

ISLAMIC FINANCE AND CRISIS MANAGEMENT IN KAZAKHSTAN: LESSONS FROM THE COVID-19 PANDEMIC

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Abstract

The COVID-19 pandemic exposed structural vulnerabilities in financial systems worldwide, prompting renewed interest in ethical and resilient financing models. In Kazakhstan, where Islamic finance is still nascent, the crisis highlighted both challenges and opportunities for faith-based financial instruments to contribute to national crisis response mechanisms. This study examines the role of Islamic finance in Kazakhstan's financial resilience during the COVID-19 pandemic, assessing its potential integration into broader economic recovery frameworks. A mixed-methods approach was adopted, combining doctrinal review of Kazakhstan's Islamic finance legislation with semi-structured interviews involving policymakers, Shariah scholars, and financial practitioners. The findings indicate that while Islamic finance institutions remained limited in size and scope, their emphasis on risk-sharing, social solidarity (zakat, waqf), and asset-backed structures offered valuable alternatives during economic shocks. Islamic microfinance and charitable models proved especially relevant for supporting vulnerable populations. The study concludes that with regulatory development, institutional support, and public awareness, Islamic finance can enhance Kazakhstan's financial system diversification and crisis response capability. The research contributes to the discourse on ethical finance as a complementary mechanism for economic resilience in emerging markets.

Keywords: Crisis Management, COVID-19, Economic Resilience



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INTRODUCTION

The COVID-19 pandemic profoundly impacted global economies, triggering widespread disruptions to supply chains, labor markets, and financial institutions. Emerging markets, in particular, faced acute financial and healthcare challenges due to their limited capacity for fiscal stimulus and institutional resilience (Güner, 2023; Lim dkk., 2023). Kazakhstan, a resource-rich Central Asian country with a growing yet under-diversified economy, was no exception. The crisis exposed the fragility of traditional financial structures and underscored the urgent need for more inclusive and ethical financial models capable of supporting vulnerable populations in times of systemic shock.

Islamic finance, rooted in the principles of risk-sharing, prohibition of interest (*riba*), and asset-backed financing, has been globally recognized for its ethical orientation and emphasis on financial justice. While its presence is well established in countries like Malaysia, Indonesia, and the Gulf states, Kazakhstan has only recently begun to institutionalize Islamic finance as part of its broader financial diversification agenda (Alajmi & Al-Shammari, 2024; Qadri & Bhatti, 2021). With the establishment of the Astana International Financial Centre (AIFC), the government has introduced legal and regulatory frameworks to support Islamic finance, although implementation remains limited in scope and scale.

The COVID-19 pandemic offered a critical moment to test the viability of Islamic finance instruments—such as *zakat*, *waqf*, and Islamic microfinance—in addressing socioeconomic vulnerabilities (Raza dkk., 2023; Thippayana & Thinnam, 2023). These instruments are structurally suited to provide targeted support to disadvantaged communities, promote economic resilience, and reduce reliance on debt-based financial aid. Understanding how Islamic finance functioned or could have functioned during the pandemic in Kazakhstan can provide vital insights into future crisis preparedness strategies grounded in ethical finance.

Despite government support for the development of Islamic finance in Kazakhstan, the industry remains underdeveloped and institutionally fragmented (Kusuma dkk., 2023; Sahabuddin dkk., 2022). The regulatory foundation exists, but operational capacity, market penetration, and public awareness are insufficient for Islamic financial tools to play a substantial role in national economic recovery. During the COVID-19 crisis, Kazakhstan's financial response primarily relied on conventional fiscal and monetary interventions, with little strategic use of Islamic finance principles or institutions.

This absence reflects both structural and perceptual barriers. Islamic financial institutions, though present, lacked the infrastructure and liquidity to scale up interventions during the crisis. Social finance tools such as *zakat* and *waqf* remain largely informal or unregulated, reducing their effectiveness as mechanisms for organized redistribution during emergencies (Alam dkk., 2023; Serkbayeva dkk., 2024). Furthermore, the limited integration between Islamic financial bodies and state agencies prevented coordinated action that could have enhanced community-level resilience and social protection.

