoints an internal Shariah board to oversee product compliance, supported in some jurisdictions by national-level boards that issue binding guidance. Internal Shariah audits and advisory functions are key to day-to-day oversight.
- **Standard-setting bodies:** Institutions such as AAOIFI and IFSB provide voluntary standards for accounting, governance, and prudential regulation, widely adopted to enhance consistency and credibility across markets.

A Shariah board plays a critical role in ensuring the ethical and operational integrity of Islamic financial institutions. It reviews and approves products, oversees contracts and investment structures, and ensures that all activities, including marketing and reporting, comply with Shariah principles. This oversight is particularly important when adapting conventional financial innovations to Islamic standards. The presence of qualified Shariah advisors also strengthens market confidence, signalling to clients, regulators, and investors that the institution is committed to Shariah compliance and financial transparency.

4. How does Islamic banking differ from conventional banking?

While the outcomes of Islamic and conventional banking may appear similar, such as financing solutions or returns, their underlying principles and execution are fundamentally different.

 Conventional banking Money is treated as both a commodity and a medium of exchange. It can be sold at a price higher than its face value or rented out. Profit is generated by charging interest on capital, based on the time value of money. Interest is charged regardless of the outcome of the financed activity, meaning the bank earns even if the client incurs losses. Financing is typically disbursed without linking it to specific goods or services. The use of money as a commodity can contribute to inflation and speculative activity.	 Islamic banking Money is solely a medium of exchange and not a commodity. It cannot be sold at a premium or rented. Profit is earned through trade, leasing, or service provision, not through interest. Islamic banks may operate on a profit-and-loss sharing basis. Using contracts like Mudaraba and Musharaka², banks share in both profits and losses. Disbursement of funds requires underlying contracts tied to goods or services, such as Murabaha, Salam, or Istisna³. Islamic banking promotes linkage to the real economy through asset-backed and trade-related transactions, supporting financial stability.
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Islamic banking is open to all clients regardless of faith. Many corporates, both Muslim and non-Muslim, choose Islamic banking for a number of reasons, including its ethical foundation, risk-sharing structures, and ESG alignment.

2, 3 Please refer to glossary for more information.

5. Is Islamic banking easily accessible for corporates?

Although Islamic finance may initially appear complex due to its unique terminology and principles, in practice it is much more accessible. With the right support, corporates find that Islamic banking can be a strategic complement to their existing funding toolkit without requiring a fundamental shift in how they operate financially.

Most Islamic financial products are intentionally structured to align closely with conventional banking tools, making them familiar in function even if they are different in form. For example, Murabaha resembles a fixed-rate loan, Ijara operates like a lease, and Sukuk replicates the cash flows of conventional bonds but is asset-backed.

Corporates typically navigate the nuances of Islamic finance by:

- **Partnering with Islamic banks or advisors** which have long-standing experience and capabilities in structuring Islamic finance solutions across diverse markets.
- **Using standardised structures** that simplify documentation and compliance.
- **Starting with pilot transactions** to build internal familiarity.
- **Translating Islamic finance concepts into conventional finance language** for internal teams.



A strategic enabler for corporate growth

Islamic banking is increasingly recognised not only as a faith-aligned option, but as a strategic enabler for corporates navigating growth, diversifying capital sources, and accessing government-aligned opportunities. For corporate leaders, its significance lies in its ability to unlock new markets, capital sources, and stakeholder relationships regardless of faith-driven reasons.

Accessing new markets

Islamic banking enables corporates to tap into high-growth, underserved markets where Shariah compliance is a fundamental requirement, particularly across the GCC, Southeast Asia, and parts of South Asia and Africa. This is particularly relevant in jurisdictions such as Saudi Arabia, where Islamic finance is deeply embedded in the financial ecosystem and accounts for 75 per cent of total banking assets. In such markets, Shariah compliance is not only preferred; it is expected.

Islamic banking helps corporates enter these markets more smoothly by aligning with local norms, strengthening reputational capital, and enabling confident operations in culturally and ethically sensitive environments.



Government support and mandate

Governments in key markets are positioning Islamic finance as a mainstream tool to mobilise capital and drive private sector growth. In many jurisdictions, particularly in the GCC, Southeast Asia, Pakistan and Türkiye, Islamic finance is a government-backed pillar of economic development.

