

## Variegated Finance Capital and the Political Economy of Islamic Banking in the Gulf

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### 1. Introduction

From a marginal position in the global economy just two decades ago, the Islamic Finance (IF) industry has expanded significantly over recent years in both size and geographical scope. In 2016, it was estimated that total global Islamic financial assets stood at more than \$2.2 trillion, a figure that had grown by nearly 30% since 2013 (ITR 2017, p. 11). Industry projections predict an even more dramatic rise over the next five years, with global IF assets expected to reach \$3.8 trillion (a 72% increase on 2016) by 2022 (ITR 2017, p.24). This expansion has involved both traditional core zones of IF like the Middle East and South-East Asia, as well as new markets experimenting with forms of Islamic banking and financing for the first time. Multilateral institutions such as the World Bank and IMF have enthusiastically backed this worldwide growth, with recent reports endorsing IF as a means of financing infrastructure and Public Private Partnerships (PPPs), widening financial inclusion, and achieving progress towards the SDGs (IMF 2015; WB 2016, 2017a; ISRA 2018).

Given this growth and geographical diversification, IF provides a useful vantage point for examining variations of global finance in areas outside of the core Western states (Pollard and Samers 2007; Bassens et al 2010). For many regions of the world market, “globalisation and integration within the world economy is increasingly mediated through Islamic forms of economic and political activism” (Bassens et al 2010, p.38), and IF thus offers an opportunity to study the ways that the dynamics of global processes interact with – or are “grafted” onto (Lai et al 2017) – localised particularities. IF represents one form that financial markets may take within the global system, an example of what Peck and Theodore (2007) have described as ‘variegated’ capitalism in other contexts. This does not mean that IF should be approached in an either/or sense vis-à-vis conventional finance; rather, as Fang observes, it is precisely “the conceptual distinctiveness and scope of the Islamic financial endeavour [that] provides us with an opportunity to reassess the evolution of, and variety within, ‘global’ finance” (2011, p.3).

Nonetheless, within the now quite substantial critical literature on IF, there has been surprisingly little reflection on the concrete forms of *class and capital accumulation* that underlie IF institutions in various national contexts. In contrast, this has been a recurring theme within the more general work on contemporary finance, in which scholars have analysed the evolving impact of financial markets on patterns of class power and capital control. One of the arguments presented in this broader literature is that the intensification of financial processes throughout all spheres of society is connected to the growing hegemony of ‘finance capital’, understood as the intertwined centralization and concentration of capital control across a variety of economic activities, institutionalised through a web of interlocked businesses and shareholdings (Chesnais 2016, p.94). While the existing literature on IF provides extremely rich insights into the character of modern IF institutions and their place within the global financial order, the ways in which IF might be connected to such shifting forms of class composition has tended to drop from focus.

This article seeks to address this gap through examining the class relations underlying IF in one of its most active areas: the six Arab states of the Gulf Cooperation Council (GCC)

– Saudi Arabia, Bahrain, Kuwait, Qatar, the United Arab Emirates, and Oman. Recent years have seen a growing volume of critical work on the political economy of the contemporary Gulf, much of which explores the nature of class in these states. One of the themes highlighted in this work is the weight of large, diversified private holding groups that have emerged in close alliance with the state-directed recirculation of hydrocarbon revenues (Kanna 2011; Hanieh 2011, 2018; Hertog et al 2013; Shehabi and Suroor 2015; Ulrichsen 2016). These groups sometimes have their origin in older merchant families or may be controlled by members of the ruling family (in a private capacity); their accumulation spans a variety of economic activities, including, importantly, banking and finance.<sup>1</sup> Largely absent in this existing scholarship, however, are analyses of the specific role played by Islamic financial markets in the composition of Gulf capital. IF tends to be subsumed within more general categories of Gulf capital, blurring the differences between how different fractions of private (and state-owned) capital may relate to the financial circuit. We also need a more precise account of the interaction between Islamic banks and other non-financial economic sectors. While some writers (Bassens et al 2010, 2012; Buckley and Hanieh 2014) have identified the significant connection between Islamic finance and the Gulf's urban development, we lack a detailed empirical investigation that both compares Islamic bank involvement in the Gulf's built environment to that of conventional banking, and which is conceptually framed by finance capital and the broader dynamics of class formation in the Gulf.

Building upon such existing literature, this article highlights the analytical utility of approaching IF as *a site of capital accumulation (and hence class composition) that extends across the entire circuit of capital*, not simply as a distinctive religious, cultural, or supposedly 'ethical' financial form. My core argument is that the expansion of GCC Islamic financial markets reflects the growth of a distinct class-fraction of privately-controlled finance capital in the Gulf, and, in this sense, can be seen as an instantiation of the variegated ways in which finance capital might exist throughout the world market. The specificity of this process in the Gulf involves a set of privately-controlled conglomerates whose interests are uniquely interlocked with the ownership of Islamic banks and other IF institutions, but extend beyond these to a range of other sectors – most prominently those connected to the transformation of the built environment (such as real estate development and construction).

