

**WHY ISLAMIC FINANCE LAW MATTERS FOR UZBEKISTAN:
TWO LEGAL GAPS AND HOW OTHER COUNTRIES HAVE CLOSED
THEM**

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Abstract. *Uzbekistan signed a new Islamic Banking Law in March 2026, but two serious gaps remain in the legal framework: the absence of a dedicated Waqf Law, the absence of sukuk legislation, and the need for clearer regulation of the Shari'ah Supervisory Board. This article examines each gap using primary Uzbek legislation, official government sources, and expert assessments from international forums. For each problem, a tested foreign-country solution is analysed. Türkiye rebuilt its waqf system through the General Directorate of Foundations and Waqf Law No. 5737 of 2008. The United Kingdom created a legal framework for sukuk through the Finance Act 2008 and issued sovereign sukuk in 2014 and 2021. Malaysia established a two-level Shari'ah governance model through the Central Bank of Malaysia Act 2009 and the Islamic Financial Services Act 2013. The article argues that none of these reforms requires Uzbekistan to abandon its civil law tradition. Each one builds on existing legal structures through targeted amendments. The article also explains why Islamic finance law matters beyond economics: Islamic law has its own concept of legal personality, rooted in the doctrine of dhimmah and institutions like waqf and Bayt al-Mal, and integrating Islamic finance properly means bringing two legal traditions into genuine contact rather than applying superficial labels to conventional transactions.*

Key words: *Islamic finance, Uzbekistan, waqf, sukuk, Shari'ah Supervisory*

Board, legal personality, civil law, Islamic banking, comparative law, harmonisation, legal reform.

**NIMA UCHUN ISLOM MOLIYASI HUQUQI O'ZBEKISTON UCHUN
MUHIM:
IKKITA HUQUQIY BO'SHLIQ VA ULARNI BOSHQA DAVLATLAR
QANDAY BARTARAF ETGAN**

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Annotatsiya. O'zbekiston 2026-yil mart oyida islom bankligi to'g'risida yangi qonunni imzoladi, ammo huquqiy tizimda uchta jiddiy bo'shliq saqlanib qolmoqda: maxsus Vaqf qonunining yo'qligi, sukuk qonunchiligining yo'qligi va Shariatga muvofiqlik kengashining huquqiy maqomini aniqroq tartibga solish zarurati. Ushbu maqola har bir bo'shliqni O'zbekiston qonunchiligi, rasmiy hukumat manbalari va xalqaro forumlar ekspert baholari asosida o'rganadi. Har bir muammo uchun xorijiy davlatlarda sinovdan o'tgan yechim tahlil qilinadi. Turkiya o'zining vaqf tizimini Vaqflar Bosh Direktorati va 2008-yilgi 5737-sonli Vaqf qonuni orqali qayta tikladi. Buyuk Britaniya 2008-yilgi Moliya qonuni orqali sukuk uchun huquqiy asos yaratdi va 2014 hamda 2021-yillarda davlat sukuklarini chiqardi. Malayziya Malayziya Markaziy banki to'g'risidagi 2009-yilgi Qonun va 2013-yilgi Islom moliya xizmatlari to'g'risidagi Qonun orqali ikki bosqichli Shariat boshqaruv modelini yaratdi. Maqola ushbu islohotlarning hech biri O'zbekistondan fuqarolik huquqi an'anasidan voz kechishni talab qilmasligini isbotlaydi.

Kalit so'zlar: islom moliyasi, O'zbekiston, vaqf, sukuk, Shariatga muvofiqlik

kengashi, huquqiy shaxsiyat, fuqarolik huquqi, islom bankligi, qiyosiy huquqshunoslik, uyg'unlashtirish, huquqiy islohot.

