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MASTER DISSERTATION (PROJECT)

“The role of Islamic banking windows in the development of Islamic finance and the prospects for implementation in Kazakhstan”

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Abstract of “The role of Islamic banking windows in the development of Islamic finance and the prospects for implementation in Kazakhstan”

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This master’s thesis is intended to reveal the problem of weak development of the Islamic finance industry in Kazakhstan. To solve it, the researcher offers the most effective solution - the introduction of Islamic windows. The purpose of this study is to find out whether Islamic windows are really necessary for the development of the Islamic finance industry in Kazakhstan.

The researcher will reveal the history of the development of the Islamic finance industry in Kazakhstan, the official position of the government of Kazakhstan, the experience of other countries and how Kazakhstan can apply their experience, and also talk about the benefits of introducing Islamic windows for clients (SMEs and individuals), traditional banks and the state. As a study design, the researcher used qualitative research - interviews with industry experts in Kazakhstan.

The introduction of Islamic windows would give a sharp and necessary boost to the development of the industry, but it also carries a number of risks and will require direct intervention in the development process and a very clear development plan from the state government, but at the moment the government is not able to resolve this issue.

Keywords—Islamic finance, Islamic windows, application of Islamic windows in Kazakhstan

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I. Introduction

Islamic finance continues to be of interest to governments and investors around the world. In difficult for the global economy in 2019 and 2020 (caused by the global pandemic COVID-19), Islamic finance continued its double-digit growth. In countries such as Afghanistan, Australia, Egypt, Ethiopia, Morocco and Tajikistan, Islamic banking has been the main driver of growth (Shereen Mohamed et al, 2021). The fact that the consequences of the pandemic affected Islamic banks to a lesser extent, due to the specifics of their activities (described later in the main part), served as an impetus for the interest of traditional financial markets in Islamic finance.

Kazakhstan is the country of Central Asia, the ninth largest country in the world. The population of Kazakhstan is 19,172,509 as of March 23, 2022 (cited in Worldometers, 2021), where 70% of the population is Muslims. In 1991 (since gaining independence), the history of Islamic finance in Kazakhstan began. To some extent, it is surprising that such a predominantly Muslim country does not have a developed Islamic finance system yet. It has been suggested that Islamic finance in its essence will gain great popularity among Muslims, however, it offers opportunities not only for Muslims. It could be the case that the problem lies in the weak development of the small and medium-sized enterprises (SMEs) sector. Therefore, this research aims to describe the role of SMEs in the development of Islamic finance in Kazakhstan and consider the prospects of the implementation of Islamic windows.

Definitions:

For a better understanding of the research topic, I start with defining the concepts:

A recent study (Bernardo, 2014) argued that: “**Islamic banking**, also referred to as Islamic finance or shariah-compliant finance, refers to finance or banking activities that adhere to shariah (Islamic law)”.

According to the article by Sole (2007, p.8): “An **Islamic window** is simply a window in an ordinary (conventional) bank through which customers can conduct business using only Sharia-compliant tools”.

Dr Abdel-Maoula Char et al conclude (2018,p.3) that: “**a conventional bank** is understood to be a bank that is not based on Islamic principles”.

According to Cole (1959): “**Entrepreneurship** is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services”.

The major misconceptions

There is a lot of misunderstanding around this topic. The major misconceptions are:

- *Islamic finance is just for Muslims.* In fact, Islamic finance institutions provide Islamic financial instruments for all (Muslims and not-Muslims).

- *Islamic finance offers free financial instruments.* It is a popular myth, as people who are unfamiliar with the concept of free interest think that they will get a loan without interest. However, in “Islamic credit”, interest is replaced by a markup (the amount on top of the principal).

- *It is necessary to go to a mosque and read namaz to use Islamic banking products.* Ethics and ethically correct messages are at the heart of Islamic finance, but users of Islamic financial products do not necessarily go to a mosque and read namaz.

- *The profits of Islamic banking support terrorism.* Islamic banks and financial institutions are regulated by local and international normative legal acts. Companies maximize profits only for the purpose of continuing operations and maximizing shareholder or management profits.

Summary:

This study will describe the impact that Islamic windows will have on SME businesses, banks and the economy of Kazakhstan if allowed. The literature review in the next section will describe the content of this study in more detail.

II. Literature review

Are Islamic and conventional finance the same?

Tawfiqi et al. (2018) conclude that Islamic finance is “based on Shariah principles and Islamic principles”. For illustration, one of the most important principles is the interest-free principle. It means that Islamic banks are prohibited from requesting or paying interest to their clients. Receiving or giving interest is considered 'riba', which is forbidden in Islam regardless of the way it is used. To summarize, Islamic banking and conventional bank are different in their nature.

Further, the literature review will describe key barriers to developing SME business in Kazakhstan, the current state of the Islamic finance industry in Kazakhstan and the experience of introducing Islamic windows in other countries.

Entrepreneurs and key barrier to develop SME's business

First of all, we should understand why people become entrepreneurs and what problems they face in Kazakhstan? There might be diverse motivating reasons to become an entrepreneur such as making a profit, gaining financial independence, a need for survival, and other reasons.

There are certainly a number of obstacles that hinder the development of entrepreneurship in Kazakhstan. However, Gulamov and Khansenbekov (2020) formulated the hypothesis that “access to finance is the key barrier to SME”. They partially confirmed this statement and showed that one of the reasons was “the inability of SMEs to satisfy the collateral requirements of banks and high-interest rates that exceed SMEs' rate of returns (average is 15%)”. And in this sense, Islamic finance would provide more options for entrepreneurs to solve financing problems through instruments like Mudarabah and Musharakah (types of partnership financing) and other Islamic finance services. The main advantages of the use of Islamic instruments

are interest-free loans and awareness of the people about the markup and instalment payments from the very beginning of the agreement.

Islamic finance in Kazakhstan needs a “push”.

For a deeper understanding of the essence of the problem, we should pay attention to the history of the development of Islamic finance in Kazakhstan.

The story of Islamic finance in Kazakhstan officially began on 12th of February 2009 with the adoption of Law “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on the Organization and Operation of Islamic Banks and Islamic Finance Organizations“. However, according to the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan, the story of the development of Islamic finance began before the adoption of this law. Nevertheless, until now Islamic finance is underdeveloped in Kazakhstan. The government has resolved the issue with double taxation and other issues, which can inhibit the development of Islamic finance but did not allow access to the Islamic window. Aitieva (cited in Inform, 2017) notes: “in Kazakhstan, favour in Islamic finance was present even before the country took sovereignty because the international bank “Al Baraka Kazakhstan” was operating since 1991”. After them, several banks (ATF Bank, Bank Center Credit, Bank Turan Alem and others) received investments through Islamic financing, but the true Islamic bank was opened only in 2010, and it was Al-Hilal Bank.