In developing this argument, the article draws upon a study of the financial reports (in both Arabic and English) for over 150 Islamic and conventional banks in the GCC, as well as detailed examination of their ownership structures, subsidiaries, and linkages with other major economic institutions. An initial outline of these ownership structures was compiled through the Bankscope database, which contains information on share holdings and bank subsidiaries in the Gulf. Mapping of the ownership linkages spanning different economic sectors was extended through data obtained from regional stock exchanges and the company reports of major non-banking firms. This analysis has been complemented through fieldwork and interviews with industry specialists in the core financial centers of the UAE, Qatar, London, and Saudi Arabia. Such fieldwork not only provided insights into the concrete state initiatives that have underpinned the growth of IF in the Gulf, but also highlighted how IF is perceived by its practitioners, including lenders and borrowers.

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<sup>1</sup> The other side to class relations in the Gulf is the region's overwhelming dependence on a large, migrant workforce lacking citizenship and political rights. It is beyond the scope of this paper to deal with this feature of class composition in the Gulf – but it should be remembered that the heavy role of construction and real estate activity in the narrative that follows is fully reliant on the presence (and precarity) of these workers.

Given the importance of legal and regulatory change to the development of IF, these interviews also incorporated lawyers and consultants working for foreign and domestic firms in the Gulf.

Following a literature review that situates Islamic finance in the wider debates around contemporary finance, I turn to an examination of the Gulf's Islamic banking system, where I trace some of the differences in how Islamic and conventional banks are connected to private capital in the GCC, and then discuss the specific characteristics and patterns of accumulation for the key corporate groups involved in Gulf IF today. Naturally, given the scope of this endeavor, this analysis does not cover all aspects of IF in the Gulf – notably absent are the emerging sectors of Islamic insurance, philanthropy, tourism, and Islamic products such as *halal* food. Differences are also evident across the GCC; while I attempt to capture some of this variation, much of the analysis necessarily focuses on core financial centres in the Gulf, such as Saudi Arabia and the UAE. Moreover, it is impossible to fully speak to the global expansion of Gulf IF, an issue that carries important implications for the Gulf's future international relations. Nonetheless, despite these limitations, the dynamics analysed below confirm how IF represents an important site of accumulation for finance capital in the Gulf; not in a manner counterposed or inimical to conventional financial markets, but rather as an additional and complementary strategy – an opportunity to leverage a perceived 'religious comparative advantage' in ways propitious to Gulf capitalism as a whole.

## 2. Financialised Capitalism and Islamic Finance

Over the last two decades, discussions over the nature of finance and its effects on everyday life have formed a major theme within political economy debates. At one level, this interest reflects the seemingly unrelenting growth in the size of the financial sector, which tripled relative to global GDP between 1980 and 2007, and has continued to grow apace despite the 2008-2009 economic crisis (Palma 2009; FSB 2018). This ascendancy of finance is often described by the term *financialisation*: the emergence of financial imperatives over every aspect of life, imposing new patterns of behaviour on all social and economic actors (Stockhammer 2004, Epstein 2005, Langley 2008; Krige 2014). At the same time, concern with 'finance' as an analytical category also relates to long-standing debates over how to periodise capitalism as a system that is both historically-constituted and place-specific, yet marked by common forms of accumulation and class relations (Aglietta and Breton 2001; Arrighi and Moore 2001; Lapavistas 2009; Dumenil and Levy 2011). From this perspective, the overwhelming reach of financial markets, institutions, and processes has been widely viewed as a marker of the neoliberal phase of capitalism – a 'finance-led' capitalism that "influences, shapes, and imparts a certain social logic on all collective and individual agencies" (Marois 2011, p. 171).

In analysing changes to the form and function of financial markets, many scholars have highlighted how the control over finance ultimately needs to be understood through its role in the realignment of class relations, in which the power of the dominant fraction of capitalist owners and large financial institutions is expressed in new and diverse forms (Marois 2011; Dumenil and Levy 2011; Albo 2010).<sup>2</sup> In this sense, the growing hegemony of finance holds critical implications for the nature of class and ownership structures, and

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<sup>2</sup> Some authors have stressed the rise of new rentier classes connected to rent extraction from bank lending and financial dealing; others ascribe financialization to processes of monopolisation, or falling profitability rates and overaccumulation in sectors productive of value. It is beyond the scope of this paper to fully discuss these debates (see Powell 2018 for a survey).

is closely connected to the strengthening of specific class fractions and a shifting balance of power within (and between) classes. There is a significant body of work that explores this reconfiguration of class power in different national (and transnational) contexts, and across a variety of economic sectors (see Chesnais 2016 for survey). These studies have necessitated a careful examination of the relationships between financial firms and other economic activities, underscoring the distinct ways in which the control over capital may be articulated within a variety of institutional and corporate forms.

