



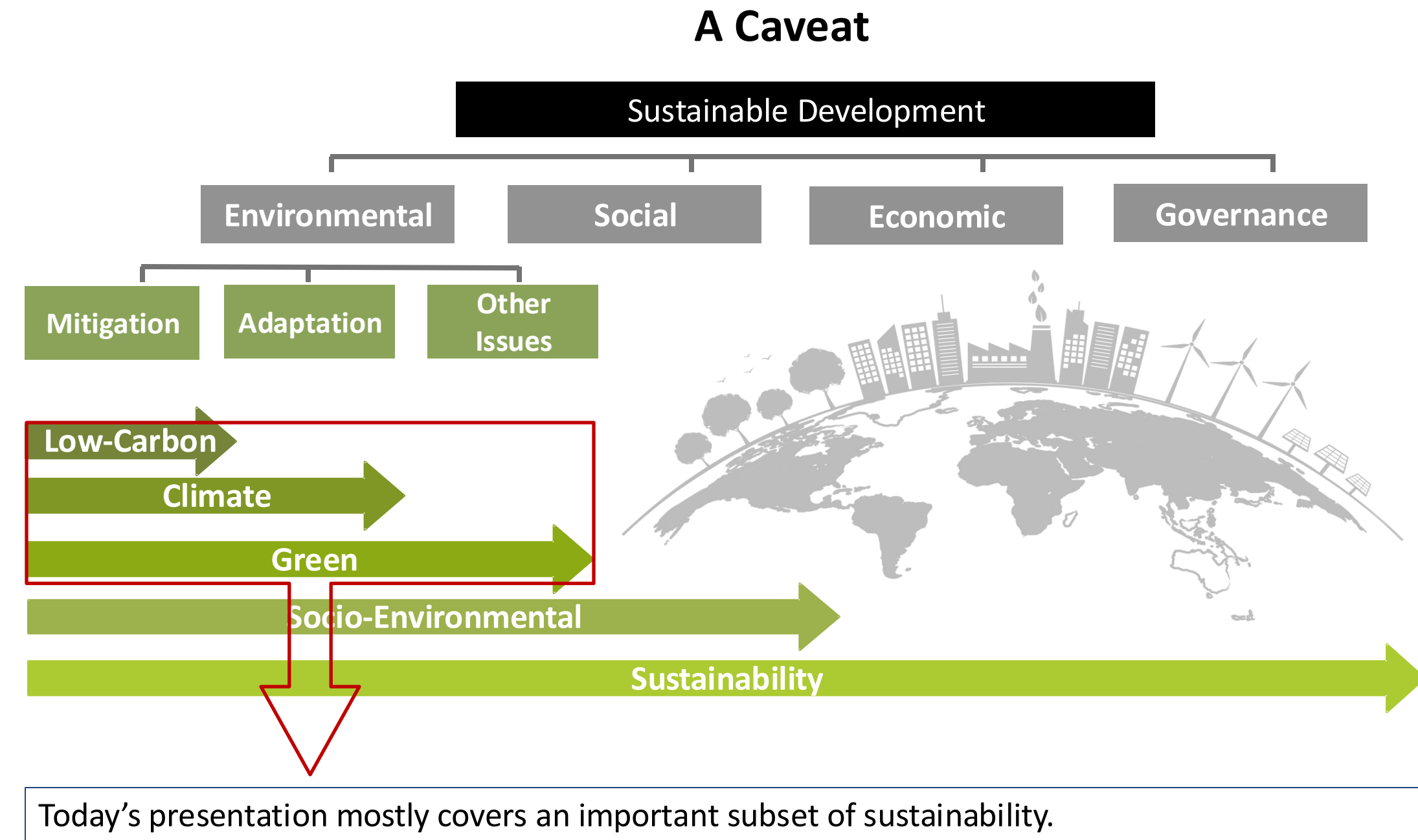
Türkiye's Experience in Leveraging Islamic Sustainable Finance: Transition, Regulation, and the Way Forward

