PEERLESS INDUSTRY REPORT

Unlocking $7 Trillion Opportunity

Drivers, Growth and the Future of Non-Interest Banking in Africa & MENA

Prepared for decision makers across Islamic banking, Sharia-compliant banking and non-interest financial services

Executive Summary

Islamic finance has moved from a specialist segment into one of the most important growth frontiers in global financial services. In 2024, the market had already crossed the multi-trillion-dollar mark. The IFSB Stability Report shows that Islamic financial services industry assets reached about US$3.88 trillion in 2024 after a 14.9% year-on-year increase. DinarStandard also reports Islamic finance assets of US$4.93 trillion in 2023, with a projection of US$7.53 trillion by 2028. Mordor Intelligence projects the Islamic finance market to grow from US$4.53 trillion in 2025 to US$8.46 trillion by 2031, at about 10.7% CAGR.

The opportunity is no longer only about market size. It is about readiness. As Islamic banking, Sharia-compliant banking and non-interest banking expand across Africa, MENA and other global financial centres, institutions will need technology that can support compliant product design, faster launches, clean audit trails, reliable reporting and integration with digital ecosystems.

Mizan is a purpose-built digital banking core designed for Islamic and non-interest financial institutions. It is not a conventional core modified to accommodate Islamic products. It is built to support non-interest banking at the ledger, product, transaction and reporting levels. This matters because the next phase of growth will reward institutions that can move faster without weakening Sharia governance, operational control or customer trust.

Core argument

The non-interest banking opportunity is growing, but growth will depend on infrastructure. Institutions that want to capture this market will need a core platform that understands the product logic, compliance expectations and operating realities of Islamic finance from the ground up.

$3.88T

Global IFSI assets in 2024, according to IFSB

14.9%

IFSI year-on-year asset growth in 2024

$8.46T

Mordor Intelligence projection for Islamic finance by 2031

Market Growth Snapshot

Source / indicator	Attained position	Future outlook	Strategic implication
IFSB Stability Report 2025	US$3.88T in total IFSI assets in 2024, after 14.9% YoY growth.	Total assets projected to surpass $6 trillion in 2026. Continued growth will require deeper capital markets, liquidity tools and strong prudential oversight.	Growth is real, but institutions will need stronger systems and controls to scale safely.
DinarStandard SGIE 2024/25	Islamic finance assets at US$4.93T in 2023.	Projected to reach US$7.53T by 2028.	Wider Islamic economy growth will create demand for Sharia-compliant finance rails.
Mordor Intelligence	Market outlook places Islamic finance at US$4.53T in 2025.	Projected to reach US$8.46T by 2031 at about 10.7% CAGR.	The sector is expected to maintain strong expansion through the next several years.
IFSB sector composition	Islamic banking represented 71.62% of IFSI assets in 2024.	Non-bank segments are expanding, especially sukuk and takaful.	Core banking remains the dominant infrastructure layer for the market.

1. Introduction: a wider market than the label suggests

Non-interest banking has entered a new phase. For years, many institutions treated it as a specialist product category. That view is becoming too small for the size of the opportunity now emerging.

Across Africa and MENA, financial institutions are facing a combination of pressures: new customer expectations, stronger regulatory oversight, demand for transparent and asset-backed finance, and the rise of digital-first competitors. At the same time, Sharia-compliant finance is growing beyond traditional boundaries. The UK, for instance, is a major global centre for Islamic finance even though it is not a Muslim-majority country. This reinforces an important point for decision-makers: Islamic banking is not restricted to Muslim customers or Muslim-majority markets. It is a banking model built on non-interest finance, asset-backing, risk sharing, transparent contracts and Sharia governance.

For Nigeria, Africa and MENA, the implication is clear. Non-interest banking should not be treated as a peripheral product line. It is becoming a strategic growth lane for banks, fintechs, cooperatives, specialized lenders and financial institutions that want to serve customers who need compliant, transparent and alternative finance structures.

2. Market Size and Growth Outlook

The strongest message from the data is that the market has already attained scale and is still expected to expand. Different reports use different definitions and data scopes, so the figures should not be blended into one single number. They should be read as separate indicators pointing in the same direction: Islamic finance has become a large, resilient and expanding market.