The Ex-Head of the National bank of Kazakhstan Akishev (cited in Kapital 2018, p.1) notes: “The Islamic finance market in Kazakhstan is at an early stage of development, the Government of Kazakhstan in 2008 created all the necessary legislative conditions for the work of Islamic banks. However, Islamic banking has not been developed because of:

1. Insufficient awareness of the population about the possibilities and features of Islamic banking and its products.

2. Lack of a branch network.

3. The high cost of Islamic banking products (even higher than conventional banks)”.

Moody’s analyst Pavlova (cited in Forbes) on the contrary, believes that Islamic finance in Kazakhstan is developed and argued that: “The leaders in the development of Islamic banking among the CIS countries are likely to be Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan”.

Akishev cited irrefutable facts, but in his own words, he proved that Kazakhstan should give an impetus to Islamic finance in the form of opening Islamic windows since this can solve three listed problems, otherwise Islamic finance in Kazakhstan is not effective in the current state.

Addressing the problem of lack of infrastructure and the branch network, Kazakhstan can follow the example of Malaysia described in the article by Sole (2007, p. 16, box 2): “Under a pilot program, three conventional banks were allowed to open Islamic windows under certain restrictions, such as no commingling of funds. By relying on their wide branch networks, conventional banks could offer Islamic products to larger segments of the population than if they were only allowed to open one Islamic branch”.

Regarding the issue of high costs, this paper refers to the conclusion made by Beck et al (2013, p. 445): “Islamic banks are less efficient, but have higher intermediation ratios, have higher asset quality, and are better capitalized than conventional banks”. Considering this factor, as well as the high level of overhead

costs - the high price of Islamic finance products is justified, but Islamic windows can decrease these costs.

One of the ways in which Islamic windows can decrease overhead costs is economies of scale (more Islamic windows can decrease the cost of getting a license etc.), but the question arises what is the reason for the conventional bank to open Islamic windows? It is to increase the number of customers for the bank and to have a positive impact on sales. If a conventional bank wants to open an Islamic window it will be not expensive because the Islamic window can be opened in one branch. Initially, this branch would receive subsidies from the parent bank in a form of money or assets (buildings, structures, employees, and advertising costs). The advantages and disadvantages of each of the parties involved will be discussed in more detail in the fieldwork analysis section.

This idea of the importance of Islamic windows for the development of the Islamic finance industry in Kazakhstan had been raised in discussions among highly respected representatives of this field. For example, Arken Arystanov, the chairman of the Agency of the Republic of Kazakhstan on regulating the activities of the regional financial centre of the city of Almaty (ARA RFCA), proposed this idea and commented on it in the media. It is not clear whether there is a direct ban on the opening of Islamic windows, but there are some experts who argue that the ban exists. One of those experts will be interviewed in the following chapters of the thesis. In a similar way, this statement was confirmed in the article by Abdrakhmanova and Shemen presented at the V International Scientific and Practical Conference "The Real Comprehension of Non-European Science 2009". In this article, Abdrakhmanova and Shemen (2009) argued that: "only a bank created from a scratch in accordance with the Sharia canons will be able to work with Islamic financial instruments".

In addition, in this study, I will attempt to calculate which financing methods (Damu Fund, conventional banks or Islamic banks) are most beneficial for a wide range of entrepreneurs by comparing them according to certain criteria. In the following sections, specific financial instruments of Islamic finance and more detailed explanations of the benefits follow.

Experience of other countries

Islamic windows are not a novelty and Kazakhstan can rely on the experience of different countries, Malaysia, Russia, the Kyrgyz Republic and a number of other countries. For convenience, this review will talk about the development of Islamic windows in the Kyrgyz Republic (as the geographically and culturally closest to Kazakhstan) and briefly outline the Islamic windows in Tatarstan.

In 2006, in the Kyrgyz Republic first Islamic window was opened and immediately the bank gained popularity among clients who for religious reasons, have not previously used conventional bank instruments before. (Berdibaeva 2018 cited in Cabar.Asia).

This instant popularity of Islamic finance in the Kyrgyz Republic has a number of reasons. Firstly, there is a large number of potential clients both Muslims and non-Muslims. The second reason is the focus of the bank's strategy on SMEs. According to the International Financial Corporation (IFC), about 80 per cent of representatives of SMEs are interested in Islamic principle-based loans. The third reason is a unique approach to Islamic finance. For example lack of interest, opportunity to take an unsecured loan and other reasons.

The next step for the Kyrgyz Republic will be the creation of an Islamic bank, given the awareness of the population and the already created client base, this will benefit Kyrgyzstan.

In Kazakhstan the situation is completely opposite: the bank exists, but there is no Islamic window. In the following section, I will show the difference in the development of Islamic finance between Kazakhstan and the Kyrgyz Republic in more detail and how the implementation of the Islamic window in the Kyrgyz Republic has affected the development of the Islamic finance industry in the Kyrgyz Republic.

Considering the situation in Tatarstan, according to Sidorenko, the head of Tatarstan Minnikhanov helped to develop Islamic finance there, local companies “all managed to adopt some Islamic banking products (mainly Murabaha, Ijara, Musharaka) to the current Russian conditions, to win a certain segment of clients”. However, the Russian government, as well as the citizens of Russia, are wary of Islamic finance, since Islamic finance is based on religious principles, also they distrust Islam as a religion. In the following section, I will discuss the current state of Islamic finance in Tatarstan in more detail and how the implementation of Islamic windows has affected the Islamic finance industry's development in Tatarstan.

To summarize, Islamic finance has been developing in Kazakhstan for almost 20 years, but it is not widespread among the population. It is likely that there will be a high demand for Islamic financing sources, as there are many SMEs that cannot afford traditional bank products. Moreover, like in the Kyrgyz Republic, there are the Muslim population is in a majority in the country.

The research tests the following hypothesis: If the government of Kazakhstan accept the implementation of Islamic Windows, as mentioned earlier, it is highly probable that the number of banking services customers will increase. The reason for that is the involvement of those segments of the population who do not use the products of traditional banks (for example, some small and medium-sized business owners). Since the Islamic banking services do not contradict their religious principles,

it will become an additional way to raise capital. Hence, Islamic windows would affect the economics at the micro and macro levels.

Summary

The literature review summarized that:

1. *“Access to finance is the key barrier to small and medium-sized enterprises (SME)”.*

This hypothesis was introduced by Gulamov and Khansenbekov (2020, p2). One reason was “the inability of SMEs to satisfy the collateral requirements of banks and high-interest rates that exceed SMEs’ rate of return (average is 15%)”. Islamic finance is one of the solutions to this problem.

2. *Long history.*

The story of the development of Islamic finance in Kazakhstan started in 1991. In 2009 Kazakhstan the adopt of Law “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on the Organization and Operation of Islamic Banks and Islamic Finance Organizations”.