Key initiatives include:

Country	Strategic focus	Benefit to corporates
Malaysia	Master plan for Islamic Finance 2023-2027 builds on Malaysia’s position as global leader in Sukuk and Islamic fund management	Enhances access to capital markets, promotes, green/ sustainable Sukuk and supports corporates with plans for global expansion.
Pakistan	Strategic Action Plan (2024–2026), Federal Shariah Court Judgment and Constitutional amendment of 2024 mandate a wholesale conversion of banking sector to an Islamic finance model	Promotes financial inclusion and unlocks access to domestic and foreign Shariah compliant capital
Saudi Arabia	Vision 2030 embeds Islamic finance in its Financial Sector Development Program	Mobilises long-term capital for privatisation, SME financing, and industrial diversification
UAE	National strategy to increase Islamic banking assets and Sukuk listings by 2.5 times by 2031	Expands SME access to finance and strengthens Halal economy sectors

By prioritising Islamic banking, corporates can gain preferential access to sovereign-backed initiatives such as infrastructure projects and public-private partnerships. These solutions are particularly relevant for corporates in high-growth sectors such as logistics, food production, tourism, and FinTech, where Islamic banking can support expansion, enhance export competitiveness, and align with national development priorities.

Moreover, many governments offer tangible incentives for Islamic finance adoption, including tax neutrality measures, simplified Sukuk listing requirements, and even state-backed guarantees. For corporates seeking to future-proof their regional strategy, Islamic banking is not just a compliance consideration, it is a commercially sound, policy-aligned opportunity.



Market spotlight

UAE government renews strategic focus on Islamic finance

In May 2025, the UAE government approved a national strategy for the development of Islamic finance and the Halal economy: the “UAE Strategy for Islamic Finance and Halal Industry”.

This comprehensive plan seeks to build an integrated ecosystem encompassing Islamic banking, Sukuk, Takaful, and other non-banking Shariah-compliant financial services, aligned with international standards.

To oversee implementation, a committee chaired by the Governor of the Central Bank of the UAE (CBUAE) has been established, with three core objectives:

- Develop the domestic Islamic financial sector
- Lead global Islamic finance activities
- Boost the export of Halal products worldwide

Key strategic targets set for 2031 include:

- **More than doubling Islamic banking assets** to AED 2.56 trillion (USD697.5 billion), up from AED 986 billion (USD268.4 billion)
- **Increasing local Sukuk issuances** to AED 660 billion (USD179.8 billion)
- **Expanding international sukuk listings in the UAE** to AED 395 billion (USD107.5 billion)

The UAE’s Islamic finance industry is well-established, and ranks as the fourth-largest Islamic finance jurisdiction, according to the 2025 ICD-LSEG Islamic Finance Development Indicator. The sector is expected to continue expanding in the medium term, driven by strong demand and regulatory initiatives aimed at deepening the Islamic finance ecosystem.

Islamic banks play a significant role in the UAE’s financial landscape, accounting for 18 per cent of total banking assets, and consistently outpacing conventional banking growth.

Islamic banking in the UAE in figures

as of H1 2025

	Value (USD billion)	5-year CAGR	Share of total
Total Islamic banking assets	242.7	10%	18%
Total Islamic financing	149.5	9%	23%
Domestic	126.9	7%	24%
Private sector (corporates)	43.5	2%	18%
Total Shariah-compliant deposits	179.2	11%	22%

Source: Central Bank of the UAE (CBUAE), LSEG Analysis

Looking ahead, the strategy is poised to strengthen regulatory frameworks and support the growth of local Islamic banks. It effectively promotes an “Islamic-first” approach to banking and finance within the UAE. Furthermore, the strategy positions the UAE as a leading player in the global Sukuk market, with its targets expected to make it the third-largest contributor by 2031, after Malaysia and Saudi Arabia.

Strategic positioning

In addition to leveraging strategic and investor alignment to initiate market entry, operational alignment ensures long-term viability. For corporates, this means translating Shariah principles into day-to-day business practices, from contract structuring to how suppliers and clients expect to engage. Without this alignment, companies risk transactional friction, missed opportunities, or exclusion from key value chains.

Operational integration of Islamic banking goes beyond regulatory compliance. It enables businesses to build trust, conduct transactions smoothly, and scale sustainably in markets where faith-based norms shape commercial expectations.