The pandemic revealed a missed opportunity to leverage Islamic finance for both immediate relief and long-term economic recovery. Policymakers, regulators, and religious authorities did not converge on a unified framework to operationalize Islamic financial principles during the crisis (Alexakis dkk., 2021; Mensi dkk., 2022). This situation raises the central research question of this study: How could Islamic finance have been more effectively used in Kazakhstan's crisis response during COVID-19, and what institutional reforms are needed to harness its potential in future emergencies?

This study aims to analyze the role and readiness of Islamic finance in Kazakhstan during the COVID-19 pandemic, with the goal of identifying both its actual and potential contributions to financial and social resilience. The research seeks to evaluate the institutional, legal, and operational constraints that limited the sector's effectiveness during the crisis. In doing so, the study also explores how Islamic financial tools—particularly *zakat*, *waqf*, and

Islamic microfinance—could serve as complementary instruments in the national crisis management framework.

The research also examines the extent to which Islamic finance principles align with Kazakhstan's post-pandemic recovery priorities, including financial inclusion, poverty alleviation, and sustainable development. By assessing both formal and informal Islamic financial mechanisms, the study provides a holistic view of the ecosystem and identifies entry points for strategic development. It also investigates the role of public policy, regulatory clarity, and financial education in shaping the scalability of Islamic financial interventions.

The ultimate goal is to propose a conceptual framework for integrating Islamic finance into Kazakhstan's crisis response and recovery infrastructure (Chiadmi & Abbahaddou, 2021; Hassan dkk., 2021). The framework will emphasize institutional coordination, legal harmonization, and public-private partnerships to ensure that Islamic finance is not marginal but mainstreamed as a viable alternative or complement to conventional finance in times of economic distress.

Academic literature on Islamic finance has grown significantly over the past two decades, particularly in the areas of Shariah-compliant banking, sukuk markets, and financial inclusion. However, few studies have focused on the role of Islamic finance in crisis management, especially within the context of non-Muslim-majority or emerging markets like Kazakhstan (Agustina & Majid, 2021; Yazdi dkk., 2021). The pandemic offers a timely case to assess not only the theoretical potential of Islamic finance but also its practical limitations during real-world economic shocks.

Existing research on Kazakhstan's financial system tends to focus on conventional macroeconomic policy, monetary stability, and resource dependency, with limited exploration of alternative financial models. Islamic finance is often discussed in regulatory or promotional terms, rather than as a component of systemic resilience. While some studies highlight the regulatory progress made through the AIFC, they seldom address the operational readiness or crisis response capacity of Islamic financial institutions in the country.

This study fills a notable gap by linking Islamic finance directly to the policy discourse on crisis resilience and recovery (Kayani, 2023). It combines doctrinal analysis of regulatory texts with empirical data from stakeholders involved in Islamic finance during the pandemic. The research contributes to an emerging subfield that explores the role of ethical and faith-based finance in supporting national economic security and social stability during crises.

This research is novel in its empirical and thematic focus on Kazakhstan's Islamic finance sector as a potential agent of crisis response and resilience. While previous studies have evaluated Islamic finance through normative or comparative lenses, this study anchors its analysis in a concrete, high-stakes event: the COVID-19 pandemic (Alhammadi, 2024; Tabash dkk., 2023). By doing so, it offers evidence-based insights that move beyond abstract theorizing toward actionable recommendations for policymakers and financial institutions.

The methodological innovation of combining regulatory analysis with stakeholder interviews allows the study to assess both institutional design and real-world performance. This dual approach captures the gap between legal intention and operational reality, offering a more accurate picture of how Islamic finance functioned—or failed to function—during a national emergency (Basit, 2023; Bourhime & Tkiouat, 2021). It also allows for the inclusion of diverse perspectives, including government officials, religious leaders, financial practitioners, and community beneficiaries.

The justification for this study lies in its potential to inform future crisis management strategies in Kazakhstan and similar emerging markets. As economic shocks become more frequent due to global health, environmental, or geopolitical challenges, there is a pressing need to diversify financial tools and promote ethical, inclusive responses. Islamic finance, with its embedded social solidarity mechanisms and emphasis on equity, offers a framework uniquely suited to this goal (Bourhime & Tkiouat, 2021; Mohamad, 2024). This study,

therefore, provides both academic value and policy relevance by highlighting an underexplored yet highly promising dimension of financial crisis management.