Research on these various aspects of financialised capitalism has grown considerably since the 2008-2009 global economic crash, and now encompasses a range of countries outside of the traditional core states of global finance (Powell 2018). As part of this geographical diversification, numerous studies have built upon the idea of variegated finance, which – taking cue from Peck and Theodore’s (2007) notion of ‘variegated capitalism’ – emphasises the “*layered and hybrid* forms of capitalist variation in geographically and historically contingent sets of circumstances” (Lai and Daniels 2017, p.222), where the “specific forms taken by financialisation vary according to historical, institutional and political relations and norms” (Powell 2018, p.5). Most significant to this variegation – and an important emphasis of the argument that follows – is the active role of the state in determining the conditions and possibilities of financialisation (Rethel 2010; Dixon 2011; Marois 2012; Lai and Daniels 2017). In this sense, rather than a process marked by the ‘retreat’ or ‘withdrawal’ of the state, the forms taken by financial markets are profoundly shaped by how the state “mobilizes institutions and firms to adopt and enact financialization scripts for political-economic purposes” (Lai and Daniels 2017, p.225). The growing dominance of financial markets may well be a tendential dynamic inscribed in *all* states, yet it is simultaneously a process that “is not only mediated by, but deeply embedded in local structures and embodied in local institutions” (Rethel 2010; p.503).

From this perspective, Islamic Finance presents a particularly fruitful lens through which to examine the variegated nature of global finance. The very disavowal of interest-bearing instruments upheld by Islamic financial institutions seems to contradict many of the core trends within contemporary financial markets, perhaps most notably, “the quantitative expansion of interest-bearing capital and its extension across the economy” (Fine 2010, p. 113). Indeed, given the distinctiveness of IF vis-à-vis conventional financial instruments, a dominant trend within the IF literature has sought to posit IF as an ‘ethical alternative’ to mainstream finance, through which a socially-conscious investment strategy is pined with the religiously permissible goal of making money (Agha 2009; Ayub 2007; Abdullah and Chee 2010). Although critical scholars of IF have disputed these laudatory perspectives and convincingly demonstrated the compatibility of IF with conventional finance (Hammoudi 2008; Chong and Liu 2009), IF does provide a case where the variegated component of finance appears to be radically distinct from conventional practices; a form of finance that looks – at least on surface appearances – to represent a qualitatively different kind of financial and banking system. IF thus provides a fertile opportunity to examine how the dominant patterns of finance at a global level interact with – and come to settle – in their local particularities.

Along these lines, recent work has sought to posit IF as a distinctive part of the development of international markets, and yet simultaneously explore how the core features of IF have been shaped through their deep linkages to global finance. Lai et al (2017), for example, examine the development of Islamic debt instruments (*sukuk*) as an illustration of variegated finance, demonstrating that financialisation should not be viewed as a simple one-way imposition of dominant financial models diffusing outwards from

core states, but rather as a contested, dynamic, and iterative mingling with local ideas – a process they term as ‘grafting’. Similarly, other literature explores how various dimensions of finance-led accumulation manifest themselves in the presence of IF institutions – such as the inculcation of neoliberal subjectivity in Malaysia and Indonesia (Rudnycky 2009); the place of IF within regulatory arrangements encouraging ‘roll-forward neoliberalization’ in the US and UK (Samers 2014); the weight of large financial institutions (such as Citibank, HSBC, and Deutsche Bank), as well as international ratings agencies (Standard & Poors, Moodys), in providing the legitimation and knowledge base for the development of IF within the international financial system (Rethel 2011; Fang 2014); and the forms of governance – most notably the role of Shari’a scholars – that have emerged around IF to “bridge and meld diverse legal and religious codes” (Pollard and Samers 2013, p.722; Bassens et al 2012). All of this literature underlines an essential methodological point: IF needs to be understood as an internal-relation within a broader totality, a form of finance that expresses the variegated nature of financialised capitalism across different spatial areas. IF does not stand *outside* global processes – rather, it can be seen as part of capitalism’s concrete forms of appearance; one that acts mainly to “reproduce, to legitimize, and thus to further entrench current financial structures” (Rethel 2011, p.89).

This work on IF has made considerable contributions to our understanding of contemporary finance and its differentiated patterning across the globe, yet several issues remain underexplored. Most importantly, there has been very little work that investigates how the ownership of Islamic financial institutions might sit within the wider control of capital and the constellation of class power. With the partial exception of some work on Turkey’s so-called ‘Islamic capital’ and its relationship to the rise of the AKP (Balkan et al 2015) – which, however, typically does not engage with specificities of Islamic finance or the wider IF literature – we lack a thorough account of the underlying class forces that mark IF institutions in specific national contexts. This lack of attention to the class dynamics associated with IF is a major gap that can reinforce the emphasis on essentialist or culturalist interpretations found within much of the dominant, industry-linked literature. Such questions should also be a matter of considerable interest to the broader field of political economy, particularly given the increasingly prominent role played by states with large IF sectors on the global stage.