3. *Islamic finance in Kazakhstan needs a “push”.*

The Ex-Head of the National Bank of Kazakhstan Akishev (cited in Kapital 2018, p.1) notes: “The Islamic finance market in Kazakhstan is at an early stage of development... and characterised by such problems as:

- Insufficient awareness of the population about the possibilities and features of Islamic banking and its products.

- Lack of a branch network.

- The high cost of Islamic banking products (even higher than conventional banks)”.

Opening Islamic windows require a “push”, this might solve all 3 problems since Islamic financing in Kazakhstan is not effective enough in its current state.

4. *Conventional banks have reasons to transfer to Islamic windows, such as:*

- Increase in the number of customers for the bank and a positive impact on sales,
- Low cost of transfer because the parent bank can transfer one or more branches to Islamic windows and transfer some assets like buildings, structures, employees, advertising costs, and company employees.

5. *Kazakhstan can rely on the experience of other countries.*

In the Kyrgyz Republic, the situation is completely opposite: the Islamic windows exist and enjoy high demand from the population and especially from SMEs, but there is no Islamic bank. In 2006, in the Kyrgyz Republic, the first Islamic window was opened and this country is geographically and culturally closest to Kazakhstan.

Speaking about the situation in Tatarstan, according to Sidorenko, the head of Tatarstan Minnikhanov helped develop Islamic finance there. The local companies “adopt specific Islamic banking products (mainly Murabaha, Ijara, Musharaka) to the current Russian conditions, to seize a certain segment of clients”. However, the Russian government, as well as the citizens of Russia, are wary of Islamic finance, since Islamic finance is based on religious principles, also they keep distrusting Islam as a religion.”

Research question and hypothesis

- **Research questions:** How can Islamic windows help entrepreneurs to develop and what are the benefits of Islamic windows for customers, conventional banks, and the country?
- **Hypothesis:** If the government of Kazakhstan allows Islamic Windows, it would attract and cover those segments of the population who currently do not have access to the products of traditional banks (for example, SMEs) and motivate them to take loans and improve their or their company's financial position.

Research Methodology

To draw specific and correct conclusions, I **used qualitative research methods - interviews**. When choosing the type of interview, I chose a **semi-structured interview**, since it is a case when a researcher himself was already informed about the topic. I prepared a list of questions as a guideline, but during the interview, I did not limit myself to those questions and added and clarified details, and also did not interrupt the respondents. Choosing the way to conduct an interview, I chose to conduct them online. Since the situation with the coronavirus in Kazakhstan is currently unstable, I chose not to put respondents at risk, and also because it would make respondents feel more comfortable and freely answer the questions. When choosing a sample, one of the types of **non-random sampling** was chosen - **snowball sampling** (a sample in which a researcher interviews one person and addresses other people within his target audience), because this is a too specific topic.

For objectivity of opinions, the researcher interviewed two experts in Islamic Finance in Kazakhstan:

1. Representative of the AIFC (hereinafter A)

The AIFC is a hub for Islamic finance in Kazakhstan and Islamic finance and Islamic windows are allowed on the basis of the AIFC. The interview with a representative of this organization helped to understand the requirements of the regulator (which is the AIFC) for a company that wants to open an Islamic window or an Islamic bank.

2. Representative of the Al Saqr company (hereinafter B)

Al Saqr is one of the Islamic banks of Kazakhstan based in the AIFC. Al Saqr offers corporate clients Murabaha (goods in instalments) and Ijarah (lease agreements), which are some of the more convenient financial instruments for SMEs than the financial products of conventional banks.

3. Potential Islamic window client (hereinafter C).

4. Non-Muslim Islamic window client (hereinafter D).

III. Main body

Difference between conventional and Islamic bank

As stated earlier, a conventional and an Islamic bank is not the same. The table below shows the comparison between conventional and Islamic banks:

Table 1

No	Description	Conventional bank	Islamic bank
1	Loan system	Gives money on credit for buying assets with interest	Does not give cash, but buys an asset and then sells it in installments to a client with mark-up
2	Deposit account guarantee	Can guarantee deposit accounts	Cannot guarantee deposit accounts
3	Are investment goals limited?	No, if allow under local or global laws	Yes, businesses that harm people cannot be invested (like the sale of alcohol, slavery, prostitution, etc.)
4	Where does the penalty for non-payment by customers go?	To a bank	For charity
5	Does an asset have to exist?	It does not matter, only funds for the asset are issued (can use futures, forwards, swap etc.)	Asset has to exist (futures, forwards, swap etc. are prohibited)

6	Is there a concept of loss sharing?	No	Yes, one of the instruments assumes that the bank becomes an investor and shares the losses in case of failure.
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Why Kazakhstan does not have Islamic windows and how to open Islamic windows in Kazakhstan

Nowadays, Islamic windows in Kazakhstan are prohibited at the legislative level, since there is no such term as "Islamic windows" in the legislation. Any bank offering Islamic finance products should be called an Islamic bank.

Despite the fact that local conventional banks based in Kazakhstan cannot open Islamic windows in any way, a conventional foreign bank (based outside the territory of Kazakhstan) can open both an Islamic bank and an Islamic window within the Astana International Financial Centre (AIFC).

Islamic finance of Kazakhstan today and what are the risks?

Nowadays, there are no Islamic windows in Kazakhstan. There are two Islamic banks Al Hilal bank and Zaman bank (also a new Islamic bank to open soon) and within the AIFC: Islamic bank Al Saqr and Islamic financial organisation Tayaab.

Given the current situation in the world, namely the geopolitical events affecting Kazakhstan, the Islamic finance industry in Kazakhstan has high risks. It may be harder to attract foreign investors today, which will obviously slow down the development of Islamic finance in Kazakhstan.

Islamic finance in Kyrgyzstan as an example of the success of Islamic windows

One of the closest examples of successful development of Islamic finance in the CIS is EcolslamicBank in the Kyrgyz Republic which was established as Islamic Windows.

In 2005, the head of the Kyrgyz Republic instructed the state authorities to work out options for solving the problem of lending to the population, during which it turned out that in the long term the most effective solution is to introduce Islamic principles along with the existing traditional principles of financing.

In 2006, EcolslamicBank decided to participate in a pilot project to introduce Islamic principles of finance. On its long journey, the Bank faced such problems as:

- shortage of qualified specialists
- lack of a regulatory framework
- bureaucratic complications
- ignorance of the population.

If we draw an analogy with Kazakhstan now, then thanks to the activities of the AIFC, Kazakhstan has partially solved the problem with the regulatory framework, in particular the problem of double taxation, but otherwise, the other problems are relevant for Kazakhstan.

The main clients of the bank are SMEs because the bank offers them more favorable conditions than ordinary banks. For example, one of the features is that when issuing a loan, the bank acts not as a lender but as an investor, and for this reason, the bank is interested in the success of the business, which allows entrepreneurs to receive fast and convenient service from the bank. In order to solve the problem of the lack of qualified specialists, EcolslamicBank established the Barakat Educational Center, which trains future employees and cooperates with other financial institutions.