**ПОЧЕМУ ПРАВО ИСЛАМСКИХ ФИНАНСОВ ИМЕЕТ ЗНАЧЕНИЕ
ДЛЯ УЗБЕКИСТАНА:
ДВА ПРАВОВЫХ ПРОБЕЛА И КАК ДРУГИЕ СТРАНЫ ИХ
УСТРАНИЛИ**

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***Аннотация.** Узбекистан подписал новый Закон об исламском банкинге в марте 2026 года, однако в правовой системе сохраняются три серьёзных пробела: отсутствие специального Закона о вакфе, отсутствие законодательства о сукуках и необходимость более чёткого регулирования статуса шариатского наблюдательного совета. В статье каждый пробел анализируется на основе первичного узбекского законодательства и официальных источников, а для каждой проблемы предлагается решение, проверенное опытом зарубежных государств. Турция восстановила систему вакфов. Великобритания создала правовую базу для сукуков. Малайзия создала двухуровневую модель шариатского управления. Ни одна из этих реформ не требует от Узбекистана отказа от традиции гражданского права.*

***Ключевые слова:** исламские финансы, Узбекистан, вакф, сукук, шариатский наблюдательный совет, правосубъектность, гражданское право, исламский бандинг, сравнительное правоведение, гармонизация, правовая реформа.*

law on Islamic banking was signed.³ The Central Bank has been cooperating with the Islamic Development Bank and hosted the 20th International Shariah Scholars Forum (ISSF 2025) in Tashkent, where participants called for stronger legal frameworks and more research.⁴ The government's roadmap envisions at least one Islamic banking window by the end of 2026 and two fully independent Islamic banks by 2030.

Literature Analysis

The doctrinal basis for this article rests on al-Zarqa's *al-Madkhal al-Fiqhi al-'Amm*, where he coined the term *al-shakhsiyyah al-i'tibariyyah* (jurisprudential personality) and argued that classical Hanafi jurisprudence already contained the raw materials for recognising collective legal subjects.⁵ The OIC International Islamic Fiqh Academy confirmed this position in Resolution No. 65 (1992), which stated that Islamic law recognises collective entities with rights and duties separate from their members.⁶ AAOIFI's Shari'ah Standard No. 60 took the argument further by treating *waqf* as an autonomous juridical person with independent

³ Law of the Republic of Uzbekistan on Islamic Banking, signed by President Shavkat Mirziyoyev on 27 March 2026.

⁴ Central Bank of the Republic of Uzbekistan, '20th International Shariah Scholars Forum in Islamic Finance (ISSF 2025)' (September 2025). Available at: https://cbu.uz/en/press_center/news/2835877/

⁵ Mustafa Ahmad al-Zarqa, *al-Madkhal al-Fiqhi al-'Amm*, vol 1 (Dar al-Qalam, Damascus 1998) 256–270.

⁶ International Islamic Fiqh Academy (OIC), Resolutions and Recommendations of the Council of the International Islamic Fiqh Academy, Resolution No. 65 (7/1), Seventh Session (Jeddah 1992). Available at: <https://iifa-aifi.org/en/resolutions>

financial liability.⁷

On the critical side, Kuran's *The Long Divergence* examined why the business corporation did not emerge independently within the Islamic legal tradition.⁸ His analysis focused on the structural limitations of classical Islamic partnership law. While Kuran's argument is important for understanding historical patterns, it does not engage with the legal personality features present in *waqf* and *Bayt al-Mal*.

McChesney's study of Central Asian *waqf* provides the key historical evidence for this article, documenting how endowments at the 'Alid shrine in Balkh operated as major economic forces for over four hundred years (1480–1889) with separate property, appointed administrators, and institutional continuity across political changes.⁹

On the comparative side, the article draws on primary legislation from two foreign jurisdictions: Türkiye's Waqf Law No. 5737 of 2008, the UK's Finance Act 2008 and the Government Alternative Finance Arrangements Regulations 2014. The IFSB's Guiding Principles on Shari'ah Governance (IFSB-10) provide the international standard-setting reference for Shari'ah Supervisory Board governance.¹⁰

⁷ AAOIFI, Shari'ah Standard No. 60: Waqf (Accounting and Auditing Organization for Islamic Financial Institutions 2021). Available at: <https://aaoifi.com/>

⁸ Timur Kuran, *The Long Divergence: How Islamic Law Held Back the Middle East* (Princeton University Press 2011) 97–118.

⁹ R.D. McChesney, *Waqf in Central Asia: Four Hundred Years in the History of a Muslim Shrine, 1480–1889* (Princeton University Press 1991) 3–30.