These class dynamics of IF are approached below through the category of ‘finance capital’, a concept most thoroughly developed in Marxian debates on class and contemporary finance (Overbeek 1982; Harvey 1982; Krippner 2005; Serfati 2009, 2011; Lapavitsas 2009; Marois 2012; Chesnais 2016). Although the term originates in the classic work of Rudolf Hilferding (1910) – who famously suggested the domination of banks over industry as a defining and universal feature of advanced capitalism – recent theorisations of finance capital have moved away from positing any sharp conceptual division between banking and non-banking activities. Instead of a “purely sectoral” approach (Krippner 2005, p.205), contemporary notions of finance capital convey the increasingly integrated and monopolised control over different circuits of capital, through which capitalist power is exerted across a variety of economic activities (financial and non-financial alike) (Serfati 2011; Marois 2012). David Harvey has termed this a “process view of finance capital” (1982, p.283), which directs our attention to the ways that money, productive, and commercial circuits are tendentially combined and unified within closely linked ownership structures – the precise institutional forms of which vary depending upon historical,

geographical, and institutional contexts.<sup>3</sup> Understood in this sense, the notion of finance capital represents much more than a simple synonym for banks or a catch-all term for ‘finance’.

In what follows, I seek to show that IF in the Gulf can be understood as a particular and distinctive instantiation of finance capital at the global scale. A central aspect to this analysis will naturally be an investigation into the ownership and control of Islamic banks, and, in a related sense, how the relationship of Islamic banks to capital accumulation might (if at all) diverge from patterns found in the conventional banking sector. Rather strikingly, however – given the fact that Islamic banking constitutes the largest part of Islamic financial markets today – this question has been a relatively understudied area of the critical IF literature, which has instead tended to focus on Islamic debt instruments (*sukuk*), or the ways that the institutional forms of Islamic financial governance have developed alongside global financial imperatives. While there are several studies that analyze the nature of banking in countries with significant Islamic systems (Erturk 2003; Rethel 2010; Marois 2011, 2012; Hanieh 2016), these do not explore the distinctiveness of Islamic banks within broader trajectories of capitalist class power. This lacuna also has a further regional dimension reflected in the wider literature – GCC banks have been notably absent in larger comparative surveys of financialisation and financial market development (Tori and Onaran 2017; Karwowski and Stockhammer 2017; Brown et al 2017).

Crucially, however, this positioning of IF as a form of finance capital also needs to consider the relationship between Islamic banks and other economic sectors. In this respect, there is a marked tendency within much of the writing on IF to cleave Islamic financial markets and institutions away from the wider circuit of capital, and consider IF in its purely *financial* dimensions, conceptually distinct from other moments of accumulation. Pointedly, this feature of the IF literature stands in contrast with one of the actual core claims of Islamic jurisprudence, which, as Rethel notes, embraces “the mutually constitutive roles of the financial and the productive dimensions of the economy. ... [where] the primary purpose of finance is seen as serving the needs of the latter” (Rethel 2017, p.564). Approaching IF through the lens of finance capital helps us unpack the full implications of this contention, and necessitates an investigation of the linkages that exist between Islamic financial activities – such as banking – and other economic activities.

GCC Islamic finance provides an ideal case through which to address these various gaps. Not only are GCC Islamic banks and other institutions among the largest and most influential of their kind in the world, the weight of IF in the Gulf is growing significantly and is explicitly projected in national plans and ‘Vision’ documents as a key priority of future development policies. As a consequence, financial markets in the Gulf are closely interwoven with the accumulation of Islamic banks, the influence of which extends across a wide range of economic activities. Gulf governments also highlight Islamic finance as an essential strategic element to the region’s evolving linkages with other international markets (particularly across South-East Asia, the Middle East, and Africa). In this manner, IF in the Gulf not only provides illuminating insights into the variegated nature of financialised capitalism outside of the core, but also holds important implications for the future patterning of South-South relations.

### 3. GCC Finance Capital and Islamic Banks

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<sup>3</sup> Krippner (2015), for example, discusses this in relation to the US; Chesnais (2016) for US, Britain, France, Germany; Serfati (2011) analyzes transnational corporations through the lens of finance capital.

Islamic banking services in the GCC are offered by both conventional and fully-fledged Islamic banks via two different institutional routes. On the conventional side, standard commercial banks operate Islamic ‘windows’ through which Sharia-compliant options are provided by dedicated units that are treated (for accounting purposes) as separate from interest-bearing accounts.<sup>4</sup> Alongside these conventional banks are the standalone or wholly-Islamic Banks, which specialise solely in Sharia-compliant financing. The world’s first modern Islamic bank, the Dubai Islamic Bank, was established in the UAE in 1975, and since that time, a further 53 Islamic banks have been set up across the GCC. Today, Islamic Banks make up around one-third of all active banks in the GCC. The largest of these wholly-Islamic banks rank among the biggest of *all* banks in their respective countries: in Saudi Arabia, Kuwait, and Qatar, for example, Islamic banks hold second place within each country’s banking sector (according to asset size). Moreover, the weight of such banks appears to be increasing, as a growing number of conventional banks have decided to transform themselves into wholly-Islamic banks (the latest being Saudi Arabia’s largest bank, the National Commercial Bank, which has pledged to convert itself into an Islamic institution by 2020 (Rashad 2014)).