Trade and investment across the South-South Corridor—linking the GCC, South Asia, and ASEAN—is expanding rapidly, with goods trade reaching USD5.7 trillion in 2023⁴, now accounting for nearly a quarter of global trade.

4 Tracking Trade and Development: UNCTAD’s Data Insights Highlight Key Trends - United Nations Conference on Trade and Development (UNCTAD)

Islamic banking is emerging as a key enabler, offering harmonised, cross-border financial solutions tailored to the needs of businesses expanding across Muslim-majority economies. These key initiatives are helping corporates access capital, manage risk, and navigate complex regulatory environments:



Halal Corridor: A USD2.2 trillion market opportunity connecting Halal ecosystems across Southeast Asia, the Middle East, and Africa, backed by Islamic finance.⁵



Islamic supply chains: Standard Chartered Saadiq's **Halal360** initiative connects businesses across geographies through Shariah-compliant supply chains, facilitating trade finance and logistics for Halal products.⁶



Islamic trade finance networks: EY's Global Islamic Banking Centre predicts that Islamic trade finance will become the preferred choice for high-growth markets like **Indonesia, Malaysia, Qatar, Saudi Arabia, Türkiye, and the UAE.**⁷

Through Shariah-compliant instruments such as trade and project financing, guarantees, and cross-border Sukuk issuance, Islamic banking provides corporates with the financial infrastructure to scale confidently across emerging markets.

Halal Corridor: Key Halal importers and exporters



Key Halal importers

Country	Trade Value (USD bn)
Saudi Arabia	43.06
UAE	41.26
Türkiye	33.91
Indonesia	29.64
Malaysia	26.84
Egypt	22.06
Algeria	12.97
Kazakhstan	12.7



Key Halal exporters

Country	Trade Value (USD bn)
China	32.51
India	28.88
Brazil	26.93
USA	20.16
Türkiye	17.76
UAE	16.01
France	15.16
Indonesia	12.33
Germany	12.1

Source: State of the Global Islamic Economy - Dinar Standard

5 The halal corridor: A \$2.2 trillion market opportunity | Salaam Gateway - Global Islamic Economy Gateway
6 Sustainable Islamic supply chain: Standard Chartered Saadiq goes the extra mile in to support the Halal trade ecosystem - The Asia Connects
7 Islamic Trade Finance: New Silk Road Getting Crowded - Global Finance Magazine



Real-world solution spotlight

Enabling growth for F&B manufacturer with a tailored Islamic export financing facility

Akij Food and Beverage Limited (AFBL), a leading food and beverage manufacturer in Bangladesh's fast-moving consumer goods sector, secured a landmark long-term financing facility arranged by Standard Chartered, in partnership with the Development & Agency Finance (DAF) and Coverage teams. Acting as the sole mandated lead arranger, structuring bank, investment and security agent, and financier, the bank delivered a tailored solution that enabled AFBL to fund its expansion plans despite a turbulent economic and political environment.

AFBL was seeking competitively priced, long-term financing in hard currency to support its growth ambitions. Standard Chartered structured a EUR 30.9 million facility with an 8.5-year tenor, backed by a 95 per cent guarantee from Euler Hermes Aktiengesellschaft, Germany's official export credit agency (ECA). The guarantee significantly reduced risk and improved pricing, making the facility both attractive and viable even in a volatile environment. The proceeds were used to finance machinery and equipment to expand AFBL's production lines for carbonated drinks, bottled water, and snacks.

This was AFBL's first Islamic ECA-backed financing, and the first of its kind in Bangladesh guaranteed by Euler Hermes . The transaction required close coordination with regulators, exporters, and the ECA to align the financing structure with local and international requirements. Despite these complexities, the facility was executed smoothly, demonstrating Standard Chartered's ability to deliver innovative cross-border solutions.

For corporates looking to fund strategic growth, this case highlights how Islamic financing, when paired with ECA guarantees, can offer a powerful alternative to conventional debt. Whether driven by board mandates, investor preferences, or market positioning, companies can access long-term, competitively priced capital while benefiting from enhanced credit protection.

This transaction highlights Standard Chartered's position as a leader in bespoke Islamic financing solutions across emerging markets, and reaffirms its commitment to guiding clients expertly and confidently through economic uncertainty.