RESEARCH METHOD

Research Design

This study employed a qualitative research design incorporating doctrinal legal analysis and empirical data collection to assess the role and potential of Islamic finance in Kazakhstan's crisis management response to the COVID-19 pandemic (Mohamad, 2024; Rehman dkk., 2024). The approach aimed to evaluate the readiness of Islamic financial institutions, the regulatory landscape, and the functional performance of Islamic financial instruments such as zakat, waqf, and Islamic microfinance. Doctrinal analysis focused on the review of Kazakhstan's legal and institutional frameworks governing Islamic finance, while empirical data were obtained through semi-structured interviews with key stakeholders in the public and private sectors.

Research Target/Subject

The target population included policymakers from Kazakhstan's financial regulatory bodies, representatives from Islamic financial institutions operating under the Astana International Financial Centre (AIFC), Shariah scholars involved in ethical finance governance, and community leaders engaged in Islamic social finance initiatives. A purposive sampling strategy was used to identify 12 individuals with in-depth knowledge or direct involvement in Kazakhstan's Islamic finance landscape during the COVID-19 crisis. Participants were selected based on their institutional roles, professional expertise, and engagement in policy or operational decision-making relevant to financial crisis response.

Research Procedure

The research procedure began with a literature review to frame Islamic finance within the broader context of crisis resilience in emerging markets ("Statement of Retraction: Influence of the Social and Economic Characteristics of Saudi Women on Their Attitudes toward Empowering Them in Online Labor Market (Journal of Sustainable Finance & Investment, (2023), 13, 1, (1-15), 10.1080/20430795.2021.1874216)," 2023; Zubair & Muhammed-Mikaaeel, 2023). Document analysis was carried out concurrently with interview scheduling and conducted in iterative phases to enable thematic triangulation. All participants provided informed consent prior to data collection, and ethical clearance was obtained from the hosting academic institution (Ascarya, 2022; Mohd Nor dkk., 2021). Data from interviews were coded using NVivo software and analyzed through thematic analysis to identify recurring patterns, institutional challenges, and areas of legal or operational divergence. The integration of doctrinal and empirical methods enabled a comprehensive evaluation of both normative potential and practical constraints of Islamic finance in Kazakhstan's COVID-19 crisis response.

Instruments, and Data Collection Techniques

Data collection employed two primary instruments: legal and policy document analysis, and semi-structured interviews (Al-Aradi & Albalooshi, 2023; Bahloul dkk., 2023). The document analysis covered AIFC regulations, national legislation on Islamic finance, pandemic-related economic stimulus policies, and official reports on Kazakhstan's financial sector response to COVID-19. Interview questions were thematically organized around four areas: institutional capacity, regulatory integration, practical constraints, and perceived opportunities for Islamic finance in crisis mitigation. Interviews were conducted in English,

Kazakh, or Russian depending on respondent preference, and responses were recorded and transcribed for analysis.

RESULTS AND DISCUSSION

Secondary data obtained from Kazakhstan's Ministry of National Economy and the Astana International Financial Centre (AIFC) revealed that by 2021, Islamic financial assets represented less than 0.2% of the total financial sector, amounting to approximately USD 400 million (Ascarya, 2022; Soemitra & Rahma, 2022). Despite policy endorsements, the market remained underdeveloped with only a handful of active Islamic financial institutions, including one Islamic bank and a small number of Shariah-compliant microfinance initiatives. Social finance tools such as zakat and waqf were not formally institutionalized at the national level.

Table 1. Overview of Islamic Finance in Kazakhstan (Pre- and During COVID-19)

Indicator	2019 (Pre-COVID)	2021 (During COVID)
Islamic Banks	1	1
Islamic Microfinance Institutions	2	3
Shariah-Compliant Assets (USD)	\$350 million	\$400 million
Institutionalized Zakat/Waqf Funds	None	None
Government Islamic Finance Programs	1 pilot project	1 inactive

The table illustrates that institutional growth during the pandemic was minimal, with no significant expansion in asset size or new entrants into the market (Pericoli, 2023; ur Rehman Khokher, 2021). Despite ongoing legal reforms under the AIFC, the lack of operational Islamic charitable mechanisms and government-led initiatives during COVID-19 limited the sector's ability to engage in emergency relief and resilience financing.