Although the number (and size) of conventional banks remains larger than Islamic banks, the Sharia-compliant sector is growing at a rapid rate. Between 2011 and 2017, the total value of assets held by GCC Islamic banks grew by 90% compared to 65% in the conventional sector.<sup>5</sup> Growth has been fastest in Saudi Arabia – the largest and most important banking market in the Middle East – where Islamic banking assets passed the 50% mark for the first time ever in 2014 and now stand at 54%, up from 43% in 2011. Likewise, a sizeable proportion of total bank assets are Islamic across Kuwait (43%, unchanged from 2011), Qatar (27% up from 23%), the UAE (24% up from 18%), and Bahrain (29%) (ITR 2017). The one apparent exception to this pan-GCC trend of banking Islamisation is Oman, where the number of Islamic banks and the share of Islamic banking assets remains tiny (3%) compared to other GCC states; in 2014, however, the Omani government announced a series of strategic measures aimed at encouraging the development of Islamic banking, including regulations around the licensing of Islamic banks and Islamic insurers, plans for the Sultanate’s first sovereign *sukuk* issuance, and specialised training courses for banking professionals. In 2016, as a result of such measures, the country registered the second fastest growing Islamic banking market in the world (ITR 2017, p.33).

As with financial systems found in other parts of the world, both conventional and Islamic banks in the GCC play a very prominent role in mediating the control and ownership of capital across different economic sectors (Hanieh 2016). Nonetheless, there exist significant differences in the ways that these two banking systems sit in relation to private capital in the Gulf. In this respect, Figure 1 displays the average share of state and foreign (non-GCC) ownership found across both conventional and Islamic GCC banks. For GCC conventional banks, the average share of state/foreign ownership reaches 47%, ranging from 26% in Kuwait to 56% in the UAE. All individual GCC countries record levels

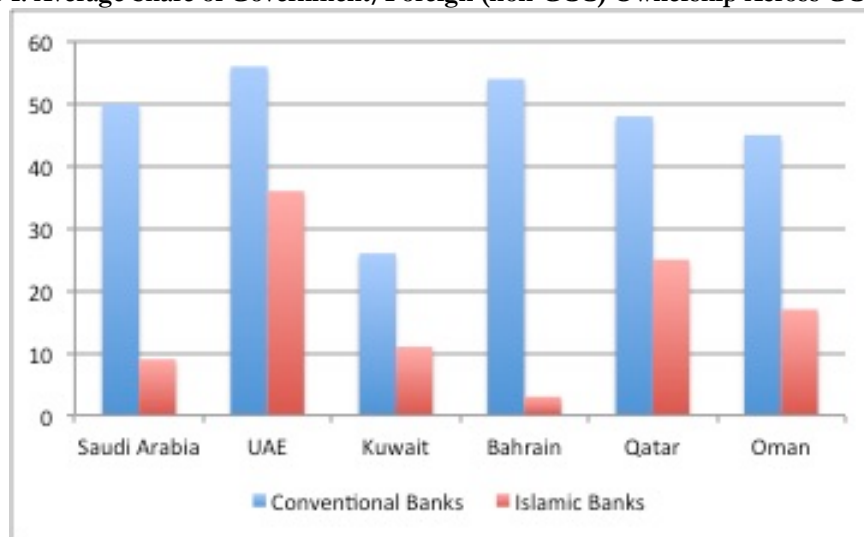
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<sup>4</sup> The only exception to this is Qatar, where legislation passed in 2011 mandated the complete separation of Islamic and conventional banking activity. According to an interview with a Gulf-based banker in Doha in December 2017, the reason for this decision stemmed from an opinion that conventional banking assets might violate Islamic law due to the difficulties of separating account sources; as well as an attempt by Qatari authorities to strengthen the Islamic banking sector.

<sup>5</sup> Author calculations, Bankscope Database.

greater than 45% (with the exception of Kuwait<sup>6</sup>). Most of this ownership is held by Gulf governments, exercised through various state-owned investment vehicles and Sovereign Wealth Funds – levels of foreign ownership in the conventional bank sector are relatively small, particularly when compared to other countries in the Middle East (although there are a few examples of joint ventures with foreign banks, notably in Saudi Arabia). In contrast to conventional banks, the Islamic banking sector demonstrates considerably lower levels of state or foreign ownership – ranging from only 3% in Bahrain to 36% in the UAE, with an average of 18% found across the GCC.

