
Closing the convenience gap in Islamic banking

Why many customers who would prefer Islamic finance still bank conventionally, and what the banks that grow do differently

In brief

In the markets we know, Islamic banking rarely lacks demand, and it does not lack scholarship. What holds it back is operational. The steps that make a product Islamic are often handled by hand, outside the bank's systems. The customer feels this manual work, the bank pays for it, and the Shariah board sees the evidence late. The banks that grow let their platform run each Shariah structure as standard, not as an exception.

- **The convenience gap is real.** In our experience, many customers who would prefer Islamic finance still bank conventionally, because the Islamic option has meant more paperwork and more waiting.
- **Its cause lies in how Islamic products are run, not in what they are.** Trade and ownership steps, profit calculations and evidence for Shariah governance are too often managed outside the bank's systems.
- **The banks that grow share a few habits.** They let the platform run the contract structures their board approves. They show the board exactly what is running. They test each product over its full life before launch, and grow one product at a time.
- **We close with six questions** an executive committee and Shariah board may want to ask together.

1. The convenience gap

A customer who would prefer to bank in line with their faith often faces a quiet trade-off. The conventional offer asks for fewer documents, answers sooner and can be completed on a phone. The Islamic offer asks for more, takes longer and frequently needs a branch visit or a call back. Many accept the convenient option, and stay with it.

The gap is not about principle. It comes from what happens behind the screen.

Customers rarely turn away from Islamic finance because of its principles. Too often, they turn away because of its paperwork.

2. Where the friction comes from

Many banking platforms were designed around interest-based products, with Islamic products added later. The trade, ownership and profit-sharing steps that give an Islamic product its substance are then arranged and recorded outside the system, by people, in separate tools and in spreadsheets.

Evidence for the Shariah board is handled the same way. To show that the live product is exactly what the board approved, staff gather product papers, change records and correspondence after the event.

The consequences are familiar to anyone who has run an Islamic business:

- **Customers** meet more documents, more waiting and fewer digital options than the conventional alternative.
- **Growth plans** wait on a growing backlog of IT projects, and each new product takes longer to launch than the opportunity allows.
- **Operations** handle trade steps, ownership transfers, conditions and profit calculations by hand.
- **Risk** relies more on self-declared data than it would like, with few ways to see how a product behaves across its full term before launch.
- **The Shariah board** is asked to approve from descriptions. It must rely on others to confirm that what is live matches what it approved.

Above all, each new product adds to the manual load. Cost rises with growth instead of falling, and the bank becomes less willing to launch the next product.

3. What the banks that grow do differently

They let the platform run the contract structures

Wakala, Mudaraba, Murabaha, Tawarruq, Diminishing Musharaka, Ijara and Istisna are set up as structures the platform runs. The trade, ownership and profit steps are built into each product. Product teams adjust terms within the structures the board has approved, and the customer sees one simple journey.

They show the Shariah board exactly what is running

Product rules are readable, and every version and change is recorded with who made and approved it. The board reviews what will actually run, together with how it behaved in testing.

The Shariah board's authority is unchanged

A platform cannot certify a product as Shariah-compliant. Your Shariah board remains the authority. Zoral provides the configurable structures and the evidence trail for the board's review.

They test each product over its full life before launch

Before any customer sees a new product, it is run against simulated account activity over its full term. This includes early settlement, missed payments and changes in profit rates. The board, risk and finance teams can see how a product behaves across its life, not only on its first day.

They decide on verified data

Before an offer is made, income, assets and identity are confirmed from documents, and at source where data is available. Customers are asked for less, and decisions rest on firmer ground. Exceptions go to a named person, with the reason recorded.

They run Islamic and conventional side by side, where both are offered

The two share customer data, checks and controls. Each keeps its own rules, documents and reporting. The Islamic business gains the bank's scale without being forced into conventional processes.

They grow one product at a time, and watch the results

They begin with the product that matters most this year and prove it. Then they add the next, reusing what is already in place. Expected results are compared with actual performance, so the bank sees early where a product is drifting from plan, and why.

4. What we see in our markets

- **UK and Europe.** Customers want home purchase plans and buy-to-let financing, and expect the experience of the best digital banks. Supervisors focus on customer outcomes, vulnerable customers, operational resilience and exit planning for critical suppliers.
- **Malaysia.** Personal financing is built largely on Tawarruq. Bank Negara Malaysia sets expectations on Shariah governance and technology risk. New digital banks raise the bar on customer experience, and Takaful providers are moving their journeys online.

In both, in our experience, the banks gaining ground make Islamic finance as easy to use as the conventional alternative, and can show their board and supervisor exactly how.

5. Six questions for the executive committee and Shariah board

1. Where does an Islamic customer meet more paperwork or waiting than a conventional one, and how many never apply because of it?
2. Which steps in our Islamic products are carried by people and spreadsheets rather than by our systems?
3. Could our Shariah board see today exactly what is live, with every version and who approved it?
4. Do we see how a new product behaves over its full term, including early settlement and missed payments, before customers do?
5. Does each new Islamic product make the next one cheaper to launch, or more expensive?
6. If we could launch one more Islamic product this year, which would matter most, and what stands in its way?

6. Where Zoral fits

We have built and launched the complete platform for a Shariah-compliant digital bank in South-East Asia, and worked with clients regulated by the FCA in the UK, the CFPB in the US and the central banks of Malaysia and Thailand. That experience shaped how the Zoral Finance Operating System (fOS) handles Islamic products.

Zoral fOS runs the customer and product lifecycle on one platform, alongside the systems the bank keeps, from first contact to final payment. It uses the contract structures the bank's Shariah board approves. It can provide the complete platform for a new Islamic bank or brand, or work alongside an existing bank's core and customer app to add Islamic products. Zoral Document Fabric reads and checks customer documents. It runs in the bank's own AWS or Azure account, or its private cloud, in its region and under its control. References are available in confidence.

About Zoral

Founded in 2004	Over 100 projects delivered	350+ years of combined experience
Clients regulated by the FCA in the UK, the CFPB in the US and the central banks of Malaysia and Thailand	Independently audited under SOC 2, with details on the Zoral Trust Portal	Long-standing relationship with KPMG

- **An independent specialist.** The platform is our own, and the people who built it lead delivery, alongside our clients' advisers, Shariah advisers and systems integrators.
- **Atelier,** Zoral's consulting practice, works with leadership teams on questions like those in section 5.
- **AI for Zoral.** We use AI to help our specialists and our clients' teams design, check and test products faster. AI assists; people approve.

If this reflects what you see in your bank, we would welcome a conversation.

Senior Zoral specialists who have built and run Islamic banking products would be glad to compare notes on the product that matters most to you this year, and what has worked elsewhere.

Book an executive briefing: zorallabs.com/schedule/briefing/

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We would welcome a conversation.

Talk to a senior Zoral team:

zorallabs.com/schedule/briefing/

Zoral Finance Operating System (fOS) · Atelier consulting

Independently audited under SOC 2 · details on the Zoral Trust Portal: trust.zorallabs.com

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