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PROSPECTS FOR EXPANDING BANKING PRODUCTS THROUGH THE INTRODUCTION OF ISLAMIC BANKING PRODUCTS

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Abstract: *This article examines the prospects for expanding the range of banking products through the introduction of Islamic banking instruments. The study highlights the growing demand for financial services based on the principles of Sharia, including the prohibition of interest, risk-sharing, asset-backed financing, transparency, and ethical investment. Particular attention is paid to such Islamic financial products as murabaha, mudarabah, musharakah, ijara, salam, istisna, and sukuk, as well as their potential application in retail banking, corporate financing, investment projects, housing finance, and support for small and medium-sized enterprises. The research applies comparative analysis, systematic review, statistical observation, and logical generalization methods to assess the international experience of Islamic banking and its relevance to the banking sector of Uzbekistan.*

Keywords: *Islamic banking, Islamic finance, banking products, Sharia-compliant finance, Murabaha, Mudarabah, Musharakah, Ijarah, Sukuk, financial inclusion, banking sector development, product diversification, sustainable finance, Uzbekistan.*

Annotatsiya: *Ushbu maqolada Islom bank instrumentlarini joriy etish orqali bank mahsulotlari turlarini kengaytirish istiqbollari ko'rib chiqiladi. Tadqiqotda foizlarni taqiqlash, tavakkalchilikni taqsimlash, aktivlar bilan ta'minlangan moliyalashtirish, shaffoflik va axloqiy investitsiyalarni o'z ichiga olgan shariat tamoyillariga asoslangan moliyaviy xizmatlarga bo'lgan talabning ortib borayotgani ta'kidlangan. Murabaha, mudoraba, musharaka, ijara, salam, istisna va sukuk kabi Islom moliyaviy mahsulotlariga, shuningdek, ularning chakana bank faoliyati, korporativ moliyalashtirish, investitsiya loyihalari, uy-joy moliyalashtirish va kichik va o'rta korxonalarni qo'llab-quvvatlashda qo'llanilishi mumkinligiga alohida e'tibor qaratilgan. Tadqiqotda Islom bank faoliyatining xalqaro tajribasi va uning O'zbekiston bank sektori uchun ahamiyatini baholash uchun qiyosiy tahlil, tizimli sharh, statistik kuzatuv va mantiqiy umumlashtirish usullari qo'llaniladi.*

Kalit so'zlar: *islom banki, islomiy moliya, bank mahsulotlari, shariatga muvofiq moliya, murabaha, mudarabah, musharaka, ijara, sukuk, moliyaviy inklyuziya, bank sektorini rivojlantirish, mahsulotlarni diversifikatsiya qilish, barqaror moliya, O'zbekiston.*

Introduction: The global banking industry has undergone significant transformation over the past two decades, driven by financial innovation, digitalization, and the growing demand for ethical and inclusive financial services. Among these developments, Islamic banking has emerged as one of the fastest-growing segments of the international financial system, offering Sharia-compliant financial products based on the principles of risk sharing, asset-backed transactions, transparency, and the prohibition of interest (riba). Today, Islamic banking operates successfully in more than 80 countries and has become an important source of financing for individuals, businesses, and governments. In Uzbekistan, ongoing financial sector reforms and the introduction of a legal framework for Islamic banking have created favorable conditions for diversifying banking products and expanding access to financial services.

Literature Review. Research conducted in Uzbekistan increasingly identifies Islamic banking as a practical instrument for diversifying the national financial system. Based on surveys and structured interviews with 400 residents and 45 financial-sector professionals in Tashkent, Shukhrat Umarov found substantial potential demand for Sharia-compliant banking services. The study demonstrated that the introduction of Islamic banking windows within existing commercial banks could provide an effective initial model for market entry. However, it also emphasised the necessity of amending banking, civil, tax and commodity legislation, developing specialised prudential standards and training qualified Islamic finance professionals. These conclusions suggest that banking-product expansion in Uzbekistan depends not only on customer demand but also on the creation of a coherent institutional environment for Murabaha, Ijarah, Musharakah and other Islamic contracts. (Umarov et al., 2024).