**Figure 1: Average Share of Government/Foreign (non-GCC) Ownership Across GCC Banks**



Source: Bankscope database, author calculations.

These patterns should not be taken to imply that private Gulf capital is not present at all in the ownership structures of conventional banks. Very few Gulf banks are fully state-owned and almost all Gulf banks are listed on GCC stock exchanges; the public listing of these banks provides a route through which private capital can invest in conventional banks. But the presence of private capital in conventional banks is typically marked by considerably smaller levels of share ownership than Islamic banks, and usually lacks any effective control. Indeed, the critical differences in banking control are illustrated by those banks that have an Ultimate Controlling Owner (UCO) – defined as a shareholder that exercises effective control over the firm (Caprio et al 2007). Data on UCOs is available from the Bankscope database and reveals significant disparities in the nature of control between the two banking sectors. Of the 42 conventional GCC banks that have a UCO, only 5 (12%) are controlled by a private Gulf capital group. Conversely, 13 of the 28 Islamic Banks with a UCO are privately controlled (46%). These patterns become particularly stark when we examine the dominant banks in both sectors. For conventional banks, 8 out of the 10 largest banking institutions (by assets) have a UCO that is either a government or a foreign (non-GCC) entity – this figure compares to only 1 out of the top 10 Islamic banks.

Such figures confirm that the Islamic banking system constitutes one of the principal routes through which privately-controlled capital interacts with the financial circuit in the Gulf. Given this critical relationship, what does a closer examination of the ownership

<sup>6</sup> The Kuwaiti exception is partly explained by the fact that the Kuwaiti merchant class was historically more independent from the ruling family, and thus had a greater initial presence in commercial banking (Crystal 1997).



structures of Islamic banks reveal? Table 1 provides further details on the most prominent privately-run business groups involved in Islamic finance, their linkages to the top twenty wholly-Islamic banks in the GCC, and some of the other economic activities that they are engaged in. The groups shown are among the largest and most powerful corporate entities in the GCC, and the names of their controlling owners regularly appear on various ‘rich lists’ issued by Forbes and other business publications. Often these groups can trace their origins to merchant and other economic activities during earlier periods of state formation. In a few cases (shown italicised), these groups are privately controlled by individuals belonging to the ruling family.

**Table 1: Major IF-Related Business Groups in the GCC**

<b>Business Group</b>	<b>Islamic Finance Activities</b>	<b>Other Principal Activities</b>
Al Rajhi (Saudi Arabia)	Al Rajhi Bank (founder and major shareholder) Al Baraka Bank (shareholder) Bank Al Bilad (owns more than 20% of shares) Jadwa Investment (founding partner) Al Bilad Capital (BoD) Al Rajhi Capital (controlling owners) Al Rajhi Cooperative Insurance	Construction, real estate, steel production, cement, petrochemicals, agribusiness, power, energy and water.
Tamdeen Group (Kuwait)	Kuwait Finance House (Chair and shareholder) Ahli United Bank (shareholder)	Real estate, cinemas, shopping centre and malls, printing.
Lootah family (UAE)	Dubai Islamic Bank (largest private shareholder)	Real estate, construction, cement, building materials, food production, engineering, education, tourism and hotels.
<i>Ezdan Holding (Qatar)</i>	Qatar Islamic Bank (largest private shareholder) Masraf Al Rayan (largest private shareholder) Qatar International Islamic Bank (largest private shareholder) Qatar Islamic Insurance	Real estate, engineering, contracting, cement, shipping and logistics, newspapers, hospitals, hotels and malls.
<i>Emirates International Investment (UAE)</i>	Abu Dhabi Islamic Bank (largest shareholders)	Real estate, hotel operation, schooling, agribusiness, manufacture of building materials, trading and retail
Zamil Group (Saudi Arabia)	Alinma Bank (chair and largest private shareholder) Ithmar Holding (BoD and shareholder) Bank Albilad (BoD) Jadwa Investments (Chair of BoD, founding partner) Fajr Capital (Chair of BoD)	Real estate, construction, steel, glass, plastics and aluminium production; petrochemicals; food manufacturing; building materials; travel and tourism.
Al Baraka Group (Saudi Arabia/Bahrain)	Al Baraka Bank (controlling shareholder) Al Baraka Islamic Bank (controlling shareholder) Bank AlJazira (Shareholder) Itqan Capital (controlling owners)	Real estate; tourism; health care; private universities; building materials; chemicals; food production; media; transportation; telecom.
KAMCO Group (Saudi Arabia)	Bank AlJazira (BoD and shareholder)	Real estate, engineering, construction, labour-hire, cement, petrochemicals, shipping.
Serafi family (Saudi Arabia)	Bank AlBilad (BoD and shareholder)	Real estate, engineering, travel and tourism
Al-Subeaei Group (Saudi Arabia)	Bank Albilad (deputy chair and owns more than 30%) Jadwa Investment (vice-chair of BoD, founding partner) Fajr Capital (major shareholder and 2 BoD)	Real estate, agribusiness, building and construction materials, education, power and water, hotels, textiles
<i>Noor Investment Group (UAE)</i>	Noor Bank (chair and 25% shareholding)	Real estate; hotels; media; healthcare; telecommunications
Bukhamseen Group (Kuwait)	Kuwait International Bank (chair and 2 other BoD, largest shareholder) Qatar First Investment Bank (BoD and shareholder) Warba Insurance	Real estate, engineering; steel and aluminium production; beverages; retail; hotels; restaurants and cafes; travel and tourism; newspapers; energy, oil and gas contracting; education; insurance
AlJomaih Holding (Saudi Arabia)	Arcapita (30% shareholding and chair) Qatar First Investment Bank (BoD and shareholder)	Real estate, automobiles; construction equipment; telecommunications; food and beverages; energy and gas
AlSayer Group (Kuwait)	Warba Bank (largest private shareholder)	Automobiles; engineering; healthcare; animal feed; advertising; insurance; real estate
Shelash family (Saudi Arabia)	Bank AlKhair (founder and largest shareholder) AlKhair Capital (BoD)	Real estate; construction