Kyrgyzstan can be called a regional leader in terms of experience in the Islamic banking system, servicing private clients. However, several political crises and the actions of extremists in the world have slowed down initiatives to stimulate the growth of Islamic finance in the Kyrgyz Republic.

Problems of development of Islamic finance in Uzbekistan and what problems Kazakhstan may face when opening Islamic windows

In 2021, the Islamic Development Bank (an international financial organisation focused on Islamic finance) held an annual meeting in Uzbekistan, in the same year, a number of banks in Uzbekistan announced the creation of Islamic windows.

However, Alijon Ravshanov (cited in Sputniknews, 2021, p.1) an expert in Islamic finance, argued that Islamic windows in Uzbekistan face problems like:

- they are ethically incorrect and do not comply with Shariah.

According to Sole, Islamic windows should be completely separated from the activities of a conventional bank and not be mixed with the capital of a conventional bank. Capital is mixed into Islamic windows in Uzbekistan, which causes a number of disputes both among the population of Uzbekistan and among the Muslim world. Also, Alijon Ravshanov said: "In the event that unjustified sources of income arise in the assets of the Islamic window, and provided that these incomes do not constitute a large part of the total income, the Islamic window must apply to such income the practice of "cleansing" prescribed by Shariah. That is, such income goes to charity, not profit."

- Uzbekistan does not have a Sharia council.

Uzbekistan must have a Sharia Council for the activities of the Islamic window at a traditional bank to comply with Sharia law. Also, the council should consist of reputable, experienced and independent Sharia scholars. Members of the Sharia

Board should be able to request any information about the financial services provided, freely express their opinion and, if necessary, suspend them.

-The management does not have higher education in the field of Islamic banking.

The management of Islamic windows must have higher education in the field of Islamic banking, and the bank should organize training on the basics of Islamic finance and Islamic banking from senior managers to ordinary bank employees working in branches.

Islamic finance in Uzbekistan is promising due to the support of the government and the characteristics of the population, which in the future can improve the financial condition of the economy and citizens of the state.

Islamic Finance in Russia

Speaking about the situation in Tatarstan, according to Sidorenko, the head of Tatarstan Minnikhanov helped develop Islamic finance there, and local companies “all managed to adopt some Islamic banking products (mainly Murabaha, Ijara, Musharaka) to the current Russian conditions, to win a certain segment of clients”. However, the Russian government, as well as the citizens of Russia, are wary of Islamic finance, since Islamic finance is based on religious principles, also they continue to distrust Islam as a religion. In the current unstable situation in Russia, the development of Islamic finance in Tatarstan has slowed down and it is not known exactly how this will affect the Islamic finance industry. The current situation can lead both to the collapse and to a jump in the development of Islamic finance in Tatarstan.

Islamic Finance in Malaysia. History of development and reasons for success

To understand the prospects for the development of Islamic finance with the help of Islamic windows, consider the case of Malaysia, where the successful implementation of Islamic windows led to the development of the country's economy.

The history of Islamic Finance in Malaysia began in 1959. Since a significant part of the population of Malaysia were Malays, after gaining independence, they began to demand satisfaction for their religious and economic needs. In other words, the Malays, being Muslims, did not want to invest in conventional banks, because conventional banks use interest, while interest is a type of sin called *riba*. Such transactions, as well as giving money at interest, are prohibited by Sharia and are one of the grave sins (I. A. Zaripov). Islamic finance's road to success in Malaysia began with a foundation Lembaga Urusan dan Tabung Haji (LUTH). “Royal Professor Ungku Abdul Aziz Ungku Abdul Hamid wrote the article 'Rancangan Membaiki Keadaan Ekonomi Bakal-bakal Haji' ('Plan to Improve the Economic Situation of Prospective Hajj') on 30th September 1959 to the Federal Government Malaya” (cited in Karangraf Group, 2018). *The goal of this financial organization was to help Malays save money and manage the pilgrimage to Mecca, at the same time the body will provide the distribution of non-payment of interest (riba) profits to depositors.* Following this extraordinary goal, Lembaga Tabung Haji was established in 1969. The establishment was the result of a merger between the Perbadanan Wang Simpanan Bakal-bakal Haji (PWSBH) and the Hajj Affairs Office. Initially, the funds of potential pilgrims were accumulated in a special account of the Ministry of Finance of Malaysia, but their volume increased at a tremendous speed, and it became clear that it was necessary to create special Islamic banks for their effective investment. Based on the experience of Lembaga Tabung Haji, the Malaysian government published the Islamic Banking Act 1983 on April 7, 1983. This act showed the rules that must comply with

the activities of Islamic banks in the country. The authority to control the activities of Islamic banks was entrusted to the Central Bank of Malaysia (Bank Negara Malaysia). After the adoption of this law, the first Islamic bank in Malaysia was established - Bank Islam Malaysia Berhad. Regulators have the goal of creating and ensuring sustainable growth of a developed two-tier financial system (conventional and Islamic banks). In parallel with this, intermediate tasks were set:

- Form a full-fledged and developed Islamic financial infrastructure;
- Develop with the participation of Sharia scholars and test a line of Islamic financial products demanded by clients;
- To create conditions for the attractiveness of the business model of Islamic finance not only for Muslims, which will significantly increase the client base, will also attract traditional financial institutions to the Islamic market by opening branches (Islamic windows);
- Form a global center in Malaysia on Islamic finance.

The regulator has created a phased long-term plan for the development of Islamic finance in Malaysia (the so-called roadmap).

The first period was beginning in 1983. The goal of this period was to establish an Islamic banking system and takaful insurance. At the end of this period, Malaysia had one full-fledged Islamic bank, two limited-range Islamic banks, 8 non-bank Islamic finance companies and 20 traditional banks.

The second period began in 1994. A goal of this period was the development of full-fledged markets corresponding to sharia. On March 4, 1994, the Central Bank of Malaysia announced the start of an “interest-free banking program” which allowed traditional loan banks to open “Islamic windows” to provide Sharia-compliant services.

The third period began in 2004 with the goal of developing Islamic non-banking financial institutions (for example Waqf and Zakat funds). During this period regulators of Malaysia announced the closure of Islamic windows. The Central Bank of Malaysia provided each bank that had opened the "Islamic window" before that time and the opportunity to decide: whether this bank creates a full-fledged Islamic financial institution, has the appropriate license, or acts entirely like a conventional bank.

The table below shows a comparative analysis between Malaysia and Kazakhstan for the period of 1990s.