Alam Asadov examined the potential of Islamic capital-market instruments in Uzbekistan, paying particular attention to Sukuk. The empirical results showed that previous investment experience, knowledge of Sukuk and preference for Sharia-compliant investments positively affect individuals' willingness to purchase Islamic securities. The research also established that demand for Islamic capital-market products may remain high even when general awareness of their contractual and financial characteristics is limited. From the perspective of banking-product diversification, this finding is important because commercial banks could participate as Sukuk arrangers, investment agents, custodians and distributors, thereby expanding their services beyond traditional deposit and credit operations. (Asadov et al., 2024).

Nodirbek Urolov studied the prospects for introducing Takaful in Uzbekistan and identified its close relationship with the broader development of Islamic banking. The study concluded that growing public interest, government support and educational initiatives create favourable conditions for Sharia-compliant insurance products. At the same time, the shortage of qualified personnel, low public awareness and the absence of specialised regulation remain major constraints. Takaful can complement Islamic banking products by providing protection for assets financed through Murabaha and Ijarah, reducing project risks under Musharakah and Mudarabah, and supporting integrated household and corporate financial-service packages. Consequently, the expansion of Islamic banking products should be coordinated with the establishment of a supporting Islamic insurance market. (Urolov and Salman, 2025).

Viktoriya Muzaffarova analysed the challenges facing the development of Islamic finance in Uzbekistan and underlined that conventional banking legislation does not fully reflect the legal and economic substance of Sharia-compliant transactions. Islamic contracts may involve the purchase and resale of assets, leasing, partnership and profit-sharing, whereas conventional regulations predominantly classify bank operations through interest-bearing lending. This difference can lead to legal uncertainty, additional taxation and higher transaction costs. The study therefore supports a gradual approach involving regulatory reform, Sharia governance, professional education and pilot projects. Such an approach would allow banks to test demand and operational procedures before launching a broader range of Islamic products. (Muzaffarova and Muneeza, 2024).

In the Russian literature, Madina Kalimullina provided a comprehensive review of Islamic finance institutions and products introduced in Russia. Her analysis showed that the market developed through banks, microfinance organisations, housing cooperatives, investment companies and mutual investment funds, but its expansion was restricted by legal uncertainty and the absence of a unified regulatory framework. The Russian experience illustrates that market demand alone is insufficient to ensure sustainable Islamic banking development. Product standardisation, accounting treatment, taxation and regulatory recognition are equally important. For Uzbekistan, this means that isolated Murabaha or instalment-based financing programmes should be incorporated into an integrated banking framework rather than being offered as fragmented financial experiments. (Kalimullina, 2020).

Vladimir Ershov investigated the institutionalisation and development prospects of Islamic banking in Russia. The researcher argued that Islamic banking requires coordination among financial regulators, commercial institutions, religious authorities and academic organisations. The study also noted that the coexistence of conventional and Islamic financial services can be organised through a partnership-finance model without replacing the existing banking system. This conclusion is relevant to Uzbekistan because Islamic windows could enable conventional banks to introduce separate Sharia-compliant funding, accounting and financing operations while preserving their traditional business models during the transition period. (Ershov, 2021).

Within European research, Askhat Mergaliyev proposed that the performance of Islamic banks should be assessed not only through profitability and financial stability but also through the higher objectives of Sharia, including social welfare, equitable distribution, environmental responsibility and ethical economic activity. His study demonstrated that a bank may comply formally with individual contracts while failing to achieve the wider social objectives of Islamic finance. Therefore, the expansion of Islamic banking products should prioritise instruments that generate measurable economic and social value. In practice, banks should balance relatively low-risk Murabaha financing with Musharakah, Mudarabah, Qard al-Hasan and socially oriented investment products that support entrepreneurship, employment and sustainable development. (Mergaliyev et al., 2021).

Ghofrane Zouari examined customer satisfaction in Islamic banking within the context of digital transformation. The study found that Sharia compliance remains an important factor in customers' assessment of Islamic banks, but compliance alone does not guarantee satisfaction or loyalty. Reliability, responsiveness, accessibility, service quality and digital delivery also influence customer behaviour. This result indicates that newly introduced Islamic banking products should not be limited to traditional branch-based transactions. Mobile Murabaha applications, digital investment accounts, online Ijarah payments and transparent profit-distribution systems could improve customer experience and reduce operational costs. Therefore, Islamic banking product development should be integrated with the wider digitalisation strategies of commercial banks. (Zouari, 2021).