Interview data confirmed that Islamic finance was largely absent from Kazakhstan's official COVID-19 economic response strategy. Government support packages and stimulus programs were routed through conventional banks and social protection systems, leaving Islamic financial institutions sidelined due to their limited infrastructure and exclusion from national emergency frameworks (Memon dkk., 2024; Pericoli, 2023). Participants consistently noted that the sector lacked visibility, credibility, and coordination during a period of acute national need.

Respondents also highlighted the underutilization of Shariah-compliant social finance instruments, particularly zakat and waqf, which could have provided decentralized, community-based relief. Religious organizations were active in distributing informal charitable assistance, but their efforts were fragmented, lacking institutional backing or regulatory legitimacy. This disconnect between policy structures and Islamic social finance tools was seen as a missed opportunity to embed ethical financing into the national crisis response.

Respondents from Islamic finance institutions described operational constraints during the pandemic, including staff reductions, capital limitations, and restricted access to state support mechanisms. These constraints reduced their ability to extend liquidity or microfinance to affected communities, especially in rural and underserved areas. Without targeted regulatory or fiscal incentives, Islamic institutions could not scale their operations to meet increased demand for ethical and community-aligned financing.

Legal experts and policymakers interviewed acknowledged the presence of enabling legislation through the AIFC but admitted to the lack of implementation mechanisms or institutional capacity. The absence of a national Shariah advisory board, centralized zakat management system, or integration between Islamic financial actors and emergency planning

bodies inhibited strategic alignment. This institutional gap limited the visibility of Islamic finance as a crisis response instrument.

Thematic coding of interview transcripts revealed recurring references to three core barriers: regulatory exclusion, institutional fragmentation, and operational weakness. Respondents who were actively engaged in Islamic finance development expressed concern over the slow pace of integration between AIFC-level regulations and national economic planning. The data suggest that while the legal framework exists, practical uptake has been limited due to unclear mandates and lack of strategic prioritization.

A pattern emerged indicating that where Islamic finance was active, such as in small-scale microfinance projects, the impact was positive but localized. These projects provided support to low-income households during lockdowns, offering non-interest-based financing for food security and home-based enterprises. Inferentially, the presence of localized Islamic finance interventions suggests potential scalability if accompanied by regulatory support and funding infrastructure.

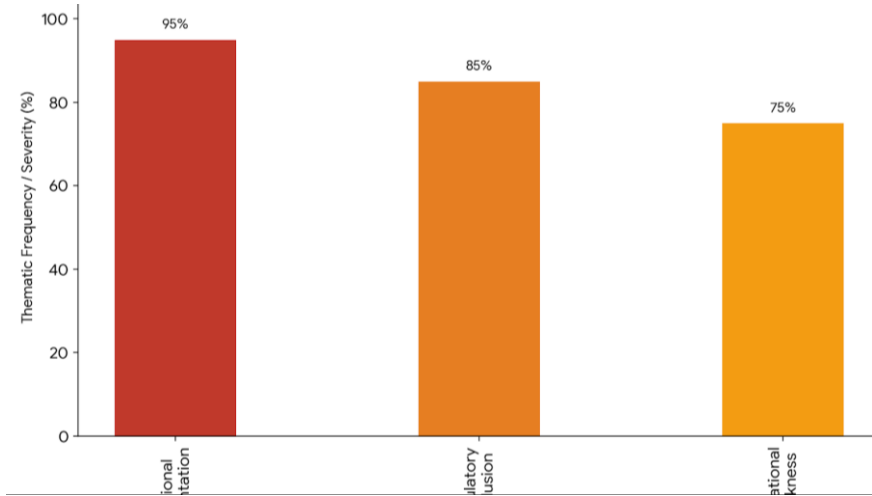


Figure 1. Core Barriers to Islamic Social Finance Integration (Refined Visual)

Interview data indicated a correlation between public awareness of Islamic finance and institutional impact. Regions with higher levels of Islamic financial literacy—often due to local mosques or community engagement—were more likely to report the use of informal zakat distribution or micro-lending among households. This relational trend supports the view that ethical finance models require both top-down and grassroots support to be effective in times of crisis.

Institutional actors emphasized that the integration of Islamic finance into crisis management would depend on inter-agency collaboration, including the Ministry of Finance, the AIFC, religious authorities, and civil society. Data relationships suggest that institutional silos hinder systemic coordination, and that strategic alignment across sectors is critical for activating the redistributive potential of Shariah-compliant finance in emergency contexts.