Country:	Malaysia	Kazakhstan
Area:	329 847 km ²	2,724,900 km ²
Population	19 977 500	16 022 222
Religion affiliation	- Muslim (59,54%); - Buddhist (18,20%); - Christian (8,27%) Non-religion (0,44%) Other	- Muslim (47%); - Christian (28%); Non-religion (24%) Buddhist Other
GDP per capita	3728 USD	1288 USD
GDP	74 478 thousand dollars	20 374 thousand dollars
Unemployment rate	3,63 %	7,54%
Labour force participation rate (ages 15-64), in %	64.7%	50,8%

Proportion of ownaccount and contributing family workers in total employment, in %	24.9%	N/A
Notes: data for 1990-1995		
Data source: Britannica.com		

One of the goals of opening Islamic windows was to attract new clients. After allowed Islamic windows the main clients were non-Muslims. This can be explained by the fact that there are three categories of Islamic windows' clients. The first category is people interested in ethical finance. The UN act "Principles of Responsible Investment" correlate with Islamic finance principles. The second category is people who want to diversify their risk. The third category is conservative investors who are satisfied with factors such as cost, stability, and quality of instruments; these are often local Chinese. Some scientific and analytical studies of specialized organizations prove that their profitability and profitability on basic instruments and in general are approximately equal to traditional banks.

Another, but a no less important reason is the Tavarruq financial instrument. Since Islamic finance cannot guarantee anything to its clients, and cannot issue funds directly, Tavarruk was used. That is, the client turned to the bank and the bank, on behalf of the client, sold and bought precious metals, thereby making a profit, which he gave out to the client in the form of cash. This financial instrument and its type of

use in Malaysia are subject to various disputes among experts in Islamic finance because, according to some experts, it is ethically incorrect.

Other potential sources of financing for SMEs

For SMEs in Kazakhstan, there are several options for obtaining financing:

- financing from JSC Entrepreneurship Development Fund Damu (a state-funded fund that provides loans to SME owners and has a number of loan programs)
- a loan from a conventional bank
- a loan from an Islamic bank.

№	Description	Damu (Astana Business 2)	Conventional bank (Halyk Entrepreneur)	Islamic Bank (corporate Murabahah)
1	Maximum amount	20 million tenge	300 million tenge	200 million
2	Maximum periods	84 months (7 years)	84 months (7 years)	84 months (7 years)
3	Finance all type of business	Yes	Yes	No, only shariah comply business
4	Interest	8,5%	14,8%	N/A because have mark-up
5	Loan purposes	Any purpose	Any purpose	Any purpose excluding working capital loan

Given the above table, we can conclude that financing in JSC Entrepreneurship Development Fund Damu is the most convenient and profitable for SMEs because it has low-interest rates and a variety of financing programs.

Islamic financial instruments that can be offered in a potential Islamic window, their features and comparison with traditional financial instruments

Mudarabah

Mudarabah is the most convenient Islamic financial instrument for SMEs. The essence of Mudarabah is that it is a contract concluded between 2 persons, one of which is an investor of money (rabal-maal) and the other is an investor of efforts (mudarib).

Question	Rabal-maal	Mudarib
What is it for?	To invest money	To manage a project
Who can be given?	Anyone, but often this is an investor found by the bank together with the bank (partner mudarabah) or only the bank (individual mudarabah)	Anyone, but it is better if it is a SME
What will be a share of the profits?	The profit share is negotiated before signing the contract and can be any	The profit share is negotiated before signing the contract and can be any
What part of the loss will incur?	100%	0% only agency payments if hired as an agent
Who manages at the operational level?	No, it can set conditions under which the Mudarib will manage the rabal-maal money more effectively	Yes

The analog in the traditional financial system is the investment in a company like buying shares or giving loans to the company. If investors invest money by buying shares in case of losses company and investors will be at loss. If investors invest money by giving a loan to the company in case of losses investors get back money and only the company remains at a loss.

Musharakah

Musharakah is an Islamic financial instrument similar to mudarabah. The essence of Musharakah is that it is a contract made between two or more parties in which money is mixed and business is jointly conducted.

Question	In musharakah	In Mudarabah
Investors	Two or more parties	Rabal-maal (investor) and Mudarib (manager/agent)
Who manages at the operational level?	Investors selected by other investors	Mudarib
What part of the loss will incur	Distributed only as part of the share of total capital	Rabal-maal – 100% loss Mudarib – lost only agency payments

An analog in the traditional financial system is a partnership or partnership agreement. In a partnership, losses and profits can be distributed in any proportions agreed in advance.

Murabahah

Murabahah is a fairly popular instrument in Islamic banks. The essence of murabahah is that the client turns to the bank that he needs a certain asset, the bank buys this asset and sells it to the client in installments with a premium.

In the table below, I show the difference between murabahah and common credit in conventional bank:

Description	Murabahah	Credit in conventional bank
The essence of the operation	Bank buys assets and sells in installments with a premium	Bank give money for client for buying assets with interest
Subject	Assets	Amount of money
Parties	Bank and client	Lender and borrower
Reimbursement	Mark-up	Interest
Transparency	Yes, client know all terms when to sign agreement	No, can have a hidden interest

Salam

The essence of Salam is an agreement between two parties, the first party buys goods from another and pays an advance payment, which the second party must deliver at a certain point in time.

Description	Salam	Futures
The essence of the operation	First party buys commodity from another and pays an advance payment, second party must deliver it through at a certain point in time.	First party buys certain commodity from another and pays an advance payment, second party must deliver through at a certain point in time
What commodity can be used	All except gold, silver ,currencies	All
Certain commodity?	No, but in contract write quantity, quality, weight	Yes, only certain commodity

Ijarah

The essence of Ijarah is that the client turns to the bank that he needs a certain asset, the bank buys this asset and sells it to the client in rent.

Description	Ijarah	Conventional leasing
Leased asset	Owned by bank	Not owned by a bank
Liability for losses	The bank bears all risks and losses if the client is not at fault	The bank does not bear all risks and losses
Can be terminated by one of the parties?	No, can only be terminated with the consent of both parties	Yes
Rate payment	Rent can be charged after delivery assets	Rent can be charged before delivery of assets

IV. Fieldwork analysis.

As a result of the fieldwork, the relevance of the issues raised by Akishev quoted on the Kapital website (2018) was confirmed. Specifically, I have tested the following points:

- “Insufficient awareness of the population about the possibilities and features of Islamic banking and its products“ – Indeed, some respondents do not know about opportunities of Islamic Finance and what opportunities can be opened after allowing Islamic windows.

- “Lack of a branch network“ - Respondents agree with it, and they think that the bank which will open the Islamic window should develop a branch in all regions of Kazakhstan.

- “The high cost of Islamic banking products (even higher than conventional banks)” - All respondents agreed with this statement, some respondents want to use Islamic financial instruments but the high cost is a problem and they express a hope that with the resolution of Islamic windows and the development of the industry, the price will significantly decrease.

