

Sharia finance is becoming an increasingly prominent mechanism to structure investment vehicles around the world, with an annual transaction volume well in the billions of dollars. In line with basic Quranic tenets prohibiting certain practices such as the charging of interest, Sharia finance provides an Islamically-compliant way to finance numerous types of investments, ranging from project financings to home mortgages. More generally, Sharia finance has enabled many people around the world, from individuals seeking a home loan to institutions seeking to make large scale investments around the globe, to enter the modern financial system, increasing both the lender and creditor base.

While rooted in basic principals of the Islamic faith, Sharia finance was not integrated into the modern international financial system until the late 1960s and 1970s. Institutions offering Sharia-compliant financial vehicles began to spread in jurisdictions such as Dubai, Bahrain, Singapore and London. Such financial products are now being offered in the United States as lenders and financiers rush to tap into a largely untapped market both at home and abroad.

This presentation will provide a basic summary of what Sharia finance is, its application in real estate transactions, and its present status internationally.

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