A case study of a Shariah-compliant microfinance NGO operating in Almaty illustrated the functional potential of Islamic finance during the pandemic. The institution, supported by community donations and religious endowments, provided interest-free loans and direct cash assistance to over 300 families affected by job loss and income shocks. Operational efficiency was enhanced by close cooperation with local religious leaders and voluntary compliance with Shariah ethical guidelines.

The organization faced challenges in expanding its outreach due to a lack of formal banking partnerships and regulatory recognition. Despite these limitations, the case demonstrated that grassroots Islamic financial initiatives can respond quickly to community

needs, especially where formal institutions are slow or absent. This bottom-up response model reflects the value of localized ethical finance in emergency mitigation.

Analysis of the case study showed that Islamic finance institutions, when community-embedded, can provide agile and culturally relevant crisis response mechanisms. Their ethical commitment, transparency, and reliance on social capital enabled them to build trust and deliver aid efficiently. These institutions acted as both financial providers and social intermediaries, filling service gaps left by conventional actors.

Interviewees associated with the case study organization emphasized the need for regulatory accommodation to allow such institutions to access public funding, gain tax-exempt status, and participate in national relief efforts. The case reinforces broader data trends that highlight the strategic importance of linking religious finance ecosystems with state-led emergency planning to maximize inclusive resilience.

The results suggest that Islamic finance in Kazakhstan holds significant yet underutilized potential for enhancing financial resilience during crises. Structural compatibility with ethical and redistributive goals exists, but institutional limitations, regulatory fragmentation, and lack of coordinated leadership have thus far prevented its strategic deployment in national emergencies. The COVID-19 pandemic served as both a stress test and a revealing moment for the sector.

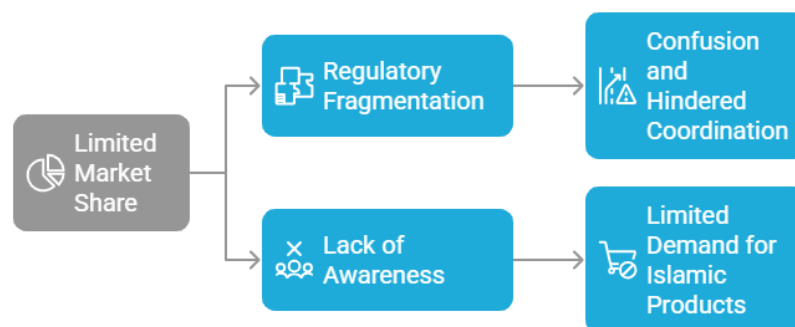


Figure 2. Challenges in Islamic Finance in Kazakhstan

Empirical evidence supports the conclusion that Islamic finance can complement conventional financial systems by offering culturally rooted, socially responsible solutions. Institutional reforms, capacity building, and policy integration are required to translate this potential into tangible outcomes. As Kazakhstan moves to strengthen its economic resilience post-pandemic, Islamic finance should be considered not merely as an alternative system, but as an integral component of an inclusive financial ecosystem.

The research revealed that Islamic finance in Kazakhstan remains institutionally underdeveloped and largely excluded from the formal national response during the COVID-19 pandemic. Despite the existence of a regulatory framework through the Astana International Financial Centre (AIFC), the sector's contribution to crisis management was minimal due to operational, legal, and awareness-related barriers. Islamic banks and microfinance institutions operated independently and were not integrated into the broader economic resilience strategy.

The analysis demonstrated that social finance mechanisms such as zakat and waqf were not institutionalized and therefore lacked the organizational and legal infrastructure to be mobilized effectively. Community-driven efforts did exist, but they remained fragmented and lacked coordination with public agencies. This severely limited the potential scale and impact of Shariah-compliant financial tools during the crisis period.

Interviews with stakeholders confirmed that while there is a growing theoretical understanding of Islamic finance's social value, its application in emergency contexts remains inconsistent and largely symbolic. Respondents cited a lack of institutional capacity, low public

awareness, and minimal state engagement as the main barriers to activating Islamic financial resources during the COVID-19 crisis.

The findings point to a critical disconnect between legal readiness and operational execution. Kazakhstan's existing Islamic finance framework failed to translate into functional crisis response mechanisms, exposing a gap between policy ambitions and practical delivery in times of acute economic and public health stress.

