

EXCLUSIVE INTERVIEW



faysalbank



“The future of Islamic finance in Pakistan is highly promising. With strong regulatory support, clear judicial directives to eliminate Riba, and increasing public preference for Shariah-compliant financial solutions, Islamic banking is positioned for robust growth”

Mr. Yousaf Hussain

President & CEO, Faysal Bank Limited
President, Overseas Investors Chamber of
Commerce & Industry (OICCI)

ICMA: What inspired Faysal Bank's decision to fully convert into an Islamic bank, and what were the key challenges during this transformation?

Yousaf Hussain: Faysal Bank's full conversion to an Islamic bank was inspired by a deep commitment to faith and belief, rooted in the Quranic principle of seeking the straight path. The journey reflected a vision to become a customer-centric Islamic bank, driven by integrity, innovation, and care. This historic transformation—the largest of its kind globally—was supported by strong leadership, employee dedication, regulatory facilitation, and customer preference for Islamic banking. Key challenges included transitioning assets responsibly, extensive employee training, managing brand transformation, and ensuring continuous stakeholder engagement. The bank's phased approach, mindset change initiatives, and focus on Shariah compliance enabled a successful, sustainable shift.

ICMA: How do you view the role of Islamic banking in advancing the Islamization of Pakistan's economy?

Yousaf Hussain: Islamic banking plays a pivotal role in advancing the Islamization of Pakistan's economy by offering a Shariah-compliant financial system that aligns with the country's constitutional and religious aspirations. It supports the Federal Shariah Court's directive to eliminate Riba (interest) and fosters an economic environment based on equity, risk-sharing, and ethical practices. By providing an alternative to interest-based finance, Islamic banking promotes financial inclusion, mobilizes savings from previously excluded segments, and channels funds into real economic activity. Institutions like Faysal Bank, through

their transformation, are not just offering products—they are helping reshape the financial landscape in line with Islamic principles and contributing to the broader vision of a Riba-free economy by 2028.

ICMA: What has been the overall impact of the conversion on your customers, operations, and growth?

Yousaf Hussain: The conversion to a full-fledged Islamic bank has had a transformative impact on Faysal Bank's customers, operations, and growth. Customers responded positively, appreciating the alignment with Shariah values and the enhanced trust that came with transparent, ethical financial solutions. Operationally, the bank underwent a complete overhaul—training over 9,000 employees, revamping systems and policies, and establishing a Shariah-compliant governance framework. This transformation fostered a purpose-driven culture and operational excellence. In terms of growth, the results have been remarkable: Islamic deposits surged from PKR 32 billion in 2015 to over PKR 1,000 billion, and Islamic financing rose to around PKR 580 billion, establishing Faysal Bank as one of Pakistan's leading Islamic banks with a presence in over 340 cities.

ICMA: How does Faysal Bank ensure strong Shariah compliance across all its products and services?

Yousaf Hussain: Faysal Bank ensures strong Shariah compliance through a comprehensive governance framework anchored by a dedicated Shariah Board comprising qualified scholars. All products and services undergo rigorous review and approval processes to ensure adherence to Shariah principles.

The bank has embedded Shariah compliance into its operations by revamping systems, processes, and documentation, alongside extensive employee training in Islamic banking practices. A specialized Shariah Compliance Department continuously monitors operations, conducts audits, and provides guidance to maintain alignment. This disciplined approach has helped Faysal Bank not only achieve full compliance but also build customer trust and credibility as a leading Islamic financial institution.

ICMA: In your view, what policy or regulatory support is most needed to promote Islamic banking in Pakistan?

Yousaf Hussain: To further promote Islamic banking in Pakistan, the most critical policy and regulatory support needed includes harmonizing Shariah standards across institutions, simplifying conversion processes for conventional banks, and expanding Shariah-compliant liquidity tools. Legal reforms are essential to ensure Islamic banking is seamlessly integrated into the country's financial laws, along with developing specialized regulatory frameworks under the State Bank of Pakistan. Capacity building is also vital—through education, training, and certification programs—to address the scarcity of skilled Islamic finance professionals. Additionally, raising public awareness about the value and principles of Islamic banking will help drive demand and foster broader financial inclusion.

ICMA: How can Islamic banking contribute to financial inclusion and support for SMEs in the country?

Yousaf Hussain: Islamic banking can significantly contribute to financial inclusion and SME support by offering Shariah-compliant products that emphasize risk-sharing, asset-based financing, and ethical investment. Unlike conventional lending, Islamic finance structures such as Mudarabah (profit-sharing) and Musharakah (joint venture partnerships) are well-suited for SMEs that need flexible and partnership-driven funding. Islamic banks can tap into underserved segments, including individuals and businesses hesitant to engage with interest-based systems, thus broadening the customer base. By fostering entrepreneurship, providing tailored financing solutions, and promoting equitable economic participation, Islamic banking plays a crucial role in empowering SMEs and driving inclusive economic growth.

ICMA: What is your outlook on the future of Islamic finance in Pakistan?

Yousaf Hussain: The future of Islamic finance in Pakistan is highly promising. With strong regulatory support, clear judicial directives to eliminate Riba, and increasing public preference for Shariah-compliant financial solutions, Islamic banking is positioned for robust growth. The sector is expected to expand its share of the

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overall banking industry significantly by 2028, as more institutions convert and new entrants emerge. Innovations in digital banking, product development, and customer experience tailored to Islamic principles will further accelerate this momentum. Institutions like Faysal Bank, with their successful transformation, are setting benchmarks that will inspire broader systemic change and contribute to building a fully Riba-free economy.

ICMA: As President of OICCI, how do you see its role in supporting foreign investment and promoting Islamic finance in Pakistan?

Yousaf Hussain: As President of OICCI, my role in supporting foreign investment is fundamentally rooted in creating a conducive environment for both local and international investors. The key is to establish a business ecosystem that fosters growth, stability, and transparency. By advocating for streamlined regulations, tax incentives, and policies that align with global standards, we can create an attractive investment climate in Pakistan. Our focus is to promote foreign direct investment (FDI) as a cornerstone for Pakistan's economic development, as it brings not only capital but also technology, expertise, and job opportunities.

Regarding Islamic finance, it is an essential tool for financial inclusion and diversification. However, I view it not as an end in itself, but as a means to an end. It can serve as a valuable mechanism for our members to access financing that aligns with ethical and Sharia-compliant principles. By integrating into the broader strategy that OICCI is working towards, our members can leverage Islamic finance solutions to achieve sustainable growth, enhance access to capital, and expand opportunities for businesses.

In summary, OICCI's role is to support foreign investment in all its forms, including in Islamic finance, as part of a broader strategy to enhance economic development, create jobs, and build a stronger, more diversified business ecosystem in Pakistan.

*The Editorial Board thanks **Mr. Yousaf Hussain, President & CEO, Faysal Bank Limited** for sparing from his precious time to give exclusive interview for Chartered Management Accountant Journal.*