¹⁰ Islamic Financial Services Board, *Guiding Principles on Shari'ah Governance Systems for Institutions Offering*

On Uzbek law, the article relies on primary sources: the Civil Code of the Republic of Uzbekistan (1995), the Law on the Securities Market (2015), and the new Islamic Banking Law signed in March 2026. The AJEE article (2023) on legal challenges hindering Islamic finance development in Uzbekistan provides the most directly relevant academic assessment of the Uzbek legal environment. The ISSF 2025 forum in Tashkent identified specific priority areas for legislative action.

Research Methodology

This article uses two research methods. First, *doctrinal analysis* of primary Uzbek legislation (the 1995 Civil Code, the 2015 Law on the Securities Market, the 2026 Islamic Banking Law) is used to identify the specific legal gaps that prevent the effective implementation of Islamic finance in Uzbekistan. The gaps are confirmed by reference to official government sources (the President's briefing of 25 March 2026, the Central Bank's ISSF 2025 forum) and academic research.

Second, *comparative legal analysis* is used to examine how two foreign jurisdictions have solved analogous problems. For each of the two legal gaps, one primary foreign-country solution is analysed in detail using primary legislation: Türkiye for *waqf* (Waqf Law No. 5737 of 2008), the United Kingdom for *sukuk* (Finance Act 2008, section 157; Government Alternative Finance Arrangements Regulations 2014). The comparative analysis focuses on whether the foreign solutions are transferable to a civil law jurisdiction like Uzbekistan.

Analysis and Main Results

But there is a deeper reason why Islamic finance law matters, beyond the economics. Islamic law has its own concept of the legal entity. The classical Arabic term is *al-shakhsiyyah al-i'tibariyyah* (jurisprudential personality), coined by al-Zarqa.¹¹ The OIC International Islamic Fiqh Academy confirmed in Resolution No. 65 (1992) that Islamic law recognises collective entities with rights and duties separate from their members.¹² Institutions like the *waqf* (endowment) and the *Bayt al-Mal* (public treasury) have operated as quasi-legal persons for over a thousand years. AAOIFI's Standard No. 60 now treats *waqf* as an autonomous juridical person.¹³

This means that integrating Islamic finance into Uzbek law is not just a matter of importing foreign financial products. It involves bringing two legal traditions into contact: Uzbekistan's civil law system (inherited from the Soviet period and reformed after independence on the German-Russian model) and the Islamic legal tradition (rooted in the Hanafi school, which is historically the dominant school in Central Asia). Getting this right requires understanding both traditions and finding the points where they connect. Getting it wrong means ending up with Islamic labels on conventional transactions—what scholars call *Shari'ah* arbitrage—which serves nobody.¹⁴

The new Islamic Banking Law is a real step forward. But passing a law is only

the beginning. A law creates a framework. The framework has to be filled in with detailed rules, supporting legislation, and institutional capacity. Right now, there are serious gaps in Uzbekistan's legal system that the Islamic Banking Law alone cannot fill. Two of them are especially urgent.

The first gap is about *waqf*. The second is about *sukuk*. The third is about the Shari'ah Supervisory Board. Each of these gaps has been identified in official sources, in academic research, or in international expert forums. And each of them has already been solved by at least one other country. The solutions are not theoretical. They have been tested in practice.

No Legal Category for Waqf

Central Asia had one of the richest *waqf* traditions anywhere in the Islamic world. McChesney's study of the 'Alid shrine at Balkh documents how endowments there operated continuously for over four hundred years, from 1480 to 1889, with separate property, appointed administrators, and institutional existence that survived multiple changes of political regime.¹⁵ The madrasas of Bukhara, the Registan complex in Samarkand, the mosques and hospitals of Tashkent—all were sustained by *waqf* income. *Waqf* was not just a religious institution. It was an economic engine.

The Soviet authorities destroyed this system between 1925 and 1930. They nationalised the property, shut down the *mutawalliyat* (religious property boards), abolished the *qadi* courts, and eliminated the legal category entirely. When

Uzbekistan became independent in 1991, the inherited legal system had no place for *waqf*. It still does not. Today, the closest option is the *fond* (foundation) under Articles 73–77 of the Civil Code.¹⁶ But the *fond* has three problems. It can be dissolved. Its purpose can be changed. Its property can be sold. A *waqf* has the opposite features: perpetuity, irrevocability, inalienability. The *fond* does not work for *waqf*.