Tarık AKIN (PhD.)
Head of Finance Department

**The 24th Meeting of the COMCEC Financial Cooperation Working Group
(September 17, 2025)**

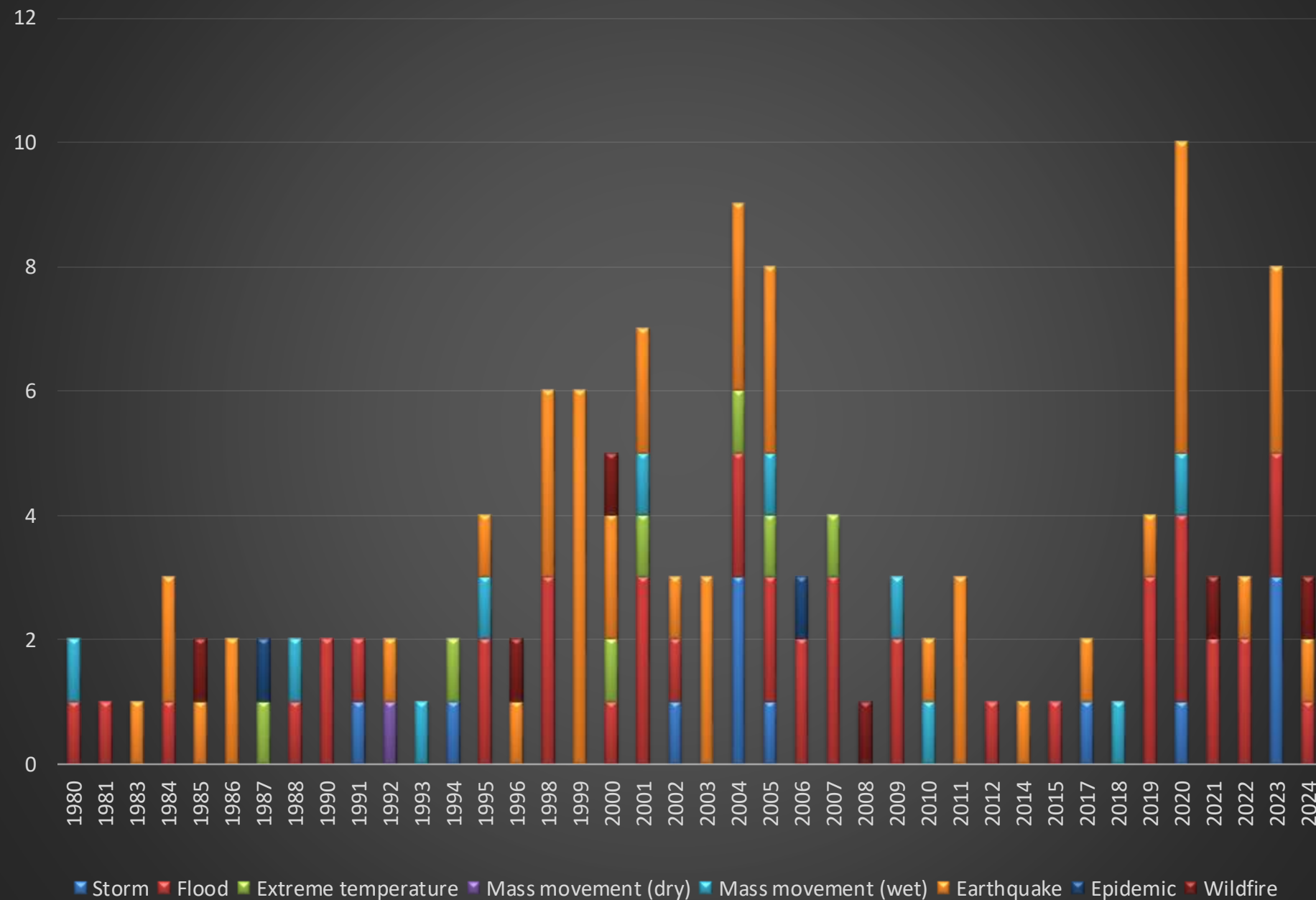
0. PRESENTATION PLAN

- 1 Assessment of the Country Risk
- 2 Recent Developments In Sustainability
- 3 Outlook in Participation Finance
- 4 Outlook in Green Sukuk
- 5 The Way Forward