Unlocking new capital sources

Corporates looking to diversify their funding sources and accelerate growth can gain a strategic advantage through Islamic banking, which opens access to capital sources that are often overlooked in conventional finance, through instruments such as Sukuk and Islamic syndicated facilities. These instruments attract a wide range of investors, including Islamic financial institutions, sovereign wealth funds, and ethical investors, enabling corporates to broaden their investor base and reduce dependency on traditional debt markets.

Furthermore, investor demand for Shariah-compliant assets continues to outpace supply, creating favourable conditions for issuers. Many corporates have successfully leveraged this demand to negotiate competitive pricing on Sukuk and gain access to international investment pools that prioritise ethical and faith-based mandates.

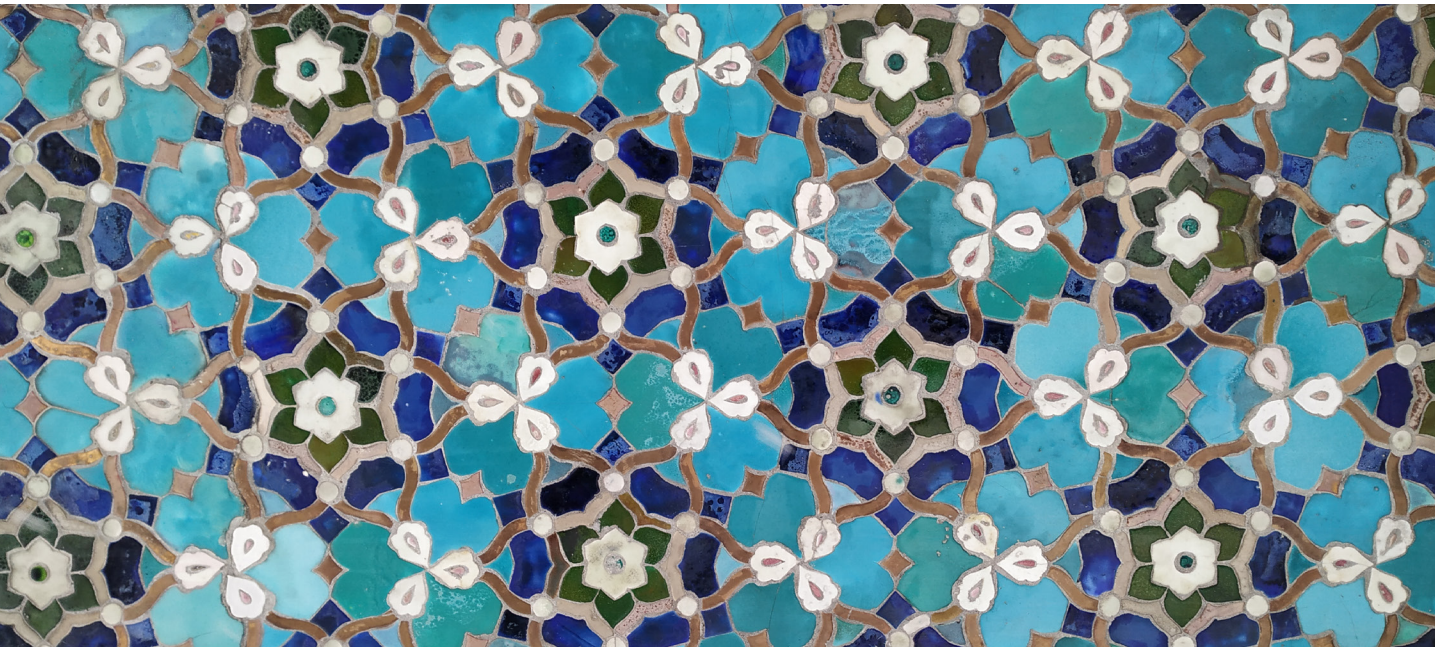
Private credit introducing ‘lighter’ financing options

Beyond public debt markets, global private credit markets are expanding, projected to reach USD4.9 trillion by 2029⁸.

Corporates are increasingly turning to this type of financing for long-term, flexible capital. Islamic banks are entering this space with Shariah-compliant private credit solutions that offer tailored structures, faster execution, and confidentiality.