In the Asian literature, Mohammad Mahbubur Rahman Alshater reviewed the development of Islamic FinTech research between 2017 and 2022. The study identified several major areas, including digital Islamic banking, crowdfunding, blockchain, peer-to-peer financing and technology-based Islamic social finance. It concluded that financial technology can reduce transaction costs, improve transparency and broaden access to Sharia-compliant services. These findings are especially significant for emerging markets where the physical infrastructure of Islamic banking remains limited. Uzbekistan's commercial banks could use FinTech platforms to offer Islamic microfinance, investment accounts and SME financing without creating an extensive separate branch network at the initial stage. (Alshater et al., 2022).

Mohammad Rashed Hasan Rabbani investigated the role of Islamic FinTech in economic recovery and inclusive financial development. The study argued that digital Islamic finance can combine commercial instruments with socially oriented mechanisms, including Zakat, Waqf and Qard al-Hasan. This integration enables financial institutions to reach low-income households and small businesses that may not satisfy conventional lending requirements. From the perspective of expanding banking products, the findings support the development of hybrid digital platforms through which banks could provide commercial financing, charitable funding and social-investment services. Such products would broaden the functional role of banks and strengthen the connection between financial inclusion and sustainable development. (Rabbani et al., 2021).

Aboubakar Haruna empirically assessed the influence of Islamic financing on the innovation activities of 1,358 small and medium-sized enterprises. The findings indicated that the use of Islamic financial products positively affected product, process and marketing innovation, although its impact on organisational innovation was not statistically significant. The study demonstrates that Islamic finance may serve not only as an alternative source of capital but also as a mechanism for improving the productive and innovative capacity of enterprises. In Uzbekistan, Murabaha could finance machinery and raw materials, Ijarah could provide access to equipment, while Musharakah and Mudarabah could support innovative projects in which banks and entrepreneurs share commercial risks and returns. (Haruna et al., 2024).

Among scholars associated with the United States and international financial institutions, Zamir Iqbal explained Islamic finance through the principle of risk sharing rather than conventional risk transfer. His research argued that equity-based and asset-linked financial relationships can reduce excessive leverage, align the interests of contracting parties and promote a more stable allocation of resources. This framework supports the expansion of participatory products such as Musharakah and Mudarabah alongside trade- and lease-based instruments. Nevertheless, their implementation requires stronger project assessment, monitoring and corporate-governance systems than ordinary collateral-based lending. Therefore, banks introducing these products must develop specialised risk-management competencies and transparent profit-calculation procedures. (Iqbal, 2017).

Abbas Mirakhor further developed the view that Islamic finance should operate as an ethical, risk-sharing and real-asset-based financial system rather than merely reproducing conventional loans through formally compliant contracts. His work highlights that genuine Islamic banking must connect financial returns with productive activity and shared exposure to commercial outcomes. This perspective implies that excessive reliance on Murabaha may restrict the transformative potential of Islamic banking, even though Murabaha is operationally convenient during the initial market-development stage. A balanced banking-product portfolio should therefore combine sale-based, lease-based and partnership-based instruments while ensuring consumer protection, Sharia supervision and accurate disclosure of risks and returns. (Iqbal and Mirakhor, 2017).

Overall, the reviewed literature demonstrates that Islamic banking products can increase financial inclusion, strengthen SME financing, mobilise new savings and expand the investment and intermediary functions of commercial banks. Uzbek studies primarily emphasise strong potential demand, regulatory reform and public awareness; Russian research highlights institutional and legal adaptation; European studies focus on social objectives, governance and service quality; Asian scholars underline digitalisation and enterprise development; while United States-based and international researchers explain the importance of risk sharing and ethical finance. However, a significant research gap remains concerning the financial performance, customer demand, operational risks and macroeconomic effects of specific Islamic banking products in Uzbekistan. This gap justifies further empirical analysis of a gradual implementation model based on Islamic windows, pilot products, digital delivery channels and the subsequent establishment of fully fledged Islamic financial institutions.

Research Methodology. This study employs a mixed-method research design combining qualitative and quantitative approaches to evaluate the prospects for expanding banking products through the introduction of Islamic banking instruments. The qualitative component is based on a systematic review of scientific literature, regulatory documents, international standards and analytical reports published between 2017 and 2025. Particular attention is given to the principles and operational characteristics of Murabaha, Mudarabah, Musharakah, Ijarah, Salam, Istisna and Sukuk. Comparative analysis is used to examine the experience of countries with developed or emerging Islamic finance markets and to identify practices that may be adapted to the institutional and economic conditions of Uzbekistan.