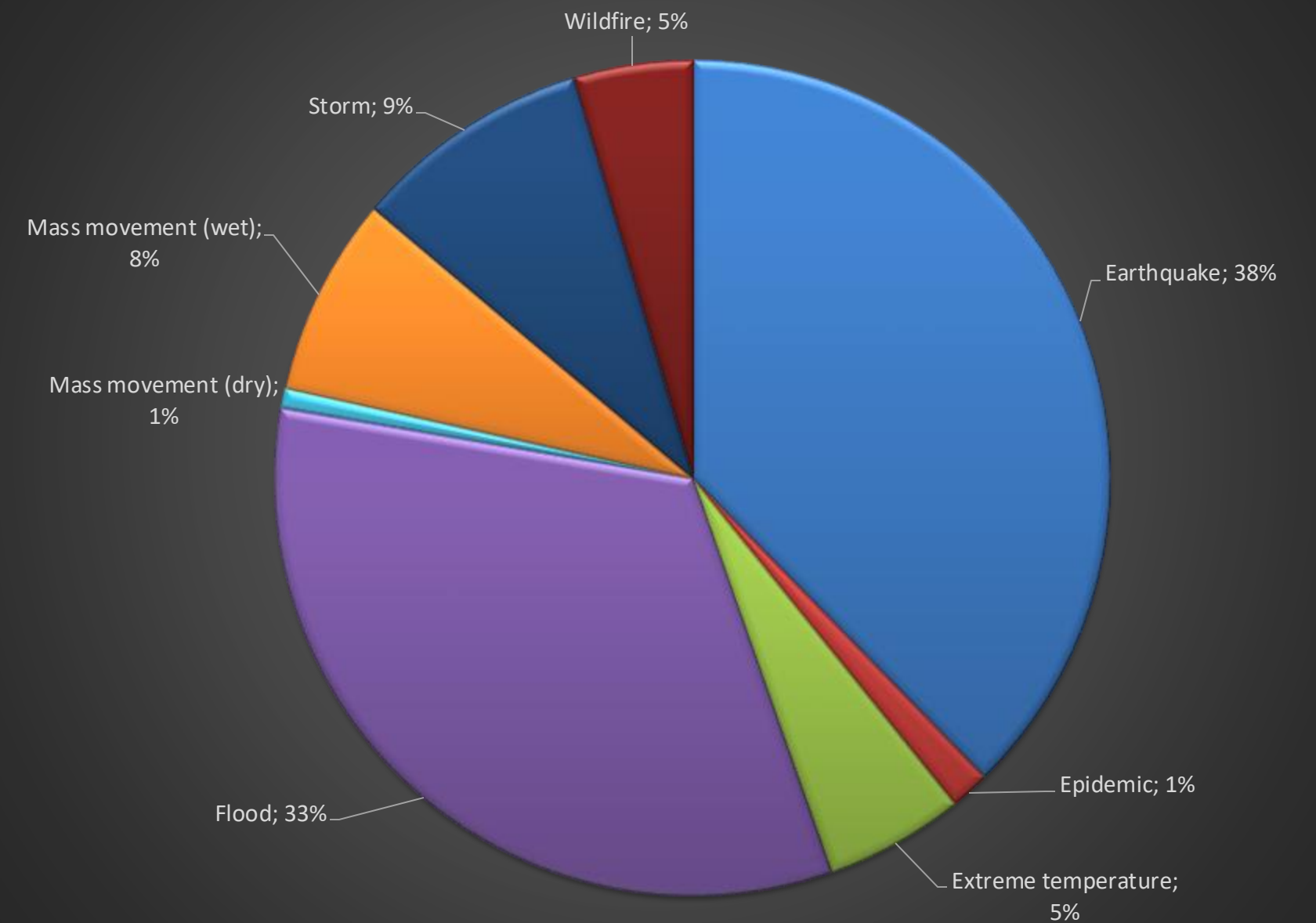
1. ASSESSMENT OF THE COUNTRY RISK

Türkiye: Occurance of Natural Disasters



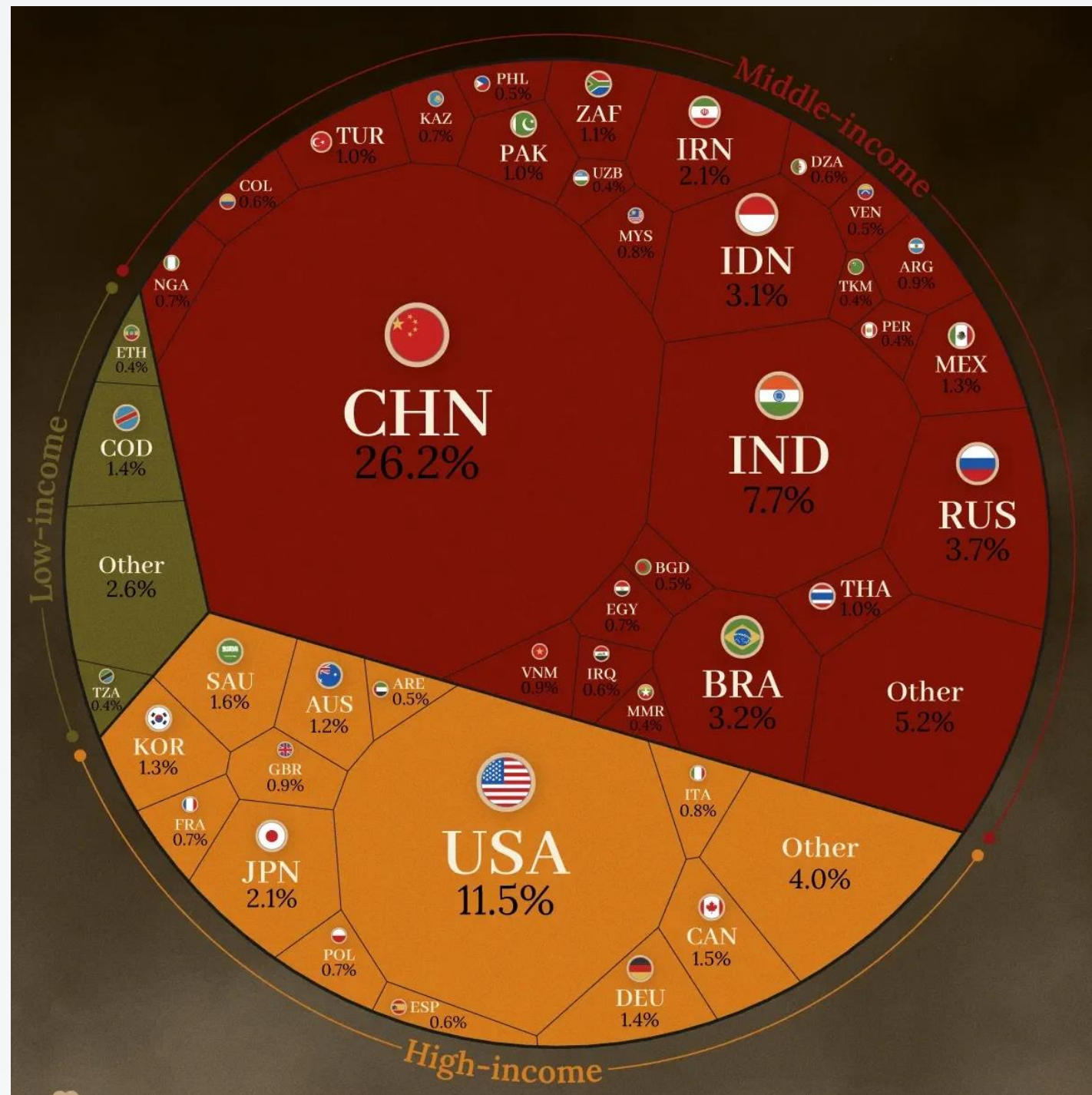
Source: World Bank Climate Change Knowledge Portal, 2024.

Türkiye: Share of Total Disasters (1980-2024)

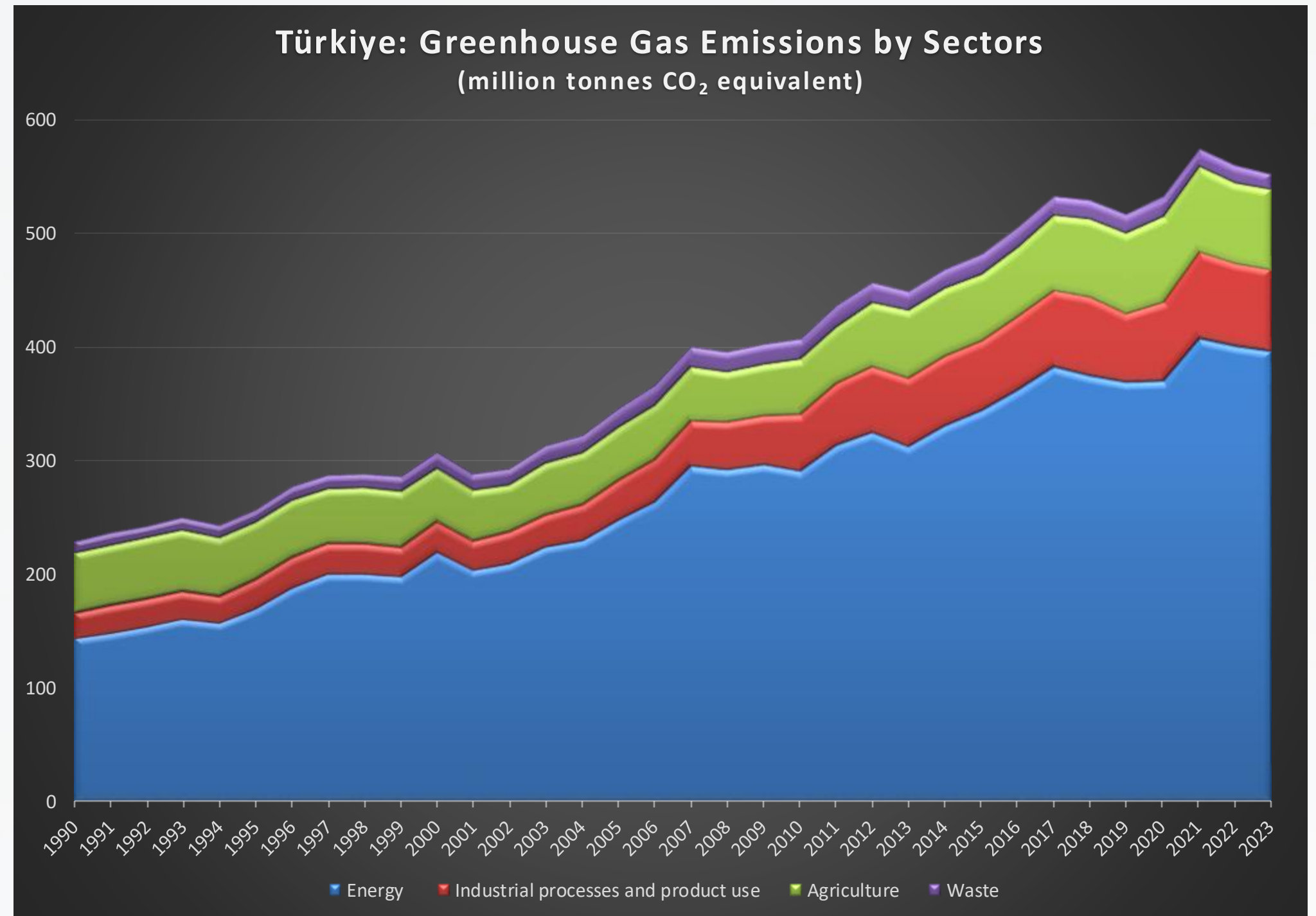


Source: World Bank Climate Change Knowledge Portal, 2024.