Analyzing the interviews, I came to the following conclusions. In addition to the previously mentioned reasons for the poor development of Islamic finance in Kazakhstan, there are other reasons, such as:

- The government does not participate in the development of industry but the government is a key player (70% of the economy of Kazakhstan). An example of an excellent state interaction for the development of Islamic finance is Uzbekistan, where a meeting of the Council of the Islamic Development Bank was held in 2021. Since the government was interested (the forum was organized at the expense of the state budget), it managed to sign a number of important agreements with the Islamic

Development Bank, which was reflected in a sharp increase in the number of Islamic windows in Uzbekistan (as described above).

- Specific requirements for banks from the national bank and the policy of the national bank to reduce the number of operating banks. Since Kazakhstan shows a strategy for growth, as well as such cases as the fall of Astana Bank and other banks, the National Bank of Kazakhstan, is also tightening requirements for banks, which is expressed in the policy of the National Bank.

- Features of Islamic finance:

- One of the features of Islamic finance is the impossibility of issuing loans to clients for working capital. That is, each loan must have an asset under which the loan is given.

- The impossibility of guaranteeing deposits, since according to Islamic principles, funds cannot be guaranteed (this problem is partly solved in Malaysia, as was mentioned above).

The advantages and disadvantages of introducing Islamic windows in Kazakhstan are described below.

Advantages for banks:

1. There is a certain proportion of the population not covered by ordinary banks.

Berdibayeva in her article on Cabar.Asia (2018) named the one of the reasons for the success of the Islamic window in Kyrgyzstan. When it opened, EcoIslamicBank attracted a larger number of clients who had previously not used the products of conventional banks for religious reasons. By analogy with Kyrgyzstan, about 15% of the population of Kazakhstan would use Islamic finance products (many of them would use them even despite the high cost). During the interview, the reviewers stated that

Kazakhstan has this percentage of the population, not covered by ordinary banks. These people can become clients of the bank that opened the Islamic window. Today Al-Hilal cannot provide the full range of services and tools available in Islamic finance to cover different types of the population because its strategy is focused only on large companies.

2. The loan portfolio and deposit base will increase. In addition to regular clients, an Islamic bank can attract religious people (as described in the previous paragraph) who have not used banks.

3. Additional external funding. According to some of the respondents, Islamic countries help to fund Islamic banks in other countries, especially those that look potentially successful (like Kazakhstan), but I cannot confirm or refute this hypothesis.

Advantages for individuals and entrepreneurs:

1. New options will appear among financial instruments. This will be especially convenient for entrepreneurs.

2. In an ideal world, when the cost of Islamic financial instruments in conventional banks and Islamic windows/banks is the same, individuals and entrepreneurs would be happy to be able to choose among them. This increase in competition among banks might induce efficiency and reduce the cost of loans. Given the possible economies of scale that will emerge with Islamic windows' availability, the cost of Islamic financial products can be lower than those of conventional banks.

3. Islamic financial instruments are more convenient for entrepreneurs, as some of them involve equity financing and Islamic banking products are less risky and more client-oriented than conventional ones.

Advantages and disadvantages for the government:

1. The advantages for the government are economic diversification, diversification of financing, financing of the real sector of the economy, greater coverage of the population by financial opportunities, financial inclusion, new sources of funding, new taxpayers and, therefore, additional sources of income.

2. The disadvantages include the necessity to invest time and effort, and the risk that this will become idle due to a lack of understanding of the general principles by the population.

Opinion of a non-Muslim about the need for Islamic windows

To attract non-Muslims, Islamic windows should provide only the highest quality services.

The D is the respondent of the interview who was familiar with all the possibilities Islamic banks can offer. After the interview with D, we conclude that the non-Muslim community would be less likely to turn to Islamic finance products. Demand in the non-muslim community will not be as big as other respondents think. However, all respondents agree with the ideas of M. Rod et al. (2015) that non-muslims (like most people) choose Islamic banks if banks offer more favourable terms. Thus, for the effectiveness of the Islamic window, an employee experienced in managing the operations of a conventional bank with education in the field of Islamic banking must manage the sales process.

In what regions should entrepreneurs work in case of opening of Islamic windows

Below I present the results of the quantitative analysis. The purpose of the analysis was to define which regions of Kazakhstan are the most promising for

entrepreneurs in case of opening Islamic windows. Below are tables with the gross value added of small and medium enterprises for 2005-2020:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Республика Казахстан	4,498.0	4,891.0	5,303.6	6,027.4	10,294.7	10,196.7	12,584.0	14,257.3	17,569.9	22,029.2	23,189.1
Акмолинская	140.6	188.2	161.0	186.3	242.6	286.8	351.4	381.0	523.3	553.7	618.9
Актюбинская	208.1	216.1	247.6	249.3	342.5	390.2	400.8	413.0	560.9	631.9	704.5
Алматинская	330.0	320.3	360.0	413.5	516.6	496.7	588.9	636.9	894.5	1,092.2	1,209.9
Атырауская	230.8	261.2	262.1	229.9	382.9	597.5	615.3	973.9	1,463.0	2,047.9	1,505.4
Западно- Казахстанская	338.9	171.6	193.6	243.0	770.0	681.5	851.6	916.8	1,005.1	1,100.1	931.8
Жамбылская	93.5	114.7	128.1	169.0	196.4	202.2	234.6	248.2	320.9	358.4	503.4
Карагандинская	200.9	255.8	271.6	292.0	360.9	394.3	449.8	535.0	814.9	905.3	1,090.9
Костанайская	179.6	229.3	204.2	237.4	324.9	300.7	352.8	447.8	608.6	805.0	904.0
Кызылординская	123.1	99.3	143.9	154.5	165.3	156.8	173.3	201.4	278.2	325.7	290.2
Мангистауская	239.8	200.6	179.6	200.4	425.3	423.3	563.6	510.7	639.7	843.0	902.6
Южно- Казахстанская	255.6	282.9	310.6	344.9	473.0	505.8	639.5	681.1	-	-	-
Павлодарская	137.5	179.6	181.1	213.5	322.6	341.4	298.7	407.3	444.5	562.7	587.8
Северо- Казахстанская	117.0	168.9	173.9	191.9	200.6	199.7	224.0	276.1	360.5	418.9	494.6