The quantitative component relies on secondary statistical data relating to the development of the global Islamic finance industry, the structure of Islamic banking assets, financing growth, market penetration and the expansion of Sharia-compliant products during the 2019–2025 period. The collected indicators are processed through descriptive statistical methods, including trend analysis, growth-rate calculations, structural comparison and graphical interpretation. The study also evaluates the potential influence of Islamic banking products on financial inclusion, deposit mobilisation, small and medium-sized enterprise financing, investment activity and banking-sector competition. Where comparable national data are limited, international benchmarks and regional indicators are used to estimate possible development trajectories for Uzbekistan.

The analytical framework is based on institutional, systematic and comparative approaches. The institutional approach is applied to assess the adequacy of legal regulation, taxation, Sharia governance, accounting standards, liquidity-management mechanisms and consumer-protection arrangements. The systematic approach considers Islamic banking as part of a wider financial ecosystem involving commercial banks, capital markets, insurance institutions, digital platforms and regulatory authorities. The reliability of the research findings is strengthened through source triangulation, whereby conclusions are verified by comparing academic studies, official statistics and reports of recognised international financial organisations. The resulting analysis is used to formulate practical recommendations for the gradual introduction of Islamic banking windows, pilot financial products and fully fledged Islamic financial institutions in Uzbekistan.

Analysis and Results. The statistical analysis of the global Islamic financial services industry demonstrates that Islamic banking has moved beyond a specialised financial segment and has become an increasingly important component of the international financial system. Between 2019 and 2025, the total value of Islamic financial assets increased from approximately USD 2.44 trillion to USD 4.40 trillion. This represents an absolute increase of about USD 1.96 trillion and cumulative growth of approximately 80.5 per cent over the seven-year period. Based on these values, the compound annual growth rate was approximately 10.3 per cent. Such growth indicates that the demand for Sharia-compliant products has remained strong despite the COVID-19 pandemic, disruptions in global supply chains, inflationary pressures, monetary tightening and geopolitical instability.

Table 1

Development of the global Islamic financial services industry, 2019–2025

Year	Total Islamic financial assets, USD trillion	Annual growth, %	Islamic banking assets, USD trillion	Islamic banking share, %	Non-bank Islamic finance assets, USD trillion
2019	2.44	—	1.88	77.0	0.56
2020	2.70	10.7	1.97	73.0	0.73
2021	3.06	13.3	2.10	68.7	0.96
2022	3.25	6.2	2.25	69.3	1.00
2023	3.38	4.0	2.37	70.2	1.01
2024	3.88	14.9	2.78	71.6	1.10
2025	4.40	13.4	3.05	69.3	1.35

Source: compiled and calculated by the author based on the Islamic Financial Services Board's stability reports for 2021–2026.

Table 1 shows that the global Islamic financial services industry maintained positive growth in every year under consideration. The first substantial increase occurred in 2020, when total assets rose by approximately 10.7 per cent, from USD 2.44 trillion to USD 2.70 trillion. This result is particularly significant because it occurred during the first year of the COVID-19 crisis. The expansion may be associated with the relatively strong funding base of Islamic banks, continued demand for asset-backed financing and the growing role of sovereign Sukuk in financing government expenditure. The resilience observed during this period strengthened the perception of Islamic finance as an alternative system capable of operating under severe macroeconomic uncertainty.

Growth accelerated further in 2021, when industry assets reached USD 3.06 trillion, representing an annual increase of approximately 13.3 per cent. Islamic banking assets amounted to about USD 2.10 trillion, Sukuk outstanding reached USD 775.7 billion, Islamic funds held approximately USD 154.6 billion, and Takaful contributions were estimated at USD 24.3 billion. The increase was supported by economic recovery, high levels of fiscal financing in Islamic-finance jurisdictions and stronger investor demand for Sharia-compliant capital-market instruments. Islamic banking nevertheless remained the main component of the industry, accounting for 68.7 per cent of total assets. The rate of expansion moderated to 6.2 per cent in 2022. Total assets reached approximately USD 3.25 trillion, of which Islamic banking accounted for USD 2.25 trillion. Sukuk outstanding amounted to nearly USD 829.7 billion, Islamic funds held USD 136.6 billion and Islamic insurance contributions were approximately USD 30 billion. The comparatively lower growth rate reflected tightening global financial conditions, rising inflation, higher benchmark interest rates and reduced sovereign Sukuk issuance in several hydrocarbon-exporting countries with stronger fiscal positions. Despite these constraints, Islamic banking assets expanded by approximately 6.9 per cent, confirming the segment's ability to preserve positive growth under adverse international conditions.