1. ASSESSMENT OF THE COUNTRY RISK



Source: <https://www.visualcapitalist.com/>, access on 15 September, 2025.



Source: Turkstat, 2024.

2. RECENT DEVELOPMENTS IN SUSTAINABILITY

An Overview Between 2016 and 2020

- First "Green Bond" Issuance by TSKB (USD 300 million)
- Signing of **Paris Agreement**

2016

2017

- Works on Borsa İstanbul Sustainability Index kick off and gain momentum

- Use of sustainability reporting becomes widespread among banks (Garanti Bank, Finansbank etc.)

2018

- Presidency of Strategy and Budget: *Sustainable Development Goals – Türkiye 2nd Voluntary National Review Report*

- 11th Development Plan (2019-2023)

2019

- BRSA became a member of the Task Force on Climate-related Financial Risks (TCFR) established by the Basel Committee on Banking Supervision (BCBS)

- CMB: Sustainability Principles Compliance Framework

- First Green Sukuk Issuances (Emlak Katılım & Zorlu Energy/TSKB)

2020

2. RECENT DEVELOPMENTS IN SUSTAINABILITY

- Ratification of the Paris Agreement
- Activation of Intended Nationally Determined Contributions"
- Net Zero Emission target for 2053
- Ministry of Trade: EU Green Deal
- Ministry of Treasury and Finance:
Sustainable Finance Framework Document
- Medium-Term Program (2022-2024)
- BRSA: Sustainable Banking Strategy (2022-2025)

An Overview Between 2021 and 2025

- 12th Development Plan (2024-2028)
- First Sovereign Green Bond Issuance (USD2.5 billion)
- Climate Law
- Türkiye Wealth Fund Sukuk Issuance

2021

2022

2023

2024

2025

- Participation Finance Strategy Document
- Medium-Term Program (2023-2025)
- CMB: Guide on Green and Sustainable Debt Instruments
- Revision of Emission Reduction Target: from 21% to 41%
- Türkiye's First Climate Council
- Turkish Presidency: Green Sukuk Working Report
- Borsa Istanbul Sustainability Index is activated

- Draft National Green Taxonomy published for public consultation
- Ministry of Treasury and Finance: Strategic Plan (2024-2028)
- Medium-Term Program (2025-2027)
- Climate Change Mitigation Strategy and Action Plan (2024-2030)
- Climate Change Adaptation Strategy and Action Plan (2024-2030)

2. RECENT DEVELOPMENTS IN SUSTAINABILITY

Climate Law covers the following content:



Establishment of Emissions Trading
System

Creation of a Green Taxonomy



Carbon Border Adjustment Mechanism

Strengthening Local Adaptation
and Coordination



Sanctions and Reporting Transparency

3. OUTLOOK IN PARTICIPATION FINANCE

Participation Banks		
#	Name	Status
1	ALBARAKA TÜRK	Private
2	DÜNYA KATILIM	
3	KUVEYT TÜRK	
4	TÜRKİYE FİNANS	
5	T.O.M. KATILIM	Private/Digital
6	HAYAT FİNANS	
7	ZİRAAT KATILIM	Public
8	VAKIF KATILIM	
9	TÜRKİYE EMLAK	