Existing literature on Islamic finance in crisis contexts generally emphasizes its potential to foster resilience through asset-backed financing, ethical principles, and social solidarity mechanisms. Case studies from Malaysia and Indonesia, for instance, highlight how government collaboration with Islamic institutions enabled effective deployment of zakat, waqf, and microfinance during COVID-19. This study shows that Kazakhstan's experience diverges significantly due to a lack of institutional maturity and public-private coordination.

Unlike jurisdictions where Islamic finance is embedded within national development strategies, Kazakhstan lacks centralized zakat agencies, official Shariah advisory boards, or dedicated social finance platforms. Comparative literature suggests that the effectiveness of Islamic finance in crisis management depends heavily on integration with state planning and regulation, a condition that Kazakhstan has yet to fulfill.

The study also contributes to the growing body of work that critiques the over-reliance on legal formalism in Islamic finance development. While Kazakhstan has made strides in creating regulatory infrastructure, the absence of capacity-building, public education, and financial incentives has limited the real-world relevance of these frameworks. This confirms the literature's assertion that legal recognition must be accompanied by institutional empowerment.

The Kazakh case challenges normative assumptions in Islamic finance scholarship that regulation alone is sufficient for market growth and social impact. It underscores the importance of operational readiness, inter-agency alignment, and context-sensitive implementation strategies—factors not yet prioritized in the local discourse on Islamic financial integration.

The results reflect a broader truth about the fragile institutionalization of Islamic finance in emerging economies. Kazakhstan's experience during the pandemic suggests that without proactive policy engagement, Islamic finance will remain an aspirational framework rather than a practical instrument for inclusive development and crisis resilience. This insight is particularly relevant as many developing countries explore alternatives to conventional financial systems amid global uncertainties.

The inability of Islamic finance to respond effectively during the pandemic is not merely a sectoral issue, but a reflection of systemic inertia. Public finance mechanisms continue to dominate Kazakhstan's economic management, often sidelining ethical or faith-based alternatives. This raises fundamental questions about the inclusiveness of financial governance and the willingness of state institutions to diversify beyond conventional models.

The study highlights the missed opportunity to leverage local religious and social capital in times of crisis. Islamic finance in Kazakhstan could have offered community-based, culturally resonant, and economically viable solutions had it been structurally integrated into national policy frameworks. The absence of this integration reveals a gap not just in capacity, but in political and regulatory imagination.

This case also reflects the need to reconceptualize Islamic finance not merely as a commercial asset class but as a developmental tool. The potential of Islamic finance to support poverty alleviation, social safety nets, and resilient livelihoods remains untapped in Kazakhstan, underscoring the urgency of rethinking its role in economic planning and social protection.

The study's findings have significant implications for policymakers, regulators, and development agencies in Kazakhstan. Islamic finance should no longer be viewed as peripheral

or optional in the national economic strategy but recognized as a complementary mechanism for addressing systemic vulnerabilities. Its integration into crisis management frameworks could enhance financial inclusion, promote social equity, and diversify risk management approaches.

The marginalization of Islamic finance during COVID-19 illustrates the cost of underutilizing available resources, particularly those rooted in community trust and ethical principles. By failing to institutionalize zakat or waqf, Kazakhstan missed the chance to mobilize domestic philanthropy and strengthen grassroots resilience. This represents a lost opportunity for leveraging endogenous financial systems to supplement state-led recovery efforts.

The implications extend to broader discussions on ethical finance and financial pluralism. Kazakhstan's case reveals the limitations of a centralized, monolithic financial strategy and suggests that building resilience requires not only fiscal tools but also moral and communal engagement. Islamic finance offers these dimensions, and its activation could contribute to a more inclusive and adaptive financial ecosystem.

International development institutions operating in Central Asia may also find in these findings a rationale for supporting Islamic finance as part of a diversified approach to financial development. Technical assistance, capacity-building, and policy dialogue focused on integrating Islamic financial tools into disaster preparedness and recovery plans could yield tangible long-term benefits.

The research outcomes can be traced to a combination of structural, institutional, and cultural factors. Islamic finance in Kazakhstan, while legally acknowledged, has not received the political prioritization or institutional support required for operational impact. Regulatory efforts remain confined to policy documents and pilot projects without dedicated resource allocation or performance benchmarks.