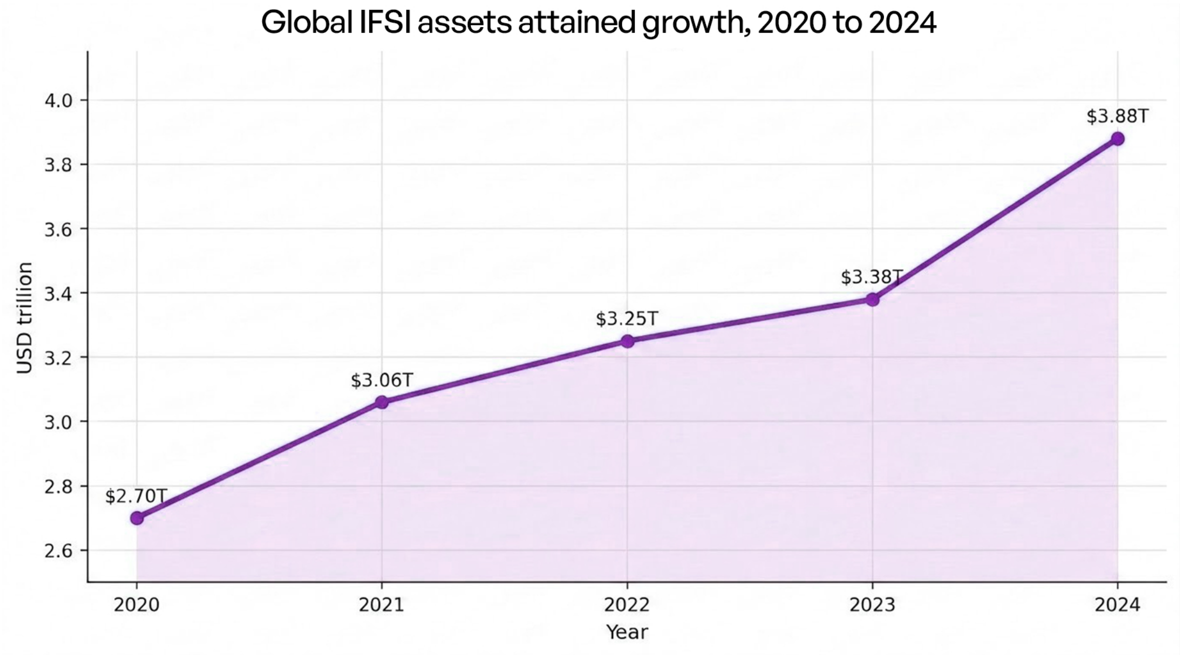

Figure 1. Attained growth of global Islamic financial services industry assets. Source: IFSB Stability Report 2025.