For mid-sized and large corporates, this presents a viable alternative to traditional loans or Sukuk issuance. Whether financing infrastructure, equipment, or expansion projects, Islamic private credit can enable corporates to access new investor segments, navigate tighter regulations, and align funding with strategic growth plans, all while maintaining reputational strength in markets where Shariah-compliance matters.

8 2029 Private Market Horizons - PitchBook



Real-world solution spotlight

Leveraging significant demand for Islamic investments to secure tighter pricing for real estate developer’s largest Sukuk issuance

In July 2025, UAE-based real estate developer Arada partnered with Standard Chartered for its sixth Sukuk issuance—its largest single-tranche offering to date. Standard Chartered acted as Joint Global Coordinator, Joint Lead Manager, and Bookrunner, reinforcing its leadership in the region’s capital markets.

Arada’s objectives for the transaction included:

- i. raising around USD450 million,
- ii. achieving pricing inside fair value,
- iii. the ability to allocate to international accounts, and
- iv. achieving a high quality orderbook.

To ensure UAE investor participation, the Sukuk structure was revised to meet updated regulatory requirements and Shariah standards for Sukuk issuance. This alignment enabled seamless access for UAE and GCC-based institutional investors, while also aligning with international investor requirements.

The outcome exceeded expectations. The issuance was oversubscribed 4.4 times, achieved the tightest reoffer yield for Arada at 7.15 per cent, and secured allocations to top-tier regional and international real money accounts. Notably, substantial allocation was given to international investors, despite a 47.5bps-60bps price tightening, underscoring the strength of Arada’s credit profile and investor confidence.

This transaction not only marked a milestone in Arada’s capital markets journey but also reinforced Standard Chartered’s position as a trusted partner for high-yield corporate issuances. With a proven track record of leading every public USD benchmark offering for Arada, Standard Chartered continues to set the standard in real estate issuance, Islamic structuring, and ratings advisory across the Middle East.

Powering corporate financial strategies with purpose

As Islamic banking continues to evolve, it offers corporates a compelling complement to conventional finance, one that combines ethical principles with practical, cross-border capabilities.

Beyond its strategic importance, Islamic banking also offers a suite of practical tools and solutions for corporate leaders seeking a values-driven approach to their financial operations, enhancing performance, sustainability, and alignment with evolving market standards.

While Islamic banking adoption is on the rise among corporates, its level varies across sectors. Our recent global corporate survey⁹ revealed sector-focused insights into the interest and adoption of Islamic banking, offering a practical lens for corporates to assess relevance, benchmark peers, and identify opportunities for strategic integration.

Sectors with short-term financing needs such as FMCG tend to use Islamic banking for liquidity, trade finance, and working capital solutions. Meanwhile, sectors with larger and long-term financing requirements - such as energy, telecom, and aviation - are looking to diversify their financial partners and expand alignment with evolving sustainability goals.

⁹ Source: Standard Chartered 2025 Capital Structure & Rating Advisory (CSRA) survey. Please refer to appendix for more information.

Sector-level usage and interest in Islamic banking

Relatively broader Islamic banking adoption seen in sectors that rely on short-term financing solutions:



Increasing interest in Islamic banking from sectors with longer-term and larger-scale financing needs:



Islamic banking offers a comprehensive suite of products and services that serve the core financial needs of corporates.

Corporate banking need	Islamic banking solution	
 Transaction banking	Cash management	Shariah-compliant cash accounts, liquidity management tools
	Payments and collections	Murabaha-based payment structures, Shariah-compliant receivables management
	Trade finance	Import/export financing via Murabaha, Wakala, and Istisna structures
 Financing solutions	Working capital	Short-term financing through Murabaha or Tawarruq structures
	Term financing	Medium to long-term asset-backed financing (Ijara, Diminishing Musharaka)
	Structured finance	Syndicated Shariah-compliant facilities, project finance using Istisna or Ijara
 Risk management	Hedging	Shariah-compliant hedging tools (e.g., Wa'ad-based FX solutions)
	Credit risk mitigation	Guarantees and credit enhancement tools structured under Islamic principles
 Investment and advisory	Corporate advisory	Strategic advisory with Shariah-compliant structuring
	Capital markets access	Sukuk issuance, Islamic syndications
	Treasury investments	Shariah-compliant investment products (e.g., commodity Murabaha placements)

Strategic opportunities in an evolving global landscape

Islamic banking is rapidly expanding through digital innovation and stronger alignment with global sustainability standards.