alBaraka

Dünya Katılım

KUVEYT TÜRK

Türkiye Finans

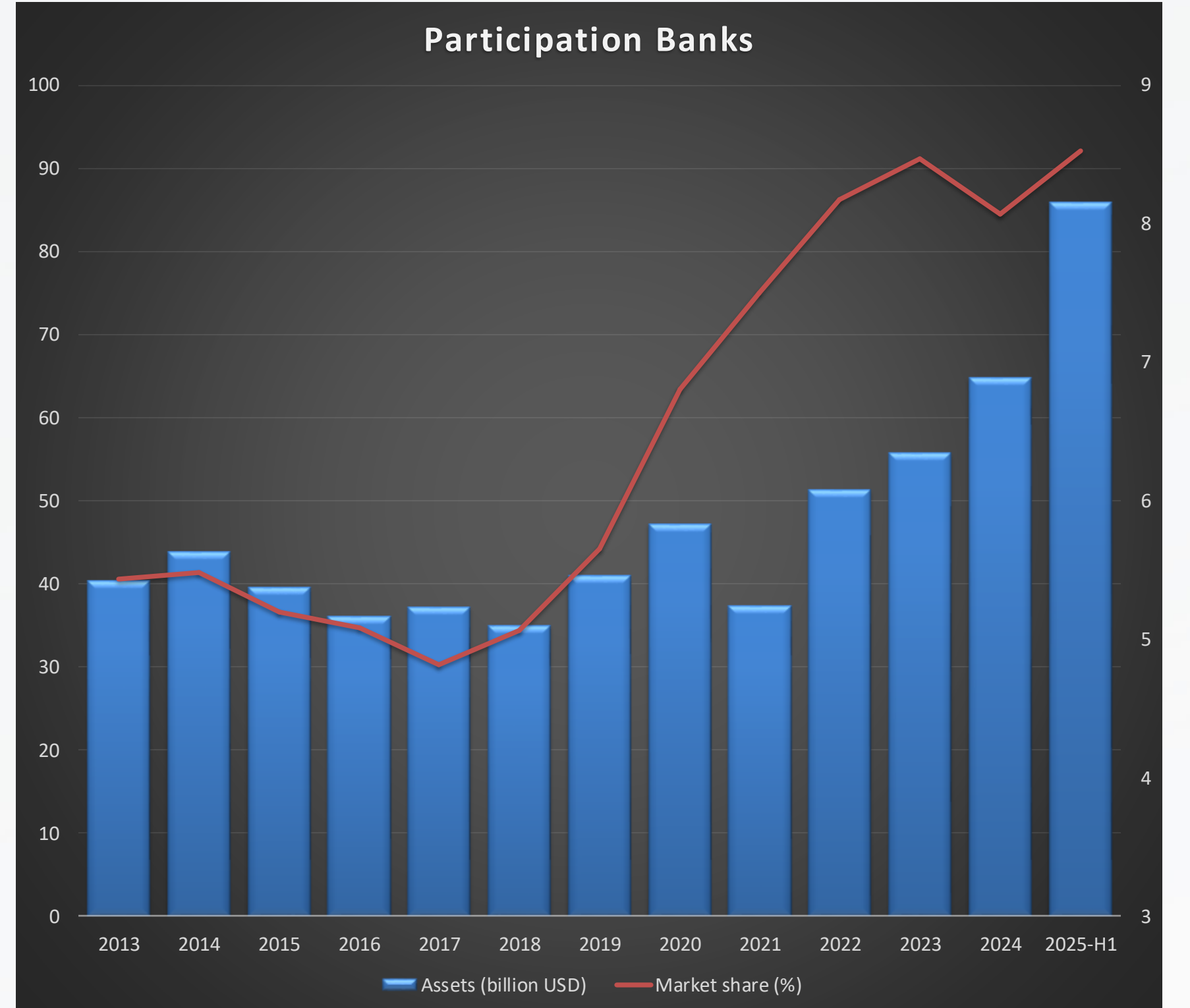
TOMbank

Hayat Finans

Ziraat Katılım

VAKIF KATILIM

Emlak Katılım

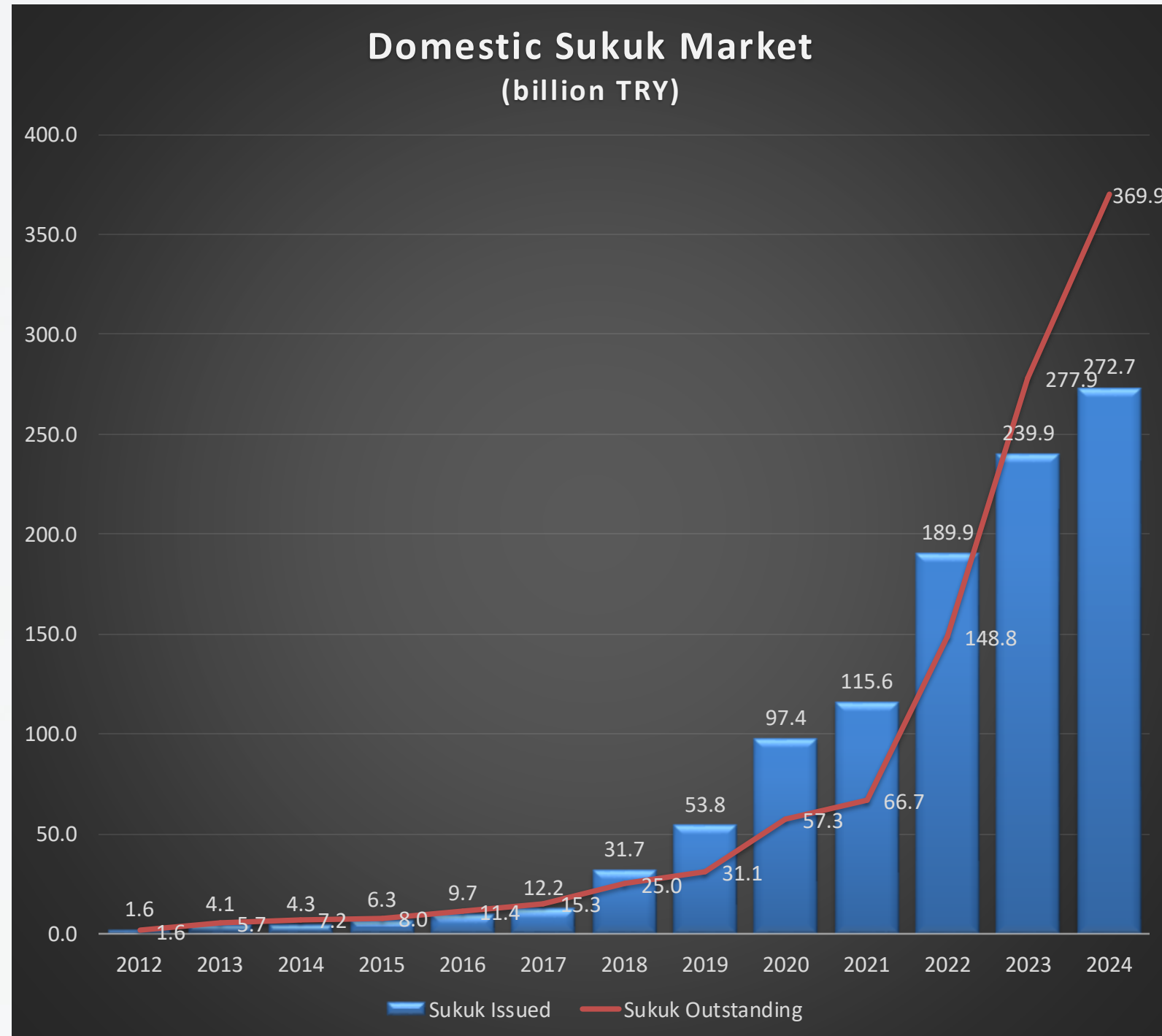


Source: BRSA, 2025.