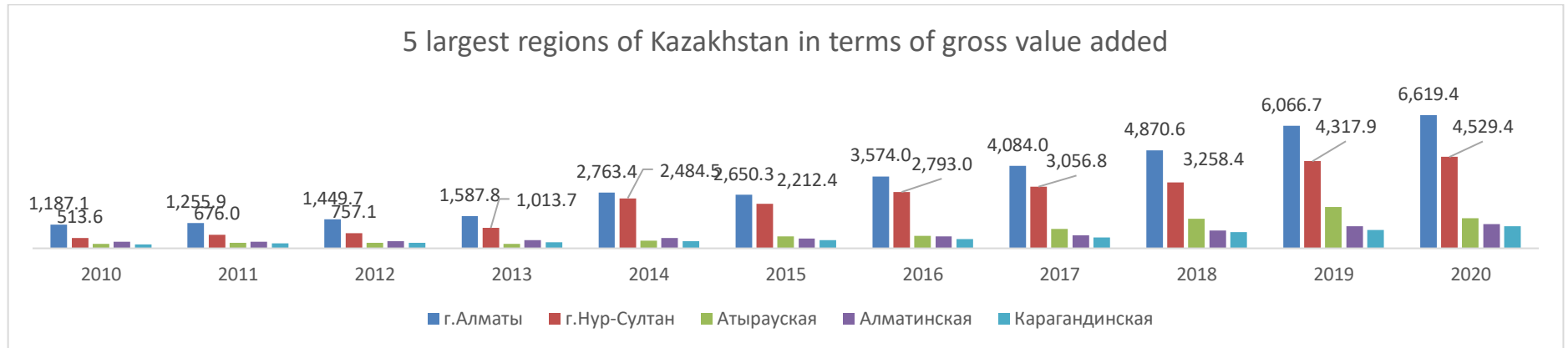
Islamic banking windows

Туркестанская	-	-	-	-	-	-	-	-	322.9	465.7	582.5
Восточно- Казахстанская	201.8	270.5	279.3	300.5	323.2	356.9	472.7	487.2	646.5	783.3	921.2
г.Нур-Султан	513.6	676.0	757.1	1,013.7	2,484.5	2,212.4	2,793.0	3,056.8	3,258.4	4,317.9	4,529.4
г.Алматы	1,187.1	1,255.9	1,449.7	1,587.8	2,763.4	2,650.3	3,574.0	4,084.0	4,870.6	6,066.7	6,619.4
г.Шымкент	-	-	-	-	-	-	-	-	557.6	750.8	792.6

All amount in billion tenge

Source: stat.gov.kz

I specifically choose the indicator of gross value added, as it excludes the public sector and shows a more realistic picture of the economy. Below is a graph showing the 5 largest regions of Kazakhstan in terms of gross value added:



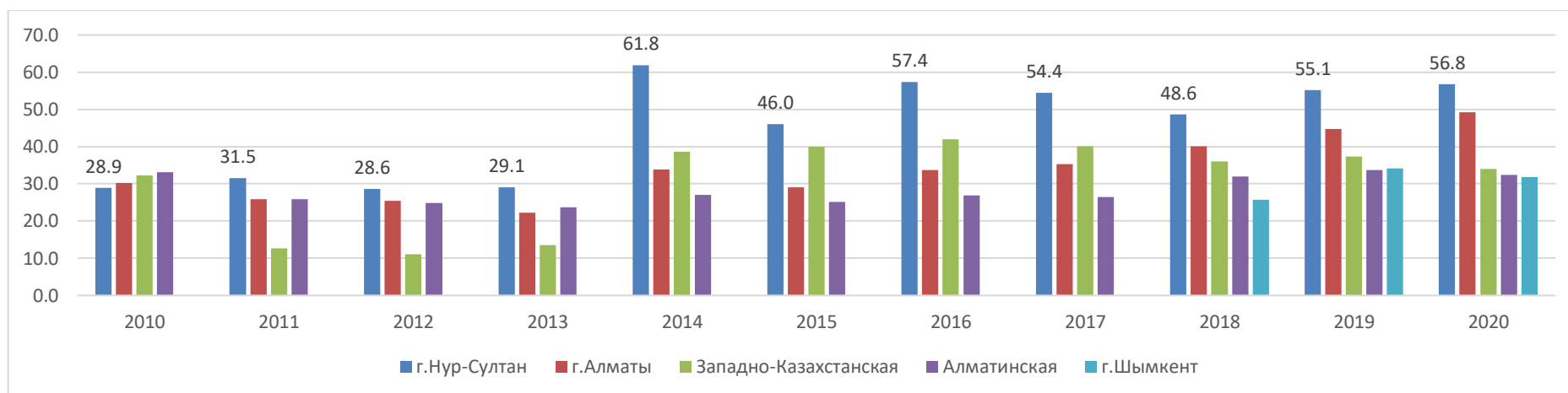
All amount in billion tenge

Source: stat.gov.kz

Based on the above graphs, one can conclude that Almaty and Nur-Sultan have the fastest gross value-added indicators; and these five regions are the most promising for the successful operation of entrepreneurs in the event of opening an Islamic window.

In order to obtain more correct conclusions, below are five regions with the highest share of gross value added by SMEs in GRP:

Islamic banking windows



To obtain correct conclusions, the share of gross value added of SMEs in GRP presented below:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Республика Казахстан	20.6	17.3	17.1	16.7	25.9	24.9	26.8	26.8	28.4	31.7	32.8
Ақмолинская	24.0	23.4	20.1	19.5	23.1	25.6	26.1	25.1	30.8	28.6	27.1
Ақтүбінская	17.7	13.8	14.1	13.5	17.8	22.1	19.4	18.3	20.7	21.2	23.8
Алматинская	33.1	25.9	24.9	23.7	27.0	25.1	26.9	26.4	32.0	33.6	32.4
Атырауская	8.1	6.9	7.3	5.8	8.8	14.2	11.8	16.8	18.7	22.0	19.5
Западно-Казахстанская	32.3	12.6	11.0	13.6	38.7	39.9	41.9	40.1	36.0	37.3	34.1
Жамбылская	21.0	18.1	16.9	19.3	20.1	19.9	19.8	18.8	20.9	20.9	26.5
Қарағандинская	10.7	10.7	11.1	11.1	12.4	12.7	12.1	12.7	17.2	16.8	17.9
Қостанайская	21.0	20.2	17.7	17.6	23.3	21.8	23.2	25.1	29.4	32.8	31.5
Қызылординская	14.3	8.7	11.3	10.6	12.0	13.5	13.2	14.2	16.9	17.8	17.6

Islamic banking windows

Мангистауская	16.1	10.7	10.2	9.7	17.6	19.9	22.9	15.6	16.8	22.9	29.4
Южно-Казахстанская	21.2	18.7	16.6	16.1	19.7	20.2	22.9	21.9	-	-	-
Павлодарская	13.3	11.8	11.9	12.1	18.5	19.7	15.1	17.4	16.2	18.6	18.8
Северо-Казахстанская	25.0	25.3	25.6	25.6	25.2	23.9	24.4	25.4	29.7	30.3	31.5
Туркестанская	-	-	-	-	-	-	-	-	19.5	23.1	24.4
Восточно- Казахстанская	16.2	16.7	15.4	14.6	14.2	15.4	16.9	15.7	18.0	19.5	20.0
г.Нур-Султан	28.9	31.5	28.6	29.1	61.8	46.0	57.4	54.4	48.6	55.1	56.8
г.Алматы	30.2	25.8	25.4	22.3	33.9	29.1	33.7	35.3	40.1	44.8	49.2
г.Шымкент	-	-	-	-	-	-	-	-	25.6	34.1	31.8

Source: stat.gov.kz

The data reconfirms the previously derived conclusions.