Digital innovation

Aligned with the global financial system, Islamic banks are evolving into digitally native institutions that offer corporates a reliable and responsive financial ecosystem. By adopting innovative technologies such as blockchain and AI, these institutions are enhancing their ability to support corporate strategic goals by reducing administrative costs, improving risk management, and enabling more agile financial operations.

Digital innovation in Islamic banking expands existing opportunities for corporates in several ways:

- Digital platforms and tokenised instruments are extending the reach of Islamic finance into previously less accessible markets. Corporates can conduct quicker, more seamless financial transactions with suppliers, partners, and clients across borders. Moreover, regulated Islamic digital exchanges provide new channels for capital raising and cross-border activity.
- Technologies like blockchain and AI strengthen transparency and governance, reinforcing trust with stakeholders. Blockchain enables secure, traceable transactions and smart contracts, while AI supports automated compliance checks and data-driven decision-making in areas such as Shariah screening, credit assessment, and treasury management.

A growing range of digital Islamic banking solutions is now available to corporates, including digital trade finance, AI-enabled onboarding, tokenised Sukuk, and cloud-based corporate banking platforms—each designed to meet the evolving needs of businesses across sectors.



Malaysia is leading regional efforts to integrate digital assets into Islamic finance, with initiatives like the Digital Asset Innovation Hub and the Malaysia Blockchain Infrastructure. These developments support the tokenisation of real-world assets and programmable money, allowing for more efficient structuring of instruments such as Sukuk and Murabaha.



Digital trend spotlight

Islamic digital assets empowering treasuries with seamless cross-border transactions and streamlined Sukuk issuance

Digital assets are opening new pathways for corporates to engage with Islamic finance, whether to manage liquidity more efficiently or to raise capital in innovative, ethical ways. Tokenised instruments such as digital Sukuk and gold-backed stablecoins offer distinct benefits depending on how they are used.

On the capital side, tokenised Sukuk offer corporates a new way to raise capital. These instruments are digitally issued and traded on regulated Islamic exchanges, enabling:

- **Broader investor reach**, including new investor segment such as retail investors
- **Faster issuance and settlement**, reducing time-to-market
- **Lower structuring costs**, using smart contracts to standardise documentation and streamline Shariah-compliance
- **Improved liquidity**, through secondary market trading



Enabling differentiated ESG strategies

Islamic finance and ESG principles are inherently complementary. Shariah screening, which excludes activities deemed unethical or harmful under Islamic principles, aligns closely with ESG’s negative screening by filtering out investments in sectors such as alcohol, gambling, and fossil fuels. This alignment ensures that financing upholds both ethical integrity and environmental responsibility.

Additionally, Shariah-compliant financing is asset-backed and avoids speculative structures, which reinforces fairness in financial contracts through transparency, ethical conduct, and risk-sharing. Islamic finance prohibits exploitative terms and mandates clear disclosure, ensuring all parties have equitable access to information and outcomes.

The broader investor appeal of ESG-labelled investments is fuelling stronger demand for sustainable Sukuk and giving corporates greater leverage to secure more favourable pricing on debt. According to LSEG research, sustainable Sukuk were subscribed at an average of 4.3 times their issuance value, compared to 3.1 times for traditional Sukuk in 2024.¹⁰ This additional demand has been largely driven by non-traditional sukuk investors, particularly from Europe.

¹⁰ LSEG Green and Sustainability Sukuk Update 2024



Islamic banks are offering a growing suite of ESG-aligned financing solutions that are already being deployed across sectors such as:

Solutions	Description	Use of proceeds	Relevant industries
 Project finance	Long-term capital for green development	Financing climate-resilient infrastructure (e.g. solar farms, eco-tourism resorts)	• Energy • Renewable energy • Utilities • Real estate
 Trade finance	ESG-aligned working capital and export support	Supporting ethical supply chains and Halal exports	• Agriculture • Trade • Retail • Logistics
 Working capital solutions	Flexible funding for sustainability upgrades	Investments in clean technologies, energy-efficient equipment, and circular economy initiatives	• Retail • Manufacturing
 Sustainability Sukuk	Access to ESG capital markets, investor diversification	Financing for resource-efficient operations and social impact projects	• Real estate • Energy • Utilities

 Frameworks like Malaysia’s Value-Based Intermediation (VBI) are supporting Islamic banks in structuring financing that contributes to national sustainability goals. This model is gaining traction across other Islamic finance hubs, offering corporates practical tools to meet ESG requirements, access new capital sources, and strengthen stakeholder trust.