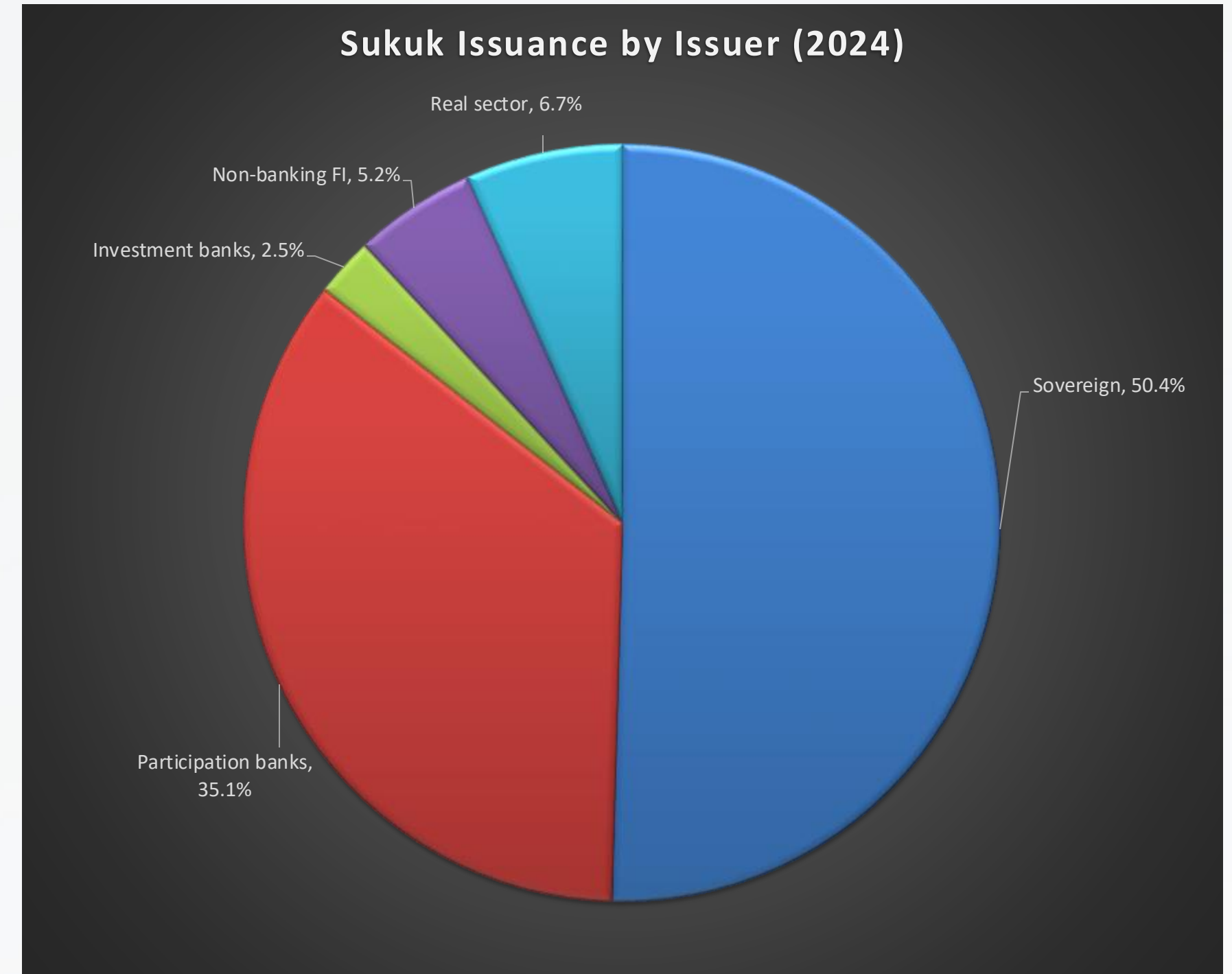
Source: The Participation Banks Association of Türkiye, 2025.

3. OUTLOOK IN PARTICIPATION FINANCE

Lease Certificates (Sukuk) Market



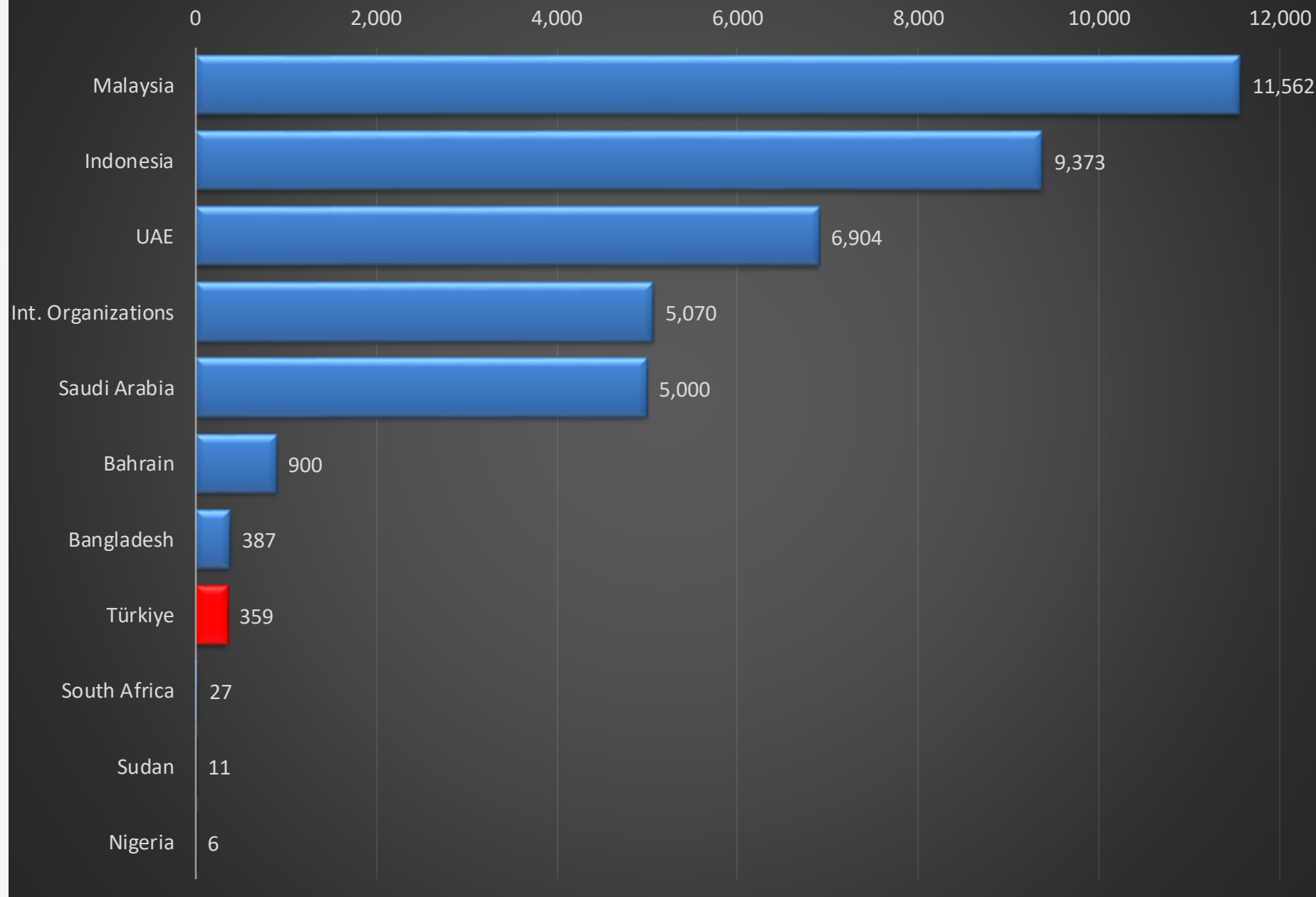
Source: The Participation Banks Association of Türkiye, 2024.



Source: The Participation Banks Association of Türkiye, 2024.