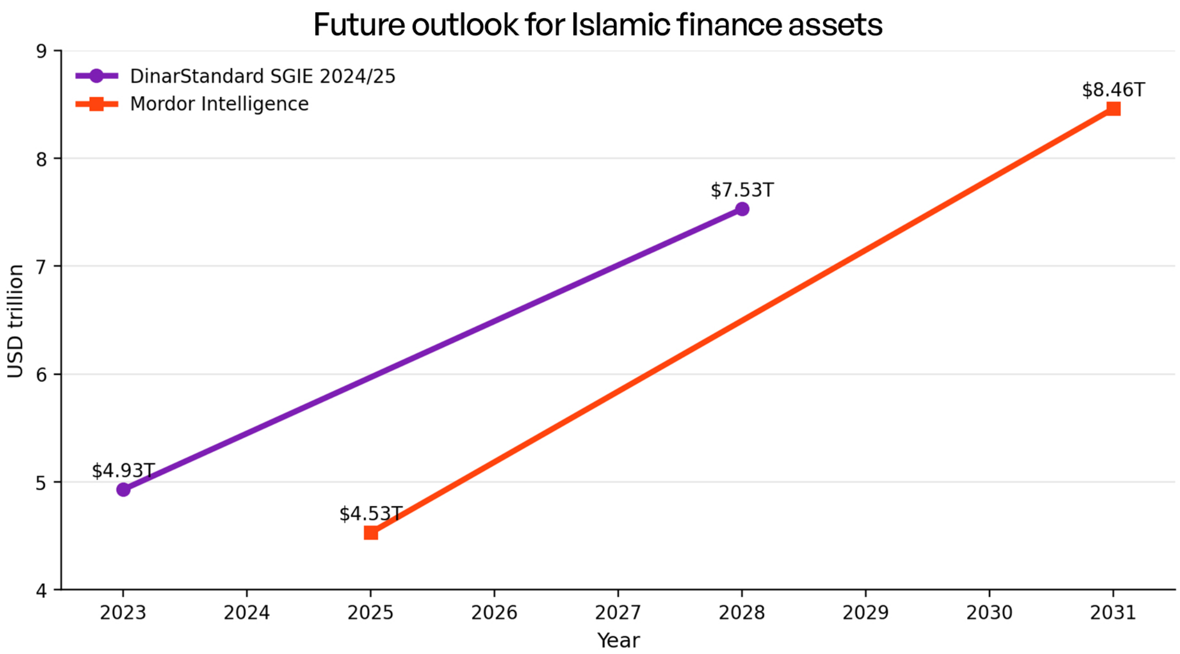

Figure 2. Future outlook using verified public projections from DinarStandard and Mordor Intelligence.

3. Where the assets sit today

The Islamic financial services industry remains heavily anchored in banking. IFSB data shows that Islamic banking represented 71.62% of total IFSI assets in 2024, followed by sukuk outstanding at 23.29%, Islamic funds at 3.70% and takaful at 1.40%. This makes core banking infrastructure a strategic priority for institutions that want to participate meaningfully in the next phase of growth.

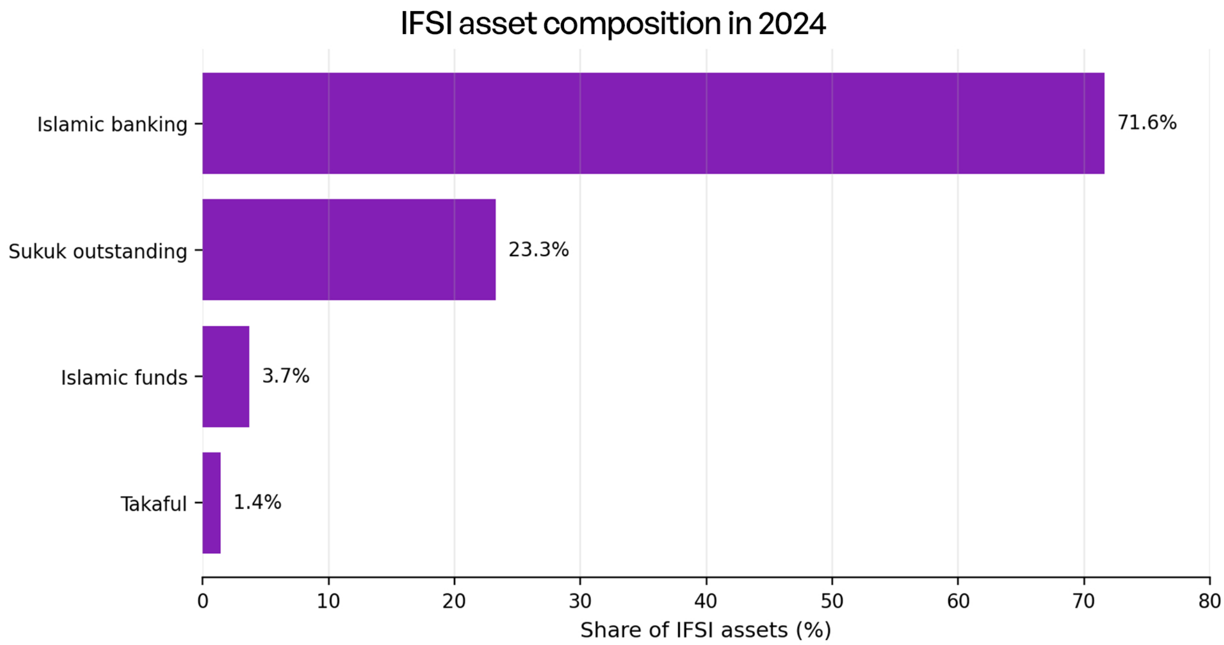

Figure 3. IFSI asset composition in 2024. Source: IFSB Stability Report 2025.

