FINASTRA

Universal Banking

Unleashing potential in *Islamic Banking*

Although the “modern” Islamic Financial Services Industry (IFSI) traces its origins back more than half a century, the true potential remains largely untapped.

US $3.1 trillion

Islamic Financial Services Industry worth in 2021

The Islamic Financial Services Board Stability Report 2022

11.3%

Year-on-year growth rate

There is a tremendous opportunity for IFIs. But just how *big is that opportunity*?

The financial services sector is placed at 20-25% of the world economy. A huge market for IFIs to tap into.

The IFSI can grow in three main ways

- Gaining more market share in existing markets
- Expanding into new Islamic markets
- Bringing the benefits of Islamic Banking to markets not traditionally associated with Islamic Banking

It is important to understand what differentiates Islamic banking from a traditional one.

Here are the key differences:

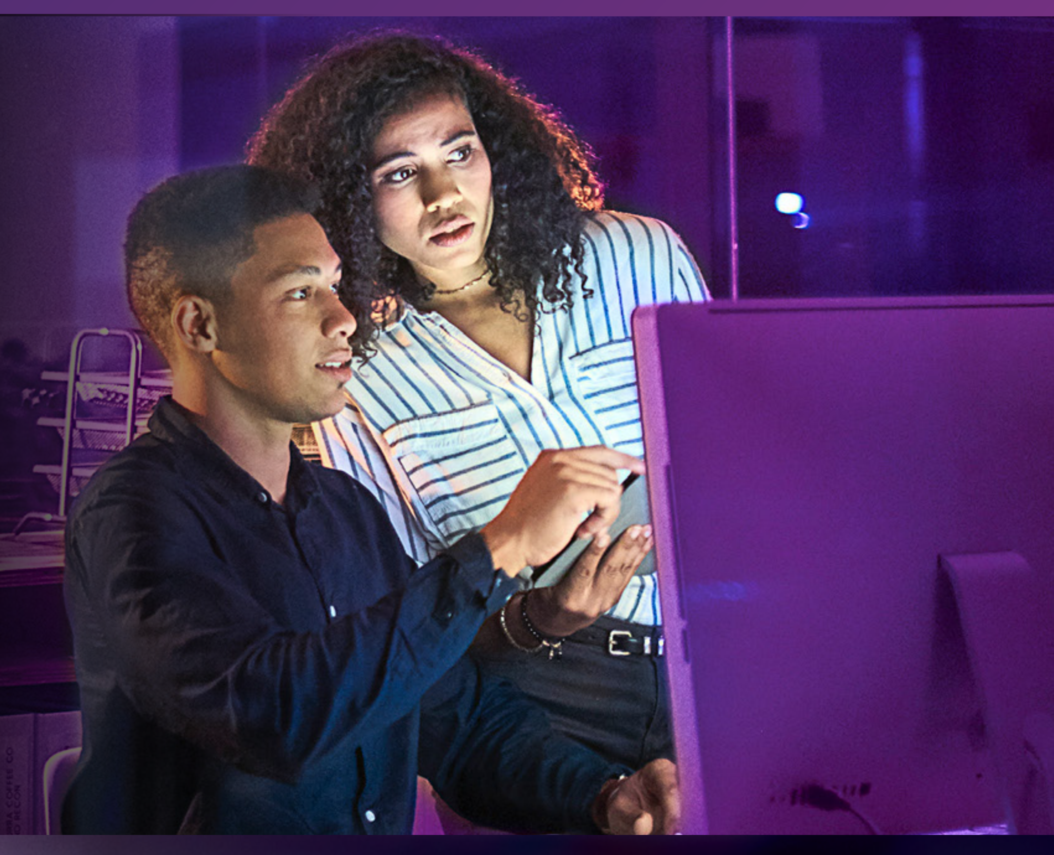
Hover over the box for more information

- Asset-based business model
- Profit and loss sharing

Old technology – Big problems

Legacy technologies will create more problems

Deploying two core banking systems has been the standard approach for banks running both conventional and Islamic banking businesses. One system to operate the conventional business and a second one for the Islamic banking business.



What is the challenge of running two core banking systems?

In an attempt to support Islamic banking many vendors created workarounds in their conventional systems. However, there is still a lack of real understanding about the challenges faced by IFIs in offering Sharia compliant products and services.

The implementation of two systems creates five main challenges

Click the icon for more information

Problem 1: *Complexity drives cost*

Problem 2: *Degraded customer experience*

Problem 3: *Increased risk (operational and credit)*

Problem 4: *Data exploitation difficulties*

Problem 5: *Enterprise agility limitations*

New technology means new possibilities

Here is what the right technology can do for IFSI

For IFSI, the right technology must:

- Reduce complexity
- Deliver outstanding customer experiences
- Reduce risk
- Enable data-driven business
- Increase enterprise agility

With the right technology the IFSI can

1

Gain more market share in existing markets, by offering market leading products, backed by outstanding customer experiences.

2

Expand into new Islamic markets by leveraging the enhanced distribution capabilities of truly digital banking.

3

Bring the benefits of Islamic Banking to markets not traditionally associated with Islamic Banking, by offering the same, or higher levels of customer service and the compelling ethos of Islamic Banking.

Developing and deploying the right technology for the IFSI requires a deep understanding of banking – both Islamic and conventional.

We are here to assist you on this journey. Download our whitepaper to learn more or get in touch with our team to get a personalized approach.

Download our whitepaper