Source: Compiled by author from company annual reports and websites; stock exchange data; fieldwork interviews.

In looking more closely at these groups and their relationship to Islamic finance, there are several key features that emerge. To begin with, for all the groups listed, linkages to the banking sector take place *exclusively* through Sharia-compliant institutions, and are marked by a complex and varied range of ownership structures. In some cases, Islamic banks sit as subsidiaries or associates within a larger holding company, controlled by an intergenerational board made up of family members that lead each of these groups. In these instances, Islamic finance has usually been very closely connected with the actual emergence of these groups, and remains a major part of their day-to-day business operations (e.g. Al Rajhi). In other cases, the relationship between the bank and the conglomerate may be expressed through significant minority investments and the holding of senior positions in the bank management structure (e.g. Zamil/Bank Albilad, Al Jomaih/Qatar First Investment Bank). Despite this institutional variation in bank ownership, however, all conglomerates are distinguished from other sections of GCC private capital through their primary engagement with Islamic banks rather than conventional banking – in this sense, these groups can be understood as an Islamic-oriented fraction of the Gulf's capitalist class.

Moreover, in addition to banking, these groups are also involved in other types of Islamic finance firms (second column). Most prominent amongst these are Sharia-compliant private equity and asset management companies, which act to pool the wealth of high net worth individuals, and redirect this into other investments across the Gulf (and globally). The emergence of these types of firms is a relatively new phenomenon in the Gulf, and – as with Islamic banks – they are overwhelmingly controlled by the groups shown in the table. Sometimes these firms exist as bank subsidiaries that were established expressly for the purposes of asset management, investment, and other financial advisory services (e.g. Al Rajhi Capital and AlBilad Capital). In other cases, newer standalone firms have been set up that are joint ventures of the groups shown (e.g. Itqan Capital, Jadwa Investments and Fajr Capital). All of these firms typically offer mutual funds that invest in domestic and other GCC equity markets, often targeting companies within the same group structure and thereby strengthening interdependencies between IF institutions and other group-related firms.<sup>7</sup> Indeed, in a few cases, conglomerates have partially shifted ownership of their own subsidiaries across to these investment firms.<sup>8</sup> Perhaps most significantly, these new investment firms have become a means for expanding accumulation across new geographies and sectors; Fajr Capital, for example, holds a major stake in Bank Islam Brunei Darussalam (the largest bank in Brunei), as well as GEMS Education (the world's largest provider of K-12 private education), and major private infrastructure projects across Egypt, Oman, and Saudi Arabia.

The table also indicates the extensive engagement of these IF-linked groups in a wide range of non-banking activities that stretch across the entire circuit of capital (third column). Looking more closely at these activities, Table 2 presents further details on fifty subsidiaries and affiliates of the groups shown in Table 1. Although this represents a very small sample of the thousands of firms owned by the groups listed above, the table nonetheless confirms the powerful influence of IF-linked capital over numerous non-bank sectors in the Gulf. The subsidiaries and affiliates of these groups rank among the largest

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<sup>7</sup> Al Bilad Capital, for example, reports that its Amwal Fund had at least 75% of its investments directed to the banks listed in Table 2 as of end-2017. Similarly, the firm's real estate fund was predominantly focused on companies owned by the conglomerates shown in the table (including those owned by AlBilad Bank's shareholders).

<sup>8</sup> Jadwa Investment, for example, recently acquired a 49% stake in Al Zamil Company for Industry, Trade, & Transport (part of the Zamil Group).

producers of essential commodities (steel, aluminium, cement, petrochemicals, food, and so forth); are major providers of services and utilities (health care, education, energy, and logistics); and have widespread involvement in retail, commerce, entertainment, and media. Once again, the relationships between the groups and these non-bank companies are marked by a large variety of corporate forms, including closed-stock or publically-listed firms, fully-controlled subsidiaries, and partly-owned associates. Investment in these related companies is sometimes held indirectly through Islamic banks; in other instances, these non-bank firms will actually hold part of the conglomerate's share of the Islamic bank itself<sup>9</sup>.