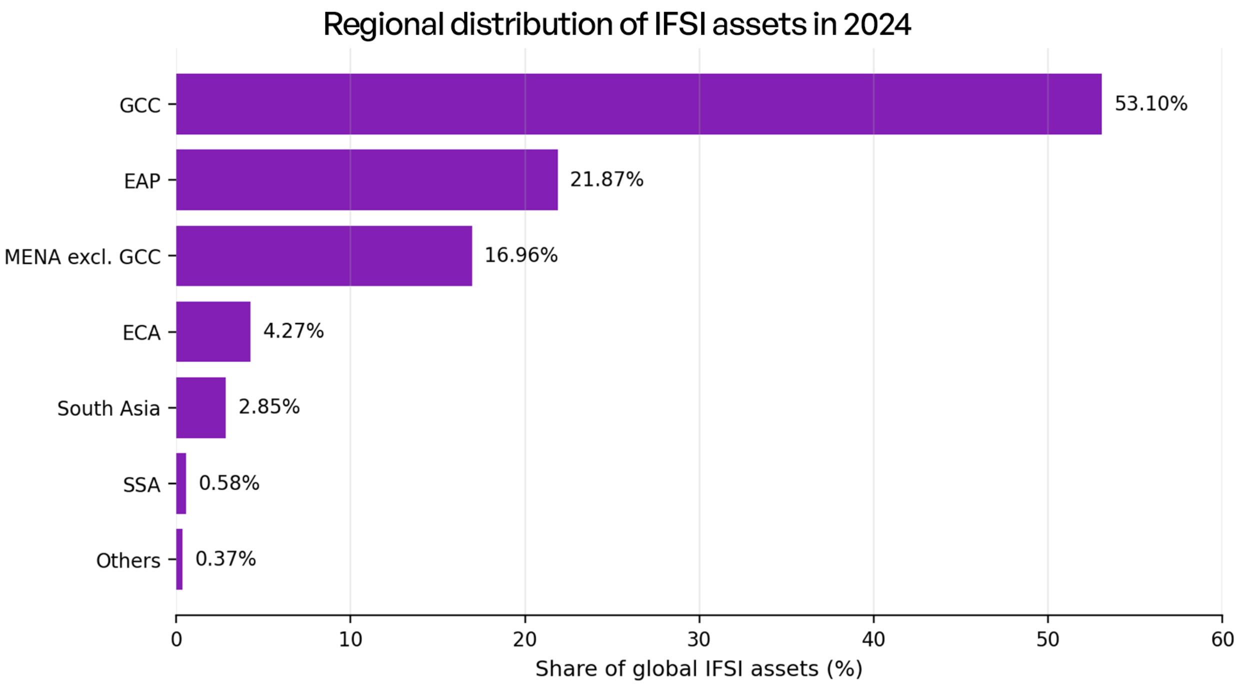

Figure 4. Regional distribution of IFSI assets in 2024. Source: IFSB Stability Report 2025.

4. Core Drivers of Growth

Source / indicator	Attained position	Future outlook
Demand for non-interest and Sharia-compliant finance	Non-interest banking appeals to customers and institutions looking for finance structures based on asset-backing, transparency, risk sharing and defined contract rules. This demand cuts across customer types and geographies. It is relevant for individuals, SMEs, corporates, public sector entities and investment institutions.	Product configuration must support contract-led design and diverse customer use cases.
Policy and regulatory support	Several markets are creating clearer regulatory pathways for Islamic banking, non-interest banking, sukuk issuance, takaful and Islamic investment products. In Africa and MENA, this policy support gives financial institutions the confidence to invest in product development and long-term infrastructure.	Reporting, audit trails and jurisdictional templates must be built into the core.
ESG, green sukuk and sustainable finance	Islamic finance has a natural connection to responsible finance because of its emphasis on asset-backing, fairness, transparency and avoidance of speculative excess. Green sukuk and sustainability-linked Islamic finance are becoming important tools for funding infrastructure, climate resilience and development projects.	Systems need clean asset records, transparency and traceable fund flows.
Digital finance and fintech ecosystems	The next phase of growth will be increasingly digital. Customers expect fast onboarding, mobile access, real-time visibility and smooth payments. Fintech partnerships also require clean APIs, secure integrations and flexible product logic.	Open APIs and validation controls are needed for safe ecosystem integration.
Africa and MENA as growth frontiers	Africa and MENA sit at the centre of the next opportunity. Nigeria has an active non-interest banking market. East Africa has room for infrastructure-backed Islamic finance. GCC markets continue to shape global standards and liquidity. North Africa remains a natural bridge between African and Middle Eastern financial systems.	Systems need clean asset records, transparency and traceable fund flows.