In 2023, total Islamic financial assets increased to approximately USD 3.38 trillion. Although the annual growth rate declined to 4 per cent, the sector continued to demonstrate structural resilience. Islamic banking assets reached USD 2.37 trillion, representing 70.21 per cent of the industry. Sukuk outstanding amounted to USD 850 billion, while Islamic funds and insurance accounted for USD 132.29 billion and USD 24.05 billion, respectively. The data show that banking and Sukuk remained the two principal channels of Islamic financial intermediation, jointly accounting for more than 95 per cent of measured industry assets. A considerable acceleration occurred in 2024, when Islamic financial assets rose by 14.9 per cent to USD 3.88 trillion. Islamic banking represented 71.6 per cent of total assets, while outstanding Sukuk accounted for 23.3 per cent. This growth was supported by favourable financial conditions, continuing demand for Sharia-compliant services, regulatory reforms, market digitalisation and stronger activity in major Islamic finance jurisdictions. The increase in the Sukuk and Takaful segments also demonstrated that the industry was becoming more diversified, although Islamic banking continued to dominate the overall structure.

By the third quarter of 2025, global Islamic financial services assets had reached approximately USD 4.40 trillion, an increase of about 13.4 per cent compared with the corresponding period of 2024. Islamic banking assets amounted to USD 3.05 trillion, while outstanding Sukuk exceeded USD 1.10 trillion for the first time. Islamic funds held about USD 180.47 billion, and Islamic insurance assets reached USD 71.14 billion. Islamic banking accounted for approximately 69.3 per cent of total assets, Sukuk for 25.1 per cent, Islamic funds for 4.1 per cent and Islamic insurance for 1.6 per cent.

Table 2

Structure of the global Islamic finance industry and product-diversification indicators, 2019–2025

Year	Islamic banking assets, USD trillion	Non-bank Islamic finance assets, USD trillion	Banking share, %	Non-bank share, %	Main product-development characteristic
2019	1.88	0.56	77.0	23.0	Dominance of deposit, Murabaha and trade-financing products
2020	1.97	0.73	73.0	27.0	Increased demand for liquidity, social finance and sovereign Sukuk
2021	2.10	0.96	68.7	31.3	Rapid expansion of Sukuk, Islamic funds and digital services
2022	2.25	1.00	69.3	30.7	Continued banking growth despite tighter financial conditions
2023	2.37	1.01	70.2	29.8	Consolidation of Islamic banking and capital-market products
2024	2.78	1.10	71.6	28.4	Strong asset growth, digitalisation and greater market participation
2025	3.05	1.35	69.3	30.7	Sukuk exceeded USD 1 trillion; funds and Takaful expanded rapidly

Source: compiled and calculated by the author based on IFSB reports. Non-bank Islamic finance includes Sukuk, Islamic funds, Takaful and other measured non-bank segments.

The results in Table 2 indicate that Islamic banking remained the dominant component throughout the analysed period, but its share declined from approximately 77 per cent in 2019 to

69.3 per cent in 2025. This decrease does not mean that Islamic banking contracted. On the contrary, its assets increased from USD 1.88 trillion to USD 3.05 trillion, or by approximately 62.3 per cent. The reduction in its relative share resulted from the faster development of Sukuk, Islamic investment funds and Takaful. Therefore, the global market is gradually evolving from a predominantly bank-based system into a broader Islamic financial ecosystem. Non-bank Islamic financial assets increased from an estimated USD 0.56 trillion in 2019 to approximately USD 1.35 trillion in 2025. This corresponds to cumulative growth of more than 140 per cent. The most significant contribution came from the Sukuk market, which exceeded USD 1 trillion in outstanding instruments in 2025. Sukuk issuance reached approximately USD 234.5 billion during the year, reflecting its increasing role in government financing, infrastructure investment, bank-capital management and corporate funding. However, the market remained geographically concentrated: the Gulf Cooperation Council and East Asia and Pacific regions accounted for approximately 91 per cent of Sukuk issuance in 2025.