Türkiye faced an almost identical situation. After the Ottoman Empire ended, the republican government reorganised *waqf* governance rather than abandoning it. In 1924, the General Directorate of Foundations (*Vakıflar Genel Müdürlüğü*) was created. The current legal basis is Waqf Law No. 5737 of 2008.¹⁷ The Directorate now manages around 52,000 *waqf* and approximately 18,500 historical buildings. It employs about 38,000 people. It holds a 58.5% stake in VakıfBank, one of Türkiye's largest banks. And it partnered with the Islamic Development Bank to create Vakıf Katılım, a fully Islamic participation bank. The point is clear: a country can rebuild its *waqf* system after a long gap, and the result can be economically productive. Uzbekistan has the historical heritage. It needs the legal framework to match.

No Legal Framework for Sukuk

Sukuk are often described as 'Islamic bonds,' but the label is misleading. A

¹⁶ Civil Code of the Republic of Uzbekistan, Part I (21 December 1995, No. 163-I), Articles 73–77 (on foundations/fond).

¹⁷ Directorate General of Foundations of the Republic of Türkiye (Vakıflar Genel Müdürlüğü), Turkish Waqf Law No. 5737 of 20 February 2008. Available at: <https://www.vgm.gov.tr>. See also Murat Çizakça, *A History of Philanthropic Foundations: The Islamic World from the Seventh Century to the Present* (Boğaziçi University Press 2000).

bond is a debt: the issuer owes the holder money plus interest. A *sukuk* is different. It represents a share in an underlying asset or economic activity. The holder gets a return from the asset, not from interest. This difference is not just a matter of language. It changes the legal structure entirely. A *sukuk* needs real assets behind it. It needs a Special Purpose Vehicle to hold those assets. It needs rules on what happens if things go wrong.

Uzbekistan's Law on the Securities Market (2015) does not contain any category for *sukuk*.¹⁸ If *sukuk* certificates were issued today in Uzbekistan, nobody would know how to classify them. Are they bonds? Shares? A new category? The law is silent. The ISSF 2025 forum in Tashkent specifically identified this as a priority area needing urgent legislation.¹⁹ Without a framework, Uzbekistan cannot issue sovereign *sukuk* to fund infrastructure. Companies cannot use *sukuk* to raise capital. And Uzbekistan stays locked out of a global market that now exceeds USD 850 billion.

The UK passed the Finance Act 2008, section 157, which gave the Treasury authority to raise money through 'alternative finance arrangements.' The Government Alternative Finance Arrangements Regulations 2014 filled in the details.²⁰ On 25 June 2014, the UK issued £200 million in sovereign *sukuk* using

¹⁸ Law of the Republic of Uzbekistan 'On the Securities Market' No. ZRU-387 (3 June 2015).

¹⁹ Central Bank of the Republic of Uzbekistan, '20th International Shariah Scholars Forum in Islamic Finance (ISSF 2025)' (September 2025). Available at: https://cbu.uz/en/press_center/news/2835877/

²⁰ Finance Act 2008 (UK), section 157; Government Alternative Finance Arrangements Regulations 2014 (SI 2014/1327) (UK). See also UK Government, 'Government issues first Islamic bond' (25 June 2014). Available at: <https://www.gov.uk/government/news/government-issues-first-islamic-bond>

an *ijara* (lease) structure backed by rental income from government office buildings. Demand was enormous: investors offered £2.3 billion, more than eleven times the amount available. A second sovereign *sukuk* of £500 million followed in March 2021.²¹ The UK did not change its fundamental company law or financial law. It made targeted additions. Luxembourg did the same with its Sukuk Law of 2014. Hong Kong amended its bond legislation in 2013. Kazakhstan created a framework through the Astana International Financial Centre. In every case, the approach was the same: identify the specific legal gaps, fill them with specific legislation, and leave the rest of the legal system alone. Uzbekistan can follow the same logic.

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²¹UK Government, 'UK bolsters Islamic finance offering with second Sukuk' (31 March 2021). Available at: <https://www.gov.uk/government/news/uk-bolsters-islamic-finance-offering-with-second-sukuk>