5. The Technology Question

The most important question for decision-makers is not whether Islamic finance will continue to grow but whether their institution has the infrastructure to participate in that growth without creating operational and compliance risk.

Legacy system issue	Operational risk	What a purpose-built non-interest core should do
Hidden interest logic	Non-compliant product or ledger behavior can remain inside the system.	Remove interest logic at the core ledger level.
Manual profit calculations	Spreadsheet dependence increases error, audit and reconciliation risk.	Automate pool creation, profit allocation and depositor distribution.
Weak asset-backing validation	Murabaha and Ijara flows may be executed in the wrong sequence.	Validate asset ownership and transaction flow before posting.
Poor investment pool segregation	Depositor returns become harder to explain, reproduce and audit.	Track pool balance, weightages, tenor categories and utilization ratios.
Fragmented reporting	Regulatory and Sharia board reporting becomes slow and manually reconstructed.	Generate real-time and periodic reports for regulatory, financial and Sharia governance needs.

6. Mizan: a Sharia-first digital core

Mizan is a purpose-built digital banking core designed for Islamic and non-interest financial institutions. Its strength is not only in the features it offers. Its strength is in the way its architecture is designed around the realities of non-interest banking.

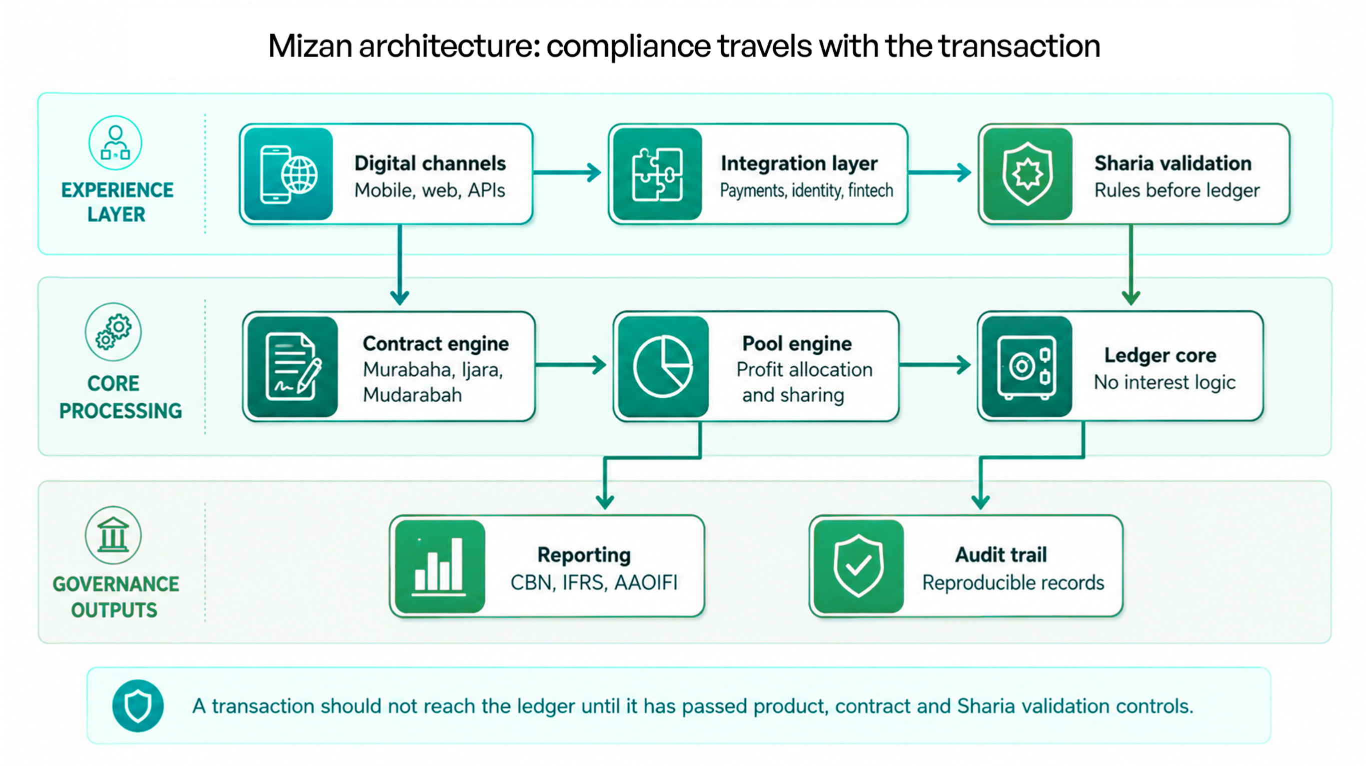

Figure 5. Mizan architecture concept: product, contract and transaction controls before ledger posting.

Mizan capability	What it enables
Sharia-first ledger architecture	Mizan removes interest logic from the core ledger. Every product must map to a valid Sharia contract.
Contract-led product creation	Products such as Murabaha, Ijara and Mudarabah are configured around contract logic, asset flow, pricing rules, repayment behavior and approval workflows.
Pool-based Mudarabah engine	Mizan supports pool creation, fund allocation, profit calculation and distribution using defined rules.
Asset-backing and ownership validation	For financing structures that require asset backing, Mizan helps enforce the right sequence of actions.
Transaction validation before ledger posting	External and internal transactions must pass through validation before they hit the ledger.
API-first integration	Mizan is designed to connect with payment gateways, identity systems, credit scoring APIs, mobile apps, card processors, fintech wallets and other ecosystem partners.
