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The opportunities and Challenges for Developing Islamic Financial Services in the Seychelles



Abstract

This research analyses the unique characteristics of Islamic banking and finance and considers the potential for its introduction into the Seychelles. The country is already an established offshore financial center so the introduction of Islamic banking and finance could widen the range of services provided. The Seychelles already has strong links with countries with Muslim majority populations in the Indian Ocean area, notably the states of the Gulf, Malaysia and Indonesia. The local Muslim population is however very small. A qualitative approach was taken. Thirty nine professionals employed in the local banking and financial services industry were asked to participate in an interview survey addressing their perception of whether Islamic finance should be provided in the Seychelles. The possible introduction of Islamic finance into the Seychelles was supported by the majority of stakeholders interviewed. They believed that such services would benefit the country's economy, allow for increased completion and cater for the financial needs of those wishing to comply with Shari'ah law. For the services to be provided a number of obstacles must first be overcome. These include management capacity and the supervisory, regulatory and legislative framework necessary to facilitate the introduction of Islamic finance. The Seychelles has the potential to offer Islamic banking and finance provided that the obstacles identified are properly addressed and legislative reforms introduced to facilitate the provision of such services. The research results have been shown to be important for the Seychelles banking and financial services industry as they reveal that non-Muslims in the country are not opposed to the introduction of Islamic banking and finance.