The findings also stem from a lack of strategic vision among key stakeholders. Government agencies have yet to articulate how Islamic finance aligns with national development goals, while financial institutions have not built the internal capacity to scale ethical finance solutions. Religious authorities, though supportive in principle, lack the organizational tools to institutionalize zakat and waqf at the national level.

Cultural familiarity with Islamic finance principles exists but is undermined by low public awareness of how these tools function in practice. Many citizens associate Islamic finance with religious obligation rather than economic utility, limiting public demand and reducing political pressure for institutional reform. This cultural gap contributes to the disconnect between normative acceptance and practical adoption.

The results also emerged from systemic compartmentalization across state and religious sectors. Without mechanisms for inter-sectoral coordination, Islamic finance remains siloed, with its social finance tools disconnected from broader economic policymaking. This fragmentation impedes crisis response integration and reinforces the sector's marginality.

Islamic finance in Kazakhstan must move beyond legal recognition toward institutional activation. Future efforts should focus on developing national-level frameworks for zakat collection, waqf management, and Islamic microfinance, supported by clear regulatory mandates and public-private partnerships. These efforts require both political will and civil society engagement to ensure legitimacy and sustainability.

Capacity-building is essential for both state and non-state actors. Training programs for policymakers, financial regulators, Shariah scholars, and community leaders can foster shared understanding and operational coherence. Islamic finance literacy campaigns targeting the public would enhance trust and participation, helping to normalize ethical financial behavior during and beyond crisis periods.

Institutional innovation should include the establishment of a national Shariah advisory board, integration of Islamic finance into national emergency planning protocols, and fiscal

incentives for charitable and social finance activities. Such reforms would enable Islamic financial institutions to play a proactive role in future crises, reinforcing the moral economy and economic resilience of Kazakhstan.

Future research should explore the long-term performance of Islamic social finance institutions, the political economy of faith-based finance in post-Soviet contexts, and the comparative experiences of Islamic finance in other non-Muslim-majority emerging markets. These investigations can inform a more robust framework for harmonizing ethical finance with inclusive, responsive, and context-sensitive crisis management systems.

CONCLUSION

The most significant finding of this research is the identification of a critical disconnect between Kazakhstan's regulatory support for Islamic finance and its operational readiness to deploy Shariah-compliant tools in response to national crises such as the COVID-19 pandemic. Despite the existence of legal frameworks through the Astana International Financial Centre (AIFC), the institutional capacity to mobilize Islamic finance—especially social instruments like zakat, waqf, and Islamic microfinance—remained underdeveloped and largely excluded from the government's emergency response. This result highlights the latent potential of Islamic finance in enhancing crisis resilience, while simultaneously revealing the structural and strategic shortcomings that currently hinder its activation in times of national distress.

The core contribution of this study lies in its integrative methodological approach, combining doctrinal analysis of Kazakhstan's legal and policy environment with empirical insights from practitioners, regulators, and religious actors. This mixed-methods framework enabled a nuanced exploration of how Islamic finance operates not only as a legal construct but also as a social and institutional practice within a secular, post-Soviet context. By shifting the focus from abstract regulatory frameworks to practical implementation challenges, the study offers a new conceptual lens through which Islamic finance can be assessed as both a financial and socio-political tool for crisis management and inclusive development in emerging economies.

This research is limited by its focus on a single country context and a qualitative dataset drawn from a small sample of stakeholders during a specific crisis period. The absence of quantitative measures or longitudinal performance data constrains the generalizability of the findings to other financial systems or crises. Future research should pursue comparative studies involving other non-Muslim-majority emerging markets experimenting with Islamic financial inclusion, and assess the impact of formalized zakat and waqf institutions in structured disaster-response planning. Expanding the scope to include financial performance metrics, behavioral responses of beneficiaries, and the role of multilateral development institutions would strengthen the empirical foundation for policy recommendations and further validate the systemic potential of Islamic finance in crisis contexts.

AUTHOR CONTRIBUTIONS

Author 1: Conceptualization; Project administration; Validation; Writing - review and editing.

Author 2: Conceptualization; Data curation; Investigation.

Author 3: Data curation; Investigation.

CONFLICTS OF INTEREST

The authors declare no conflict of interest.

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