4. OUTLOOK IN GREEN SUKUK

Thematic Sukuk Issuances by Countries (2017-2023)
(Cumulative, million USD)



Source: IIFM Sukuk Report 2024.

Sustainability

2022

2023

2024

Ranking

50

16

13

Value of ESG Sukuk
Outstanding (Million USD)

350,0

421,6

360,7

Value of ESG Islamic Funds
Outstanding (Million USD)

22,5

47,4

55,6

IFDI Ranking

16

13

10

Islamic Banking Assets (Million
USD)

55.063,6

63.426,9

68.712,3

Sukuk (Million USD)

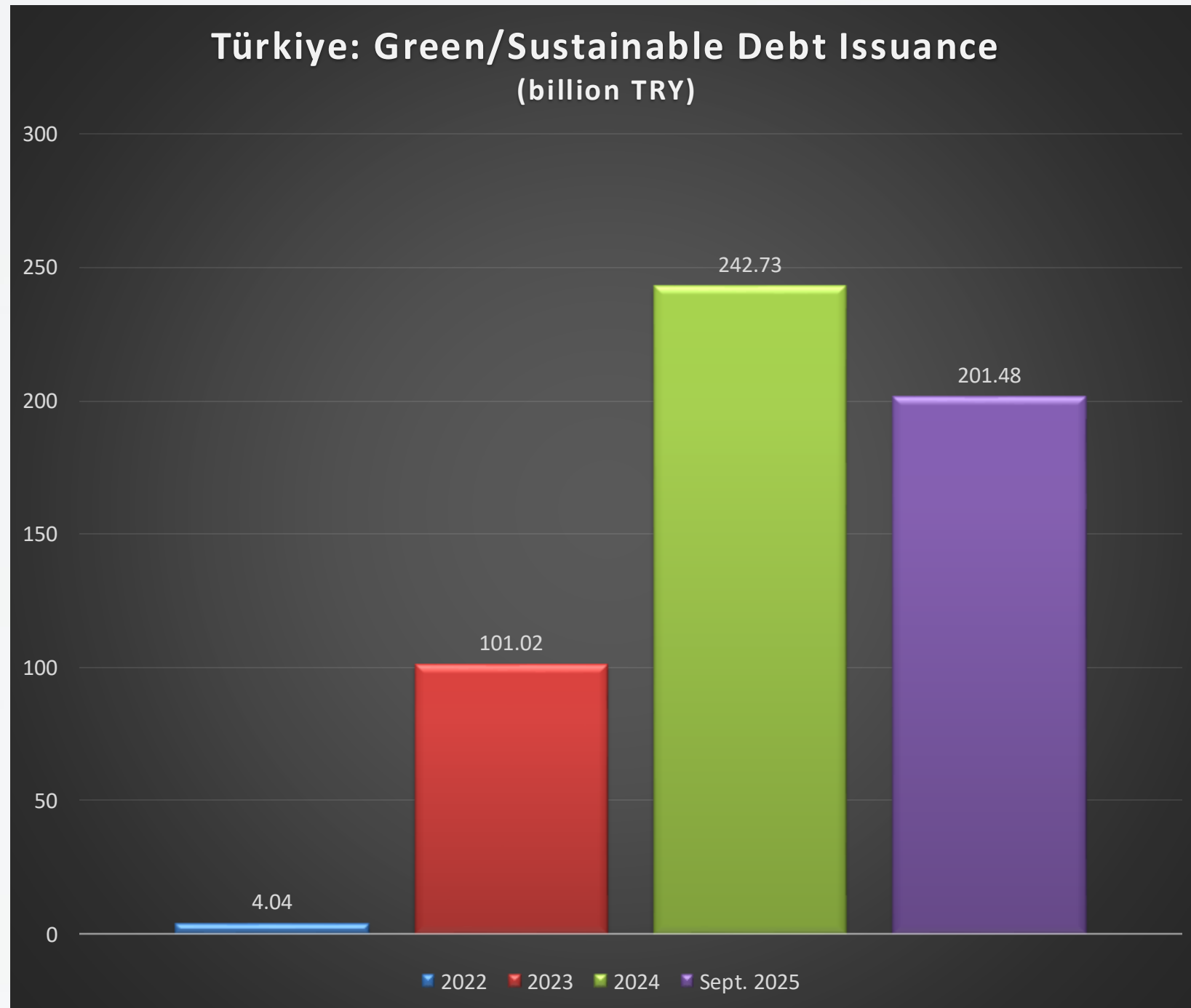
14.277,7

19.703,1

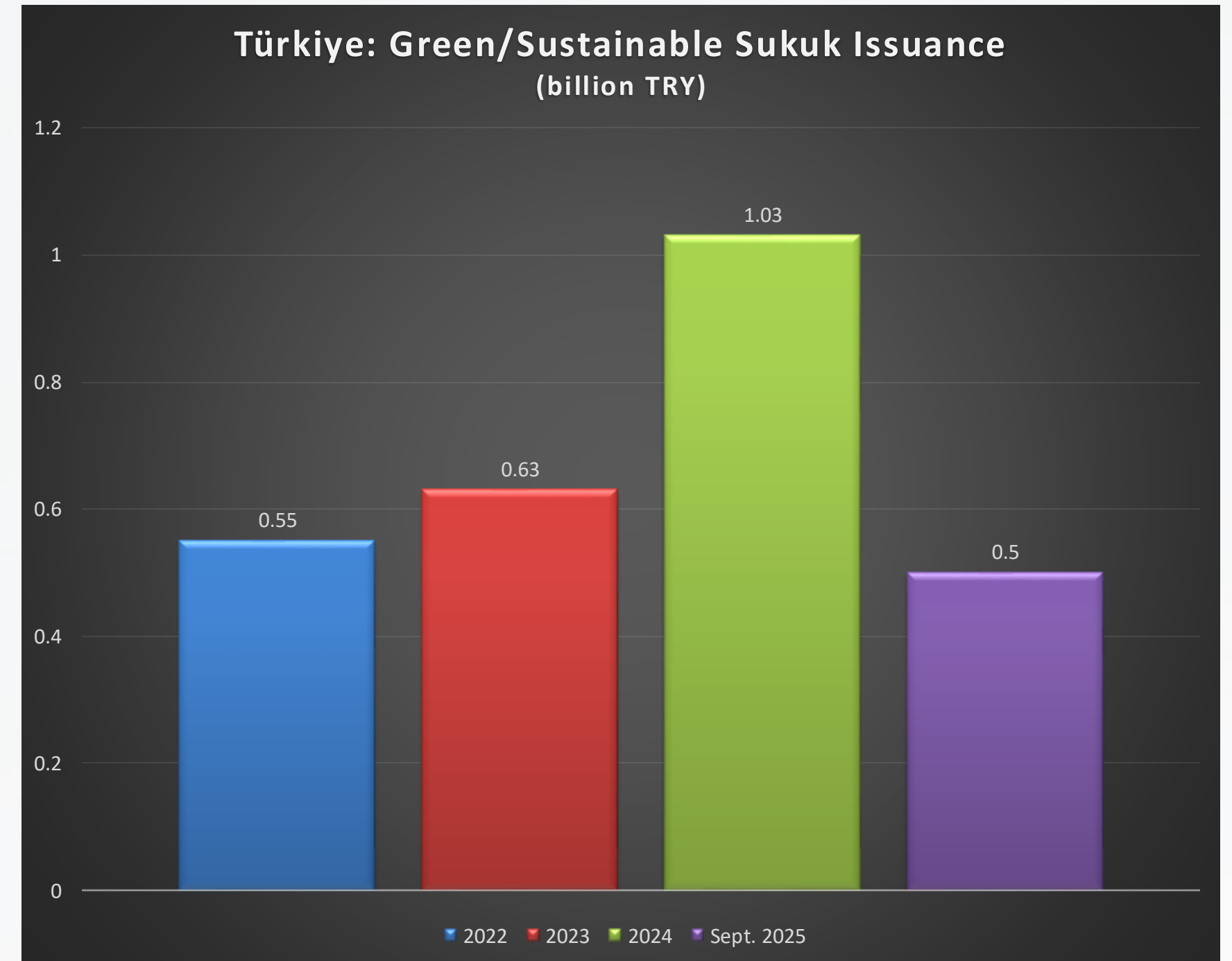
26.942,9

Source: LSEG Islamic Finance Development Indicators

4. OUTLOOK IN GREEN SUKUK



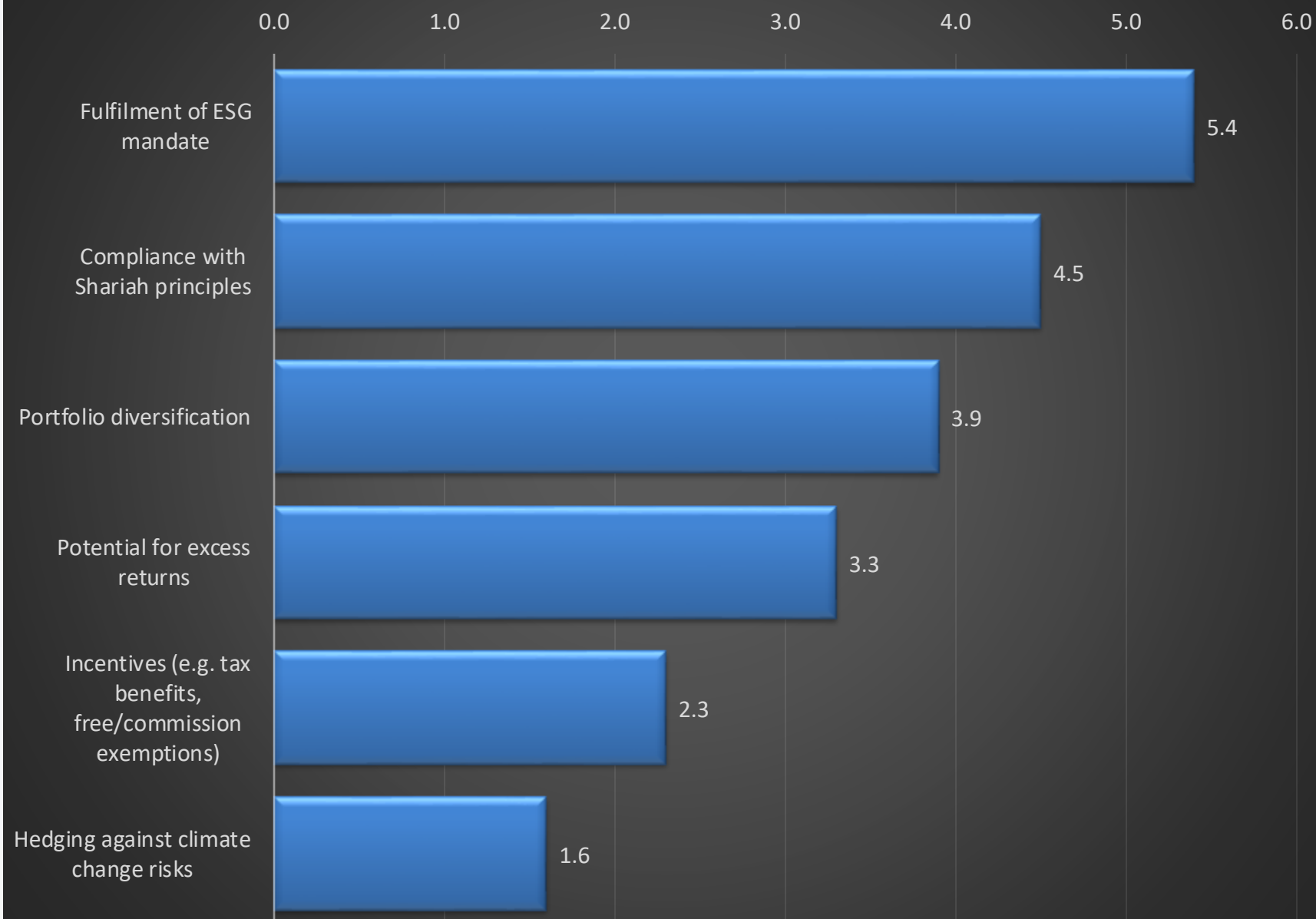
Source: Capital Markets Board, access on 02 Sept. 2025.



Source: Capital Markets Board, access on 02 Sept. 2025.

5. THE WAY FORWARD

Reasons to invest in green and sustainability sukuk
(Average rank, 6 = most important)



- Understanding the market dynamics and investor sentiments, as well as, establishing a good institutional scaffolding are key.
- “National Green Finance Strategy Document” prepared by the Ministry of Treasury and Finance provides an opportunity for the further development of green sukuk market in Türkiye. We have shared our views and proposals with the Ministry.

As Investment & Finance Office, our own to do list:

- Developing strategies to make Istanbul Financial Center as an Islamic green finance hub,
- Developing strategies and adding action items on Islamic sustainable finance in the forthcoming Participation Finance Strategy Document,
- Developing strategies and adding action items on Islamic sustainable finance in the forthcoming Fintech Strategy Document.

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THANKS