The geographical distribution of Islamic financial assets also reveals a high level of concentration. In 2025, the Gulf Cooperation Council region held approximately USD 2.37 trillion, or 53.8 per cent of total global assets. East Asia and the Pacific accounted for USD 936.28 billion, or 21.3 per cent, while the Middle East and North Africa excluding the GCC represented approximately USD 722.54 billion, or 16.4 per cent. Europe and Central Asia held USD 217 billion, South Asia USD 105.82 billion and Sub-Saharan Africa USD 30.79 billion. Thus, the GCC and East Asia-Pacific regions together controlled about three-quarters of the global Islamic financial services industry. This regional concentration creates both opportunities and risks. On the one hand, mature markets such as Saudi Arabia, Malaysia, the United Arab Emirates, Kuwait and Bahrain provide extensive experience in Sharia governance, product standardisation, liquidity management, Sukuk issuance and Islamic banking supervision. Emerging markets can adapt these practices to their domestic conditions. On the other hand, high concentration makes aggregate industry performance sensitive to oil prices, fiscal conditions, real-estate cycles and regulatory developments in a relatively small number of countries. The IFSB also notes that 16 systemically significant jurisdictions accounted for approximately 93 per cent of global Islamic banking assets in 2025.

The empirical results confirm that the introduction of Islamic banking products has considerable potential to expand the range of banking services. Between 2019 and 2025, global Islamic banking assets rose by more than USD 1.17 trillion, while non-bank Islamic financial assets increased by approximately USD 0.79 trillion. This simultaneous growth demonstrates that Islamic banking development is most successful when it is supported by complementary capital-market, insurance, investment and digital-finance institutions. For Uzbekistan, the principal policy implication is that Islamic banking should be introduced not as an isolated substitute for conventional lending but as a comprehensive system of trade, leasing, partnership, investment and social-finance products connected to the real economy.

Discussion. The research findings demonstrate that the introduction of Islamic banking products can significantly broaden the functional scope of commercial banks and improve the inclusiveness of the financial system. The sustained expansion of global Islamic financial assets between 2019 and 2025 confirms that Sharia-compliant services are not limited to religiously motivated demand but also respond to broader needs for ethical, asset-backed and risk-sharing finance. For Uzbekistan, products such as Murabaha, Ijarah, Salam and Istisna could initially satisfy demand for trade, agricultural, housing, equipment and infrastructure financing, while Musharakah and Mudarabah could provide alternative funding for innovative enterprises and small businesses with insufficient collateral. However, the international evidence also shows that many Islamic banks rely excessively on sale-based products because they are easier to administer than genuine partnership financing. Therefore, product expansion should not be measured only by the number of newly introduced contracts; it should also be evaluated according to their contribution to investment, employment, entrepreneurship, financial inclusion and the real sector of the economy.

At the same time, the findings indicate that the successful implementation of Islamic banking requires the development of a complete institutional ecosystem rather than the simple adaptation of conventional loans under Islamic terminology. Separate accounting systems, Sharia supervisory arrangements, tax neutrality, legal recognition of asset-based transactions, qualified personnel, liquidity-management instruments and effective consumer-protection mechanisms are essential for maintaining public confidence and operational stability. A gradual implementation model appears most appropriate for Uzbekistan: selected commercial banks could first establish Islamic windows and offer standardised pilot products, after which the market could expand toward partnership-based financing, Sukuk, Takaful and fully fledged Islamic banks. Digital platforms should also be integrated into this process because they can reduce transaction costs and make Islamic financial products more accessible to customers outside major urban centres. Consequently, the long-term success of Islamic banking will depend on whether regulatory reform, professional capacity building, public awareness and product innovation develop simultaneously.

Conclusion. The study concludes that the introduction of Islamic banking products represents a strategic opportunity to diversify banking services, strengthen financial inclusion, and enhance the competitiveness of Uzbekistan's banking sector. The analysis of international experience and statistical evidence for the period 2019–2025 demonstrates that Islamic finance has achieved stable growth and has become an important component of the global financial system, driven by increasing demand for ethical, asset-backed and risk-sharing financial products. The findings indicate that the gradual implementation of Islamic banking instruments such as Murabaha, Ijarah, Musharakah, Mudarabah, Salam, Istisna and Sukuk can provide new financing opportunities for households, small and medium-sized enterprises, and infrastructure projects while mobilising additional domestic and foreign investment. However, the successful development of Islamic banking in Uzbekistan requires a comprehensive legal and regulatory framework, effective Sharia governance, internationally recognised accounting and supervisory standards, qualified human resources, digital financial infrastructure, and greater public awareness.

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