Summary of fieldwork analysis:

After conducting all the interviews, the interviewer conclude that the introduction of Islamic windows could have positive effects, but it carries many risks. Despite the risks, the interviewer concludes that Kazakhstan needs Islamic windows because:

- Increasing competition in the market will reduce inflated lending rates and improve the quality of products.

- The loan portfolio and deposit base will increase.

- Loans of Islamic windows based on assets increase the real sector of the economy and set banks more stable in world crises.

- Some conventional banks have money and opportunities for opening Islamic windows.

- For many banks, opening an Islamic window will be quite easy, which will increase their customer base.

- There are several regions in Kazakhstan which are most promising for entrepreneurs in the case of opening Islamic windows.

V. Conclusion

The purpose of this study was to conduct a detailed analysis of the features of the Islamic window and to justify the need for Islamic windows in Kazakhstan. Answering the research question, I came to the conclusion that the opening of Islamic windows:

- would allow entrepreneurs to have wider options for obtaining financing;
- banks can attract previously not involved entrepreneurs to obtain loans;
- would allow entrepreneurs to use the unique services of an Islamic bank

(such as equity financing) with all their features.

After conducting the research, I came to the following findings:

1. The government of Kazakhstan does not trust the Islamic finance industry and does not support it.

Whereas earlier the government believed in the Islamic finance industry, actively complementing the laws with amendments concerning Islamic banking and Islamic finance, now the government of Kazakhstan has lost faith in this industry. One should note here that now there are more priority industries for the government of Kazakhstan, such as healthcare (the COVID-2019 pandemic).

2. The population of Kazakhstan is indeed poorly aware of the features of Islamic banking, many still see the word "Islamic" primarily as the meaning of religiously Islam, which will not allow attracting the non-Muslim population to the services of the bank. This became clear after fieldwork when I interviewed ordinary people and especially vividly stood out when interviewing a non-Muslim.

3. The government, banks and population would potentially benefit from the appearance of several Islamic windows, since this would increase competition (reduce

the cost of banking services), increase the tax base, develop the real sector of the economy, etc.

4. The opening of Islamic windows would allow Muslims who have not previously used ordinary banks to use the services of a bank correctly (in relation to faith) and profitably. That is, a previously overlooked population would be involved, which would increase money in the economy and GDP.

I believe that the government of Kazakhstan could reconsider its attitude to Islamic windows and more objectively assess their benefits both for the economy and for the population. Encouraging examples of such countries as Malaysia, Uzbekistan and Russia support this argument.

Despite the existing risks, I conclude that Kazakhstan needs Islamic windows.

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Applications:

Appendix 1:

Question for interview:

1. As far as we know, Al Saqr operates as two companies: "Al Saqr Finance" JSC (AO) and Al Saqr Islamic Bank Ltd. (TOO) (AIFC-based opened this year) Do these two companies offer different services?
2. What clients are the companies targeting? Who is the ideal client for your company?
3. How would you comment on the AIFC as a basis for creating conditions for an Islamic bank?
4. According to my data, an Islamic bank based on the AIFC opens only if the parent bank is based abroad, how did you avoid this rule?
5. "Al Saqr Finance" JSC (AO) offers for SMEs such instruments as Murabaha and Ijara, is there any plans of the company to offer other Islamic financial instruments for SMEs and have there been attempts to launch them?
6. Is your Islamic mortgage program inherently analogous to Ijarah?
7. What plans does the company have for the next year?
8. In 2018, in an interview with TheBusinessYear, Daniyar Usmanov, the Ex-Chairman of the Board of Al Saqr Finance, said that he was introducing Islamic payment cards, does Al Saqr Finance offer payment cards today? If the project was not as successful as expected, can you give a reason for this outcome?
9. How can you assess the demand for your proposed Islamic financial instruments in Kazakhstan today?

10. In 2018, the Ex head of the National Bank of Kazakhstan, Daniyar Akishev, named as the reasons for the weak development of Islamic finance: Lack of awareness of the population, lack of a branch network of current Islamic banks, high cost of Islamic financial products in comparison with traditional ones. Do you think these problems have been resolved?

11. What problems do you see in the development of the Islamic finance industry today?

12. Do you know what Islamic windows are? At the moment, they are prohibited by law, but how would you assess the prospect of introducing Islamic windows, provided they are allowed?

13. Is Kazakhstan able to repeat the success of Malaysia in the 90s? (Provided that Malaysia had the same problems as Kazakhstan now)

14. Are Islamic windows necessary for the development of Islamic finance in Kazakhstan?

15. How would the theoretical opening of Islamic windows affect SMEs, Banks and the economy of Kazakhstan?

Appendix 2: Research Ethics Approval Form

Higher School of Economics M.Narikbayev KAZGUU University is concerned about ethical issues related to research. A student should review “Ethics in Research” section in Master’s Dissertation Guidelines and have a discussion with a supervisor regarding ethical consideration in research.

Research Ethics Approval form should be filled prior to the start of data collection. A supervisor should sign a form as a sign of confirmation. A supervisor might contact Disciplinary and Ethics committee in case if there are some doubts on research and expert’s opinion is required.

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Supervisor’s Name	Dr. Saule Kemelbayeva

1. Does your research involve vulnerable groups? (Yes/No) __No_____
2. Does your research involve sensitive topics? (Yes/No)____No_____
3. Does your research may potentially harm (psychologically/physically/financially, etc) participants? (Yes/No) __No_____
4. Describe outline and objectives of your research.

The Research questions of study was: How can Islamic windows help entrepreneurs to develop and what are the benefits of Islamic windows for customers, conventional banks, and the country?
For answer this question the researcher used - interviews

5. Describe your research design and how human participants will be involved

At the beginning of the study, the problem was studied and an analysis was carried out in Islamic financial organizations in world and Kazakhstan. For answer of research question was used – interviews from experts of this industry in Kazakhstan

6. Describe potential risks of your research to your human participants and how you are going to avoid these risks.

The biggest risks were in the integrity of the question for interviews responses and the confidentiality of employees.

7. Describe how anonymity of respondents will be ensured.

Prior to the interview, I was asked a series of questions about participants' confidentiality and signed a interview consent form.

8. Describe how informed consent will be provided.

There will be a document where the employee describes the consent.

9. Describe how you will ensure privacy of data collection.

In Research there will be strict confidentiality of employees and interview results.

10. Describe how data will be stored throughout and in the end of the project.

All data is stored on a personal computer protected by a two-phase password.

Student's

Turar Zhangabyl

Name

Student's

Signature

Date

Supervisor's Name

Dr. Saule Kemelbayeva

Supervisor's Signature

For Supervisor's: Contact Disciplinary and Ethics Committee, if there are any ethical issues that seems controversial and unclear. Send this form and provide your explanation.