Real-world solution spotlight

Consolidating green data centre financial management through an innovative sustainable financing solution

Standard Chartered brought to market an innovative sustainable financing solution — its first Islamic data centre financing and the largest syndicated green data centre portfolio financing in Malaysia to date. The consolidated financing for DayOne Data Centres Limited's Malaysian projects provided the flexibility needed to manage a large data centre portfolio of assets both under development and in operation. The structure was also simplified to ensure easier access throughout the tenor of the sustainable financing.

The deal encompassed a dual tranche MYR 7.5 billion five-year Senior Secured Syndicated Islamic Term Financing Facility and USD1.7 billion five-year Senior Secured Syndicated Offshore Loan for WG Data Hub (a wholly-owned subsidiary of DayOne). These facilities will be used to:

- i. fully refinance all outstanding amounts under the existing DayOne facilities.
- ii. part-finance the development costs of DayOne's Malaysia data centre portfolio projects; and
- iii. finance transaction costs and expenses in relation to the facilities.

The facilities are backed by a comprehensive security package and guaranteed by the Sponsor, DayOne. It is structured with an innovative green financing structure in line with DayOne's growth and Standard Chartered's sustainable finance strategy in the ASEAN region.

The onshore Islamic MYR and offshore USD facilities were governed by a bespoke common terms agreement that set out shared terms between the facilities as well as the project undertakings pertaining to WG Data's vast portfolio of completed and development projects and the green financing requirements.

Standard Chartered acted as Joint Structuring Bank, Joint Coordinator, Mandated Lead Arranger and Bookrunner, Green Financing Coordinator, Original Financier, Original Hedge Counterparty, and Offshore Facility Agent.

Standard Chartered was mandated as one of three joint structuring banks and one of seven joint coordinators/mandated lead arranger and bookrunners. The bank played an instrumental role to ensure tight timelines were met (due to the imminent maturities of existing bridge facilities that were to be refinanced by the facilities).

Unlocking global potential with Standard Chartered Saadiq

Operating at the intersection of tradition and innovation, Saadiq is a part of Standard Chartered's global network spanning over 50 markets. Since 1993, we have been serving clients in over 30 markets, delivering consistent, Shariah-compliant solutions for corporates operating across emerging markets, from trade finance and treasury management to structured capital raising and advisory.

Our experience spans a wide range of sectors and transaction types, including sustainable Sukuk, structured trade finance, and cross-border liquidity solutions. These are underpinned by a dedicated Islamic banking platform, guided by five independent Shariah supervisory boards and supported by deep regulatory expertise. To date, we have arranged more than USD200 billion in financing for our clients.

For corporates considering Islamic banking for the first time, or looking to expand their use of it, Saadiq offers a platform that is both principled and practical. We welcome the opportunity to explore how our solutions can support your business objectives.

To learn more, please reach out to your local Standard Chartered representative or visit our [website](#).



Appendix

1. Glossary: Key terms in Islamic finance

- Gharar**
Excessive uncertainty or ambiguity in contracts; forbidden in Islamic transactions
- Ijara**
Leasing. The bank buys and leases out an asset to the customer for a fixed rental fee.
- Istisna**
A contract for manufacturing goods and commodities, allowing payment over time.
- Maisir**
Gambling or speculation; prohibited due to its reliance on chance and potential harm
- Mudaraba**
Profit-sharing partnership. One party provides capital, the other provides expertise. Profits are shared; losses are borne by the capital provider.
- Murabaha**
Cost-plus financing. The bank buys an asset and sells it to the customer at a profit margin agreed upon in advance.
- Musharaka**
Joint venture. Both parties contribute capital and share profits and losses.
- Riba**
Interest or usury, which is strictly prohibited in Islamic finance
- Salam**
Advance payment for goods delivered later. Common in agriculture.
- Shariah**
Islamic law derived from the Quran and Hadith. Islamic finance must comply with Shariah principles.
- Sukuk**
Shariah-compliant financial certificates that represent ownership in tangible assets, services, or investments, used as an alternative to conventional bonds.