Governance reporting	Mizan supports real-time and periodic reports for regulatory, financial and Sharia governance needs.

7. What this means for decision makers

Stakeholder	What they care about	Mizan relevance
CEO / MD	Market leadership and long-term relevance	Non-interest banking is a growing market with institutional, retail, SME and public-sector relevance.
CIO / CTO	Architecture, integration and resilience	A core that requires heavy workarounds will slow the institution down, increase cost and make product launches harder.
Head of Sharia Compliance	Confidence and prevention-by-design	Compliance should not depend on manual checks after transactions have already been posted.
CRO / Compliance	Risk control, auditability and reporting	Reliable reports, audit trails and rule-based controls reduce supervisory and operational risk.
Product and Operations	Speed, configurability and clean execution	New products should be configured, tested and launched without long vendor cycles or risky manual processes.

Conclusion

Capturing the Islamic finance opportunity in Africa and MENA requires a bold vision. Banks and fintechs must embrace values-based finance, invest in talent and adopt Sharia-first cores that can support innovation. Regulators should harmonise standards and encourage the development of liquidity-management tools and green sukuk frameworks. Development institutions can catalyse investment in climate-resilient infrastructure through Islamic finance instruments.

Peerless envisions a future where every individual and business in Africa and MENA has access to ethical, non-interest financial services. Mizan is the technological foundation for this future: a digital core that accelerates product development, ensures compliance and scales with demand. With the right partnerships and regulatory support, non-interest institutions can unlock a US$7 trillion opportunity and contribute to inclusive and sustainable growth across the region.

The coming decade will define the winners in non-interest banking. With assets poised to approach US$10 trillion by 2029 and demand surging in Africa and Central Asia, institutions that adopt Sharia-first, cloud-ready cores will be best positioned to lead. Mizan offers a purpose-built platform that eliminates legacy pain points and unlocks rapid innovation. We invite financial institutions, regulators and investors to explore Mizan, partner with Peerless and join us in shaping the future of ethical finance.

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