2. Modes of Islamic finance and associated products and services

	Mode	Description	Examples
Price Mark-up or Sale	Murabaha (Cost-Plus)	Sale of goods where either on cash or deferred payment basis. The parties agree on cost of goods sold and profit margin that is included in the selling price.	Goods Murabaha, where the bank purchases the goods. After owning the goods, the bank sells them to the customer at an agreed mark-up with a deferred payment condition. This can be used for auto finance, personal, or business assets such as machinery, or working capital.
	Bai Salam (Advance Payment Sale)	A transaction in which the seller agrees to provide specific goods to the buyer at a future date against an advance payment that is fully paid on spot.	This is particularly used in the agricultural sector and for working capital financing, allowing the seller to receive an upfront payment for future production. This can be useful for business operations or consumption.
Asset-Based	Ijara (Leasing)	A rental contract where the owner of an asset transfers the right to use it to another person for an agreed price. There is also Ijara Muntahiya Bil Tamleek where the leased asset is gifted to the lessee at the end of the lease period.	This can include real estate financing, such as home Ijara, as well as specialised business financing, such as equipment Ijara and auto financing.
	Istisna (Construction Financing)	A manufacturing contract where the buyer instructs the manufacture of a specific product with defined specifications at an agreed price.	This can be used for the development of infrastructure and industrial products, construction projects, machinery, or customised asset development.
Profit and Loss or Equity-Type	Mudaraba (Profit-Sharing)	A partnership where one party gives the money (Rab-ul-Mal) to the other party (Mudharib) who will be the sole party to manage the business. Profit sharing ratio is agreed at inception.	This can be seen in Islamic savings accounts, where funds are invested in Shariah-compliant assets and allow investors to earn Riba-free returns on funds. It also applies to mutual funds. It is also used in Takaful (Islamic insurance).
	Musharaka (Joint-Venture)	A partnership in which profits are shared as per agreed ratios and losses as per portion of their contribution. There is also Musharaka Mutanaqisa that is a form of diminishing partnership.	The bank can partner with the customer in financing new or existing projects, thus sharing risk, return and capital. This can be used in project financing, real estate development and business partnerships.
Fee-Based	Wakala (Agency Agreement)	An agency contract in which a person appoints another person as their agent, for a certain fee.	This can be reflected in investment management and agency services. It is also used in Takaful.

3. Methodology for estimating Islamic finance assets

The calculation of Islamic finance assets for 2024 is based on a combination of data collection and estimation of growth based on historical performance of selected top Islamic finance markets (that form 95 per cent of total Islamic finance assets globally with the exclusion of Iran). The historical and projected data were based on the ICD-LSEG Islamic Finance Development Indicator 2024, while the 2024 data was based on the following:

Islamic banking: The segment’s 2024 assets were compiled from top Islamic finance markets’ latest reported financials, from annual or quarterly reports. The markets are Bahrain, Bangladesh, Indonesia, Kuwait, Malaysia, Oman, Pakistan, Qatar, Saudi Arabia, Türkiye, and the UAE. For the rest of the countries, given that most of the Islamic banks are not public or did not disclose financials by the time of drafting this report, a similar growth rate of the top markets is applied across the other markets. The 2024 data is compiled from the same sources used in the ICD-LSEG Islamic Finance Development Indicator.

Takaful and other Islamic financial institutions: Given the unavailability of 2024 data from most of the institutions at the time of drafting this report, the same growth rate of top Islamic banking markets is applied.

Sukuk: LSEG Workspace database.

Islamic funds: LSEG Lipper database.

4. Methodology for the global corporate survey

Standard Chartered’s 2025 Capital Structure & Rating Advisory (CSRA) survey provides a global perspective on corporate financial priorities and risks. In February 2025, we engaged nearly 300 of the world’s largest corporates across 19 sectors to better understand their evolving agendas, the challenges they face, and the policies they are reshaping in response. The survey covered themes ranging from key risks and priorities for the year to liquidity and working capital management, debt and capital allocation, as well as the growing roles of ESG, Islamic banking and RMB financing. The findings are embedded throughout this report in the relevant sections.

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