**Table 2: Major Subsidiaries and Affiliates of IF Groups**

Sector	Company (related Group ownership)	Description
<b>Industry, Manufacturing, and Agribusiness</b>	Saudi Cement Co (Rajhi)	Largest GCC cement company
	Al Rajhi Steel (Rajhi)	Second largest steel company in Saudi Arabia
	Al Watania Poultry (Rajhi)	Largest poultry producers in the Middle East
	NADEC (Rajhi)	Third largest dairy company in Saudi Arabia
	Zamil Industrial Investment (Zamil)	Third largest listed industrial company in GCC
	Zamil Air Conditioners (Zamil)	Largest suppliers of air conditioners in Middle East
	Al Jomaih Bottling (Jomaih)	Exclusive manufacturer and distributor of Pepsi-Cola in Saudi Arabia
	AJ Pharma (Jomaih)	Pharmaceuticals and vaccine production in Malaysia
	SIPCHEM (Zamil), Sahara (Zamil), Advanced Petrochemicals (KAMCO), Gulf Farabi Petrochemicals (Rajhi)	Major petrochemical firms in Saudi Arabia
	Al Islami Foods (Lootah)	Second largest distributor of frozen meat in UAE
	Kuwait Animal Feed Factory (Al-Sayer)	Largest animal feed producers in Kuwait
	Al Rabie Saudi Foods (Al Baraka)	Largest juice producer in Middle East
	National Aquaculture Group (Al-Subeaci)	One of the largest shrimp farms in the world
<b>Services &amp; Utilities</b>	Al Mouwaset Medical Services Co. (Al-Subeaci)	Largest listed healthcare firm in the GCC
	Dallah Healthcare (Al Baraka)	Second largest listed healthcare firm in GCC
	Medicare Group (Ezdan)	Largest healthcare firm in Qatar
	Dubai Pharmacy College (Lootah)	First pharmacy college in Dubai
	Dubai Medical College (Lootah)	First medical college in Dubai
	Mobily (Jomaih)	Second largest mobile phone operator in Saudi Arabia
	Al Jazeera Support Services (KAMCO)	Leading labour hire firm in Saudi Arabia
	National Shipping Company (KAMCO)	Largest owner of oil tankers in the world
	Lootah BCGas (Lootah)	Urban gas distribution networks in UAE and Tanzania
	K-Electric (Jomaih)	Pakistan's largest integrated power utility
	SK Hydro Consortium (Jomaih)	Hydropower project in Pakistan
	ACWA Power (Rajhi)	Largest private sector water and power company in Saudi Arabia
	Zamil Offshore (Zamil)	Largest offshore marine service fleet in the Middle East
<b>Real Estate</b>	Jabal Omar Development Company (Serafi; Al Baraka)	Largest real estate developer in Saudi Arabia
	Makkah Construction and Development (Serafi)	Second largest real estate developer in Saudi Arabia
	Dar Al-Arkan (Shelash)	Third largest real estate developer in Saudi Arabia
	Taiba Holdings (Serafi)	Fifth largest real estate developer in Saudi Arabia
	Tamdeen Real Estate (Tamdeen)	Fourth largest real estate developer in Kuwait
	Ezdan Real Estate (Ezdan)	Largest real estate developer in Qatar
	Zamil Real Estate (Zamil)	Major developer of residential compounds in Saudi Arabia
	Dur Hospitality (Subaeie)	Franchisee of Intercontinental Hotels in Saudi Arabia
<b>Retail &amp; Commerce</b>	Al Houda Hotels and Tourism Company (Bukhamseen)	Franchisee of Intercontinental Hotels in Kuwait
	Tamdeen Shopping Centres (Tamdeen)	Largest shopping centre in southern Kuwait
	Ezdan Malls Company (Ezdan)	Three large malls in Qatar
	Al Sayer Toyota (Al-Sayer)	Franchise holders of Toyota in Kuwait
	Al Sayer Soft Drinks (Al-Sayer)	Leading soft drink distributor in Kuwait
Al Sayer Medical Services (Al-Sayer)	Leading medical equipment importer and distributor in Kuwait	

<sup>9</sup> For example, Bukhamseen's 35% share of Kuwait International Bank is partly held through one of its hotel subsidiaries.

	Godiva Chocolates (Al Baraka)	Exclusive distributor across the Middle East, North Africa, Turkey, India and Pakistan
	The National Arab Company for Restaurants Management (Bukhamseen)	Operates 26 restaurants across Kuwait
	Al Jomaih Automobiles (Jomaih)	Largest agent of GM cars in Middle East
<b>Media and Entertainment</b>	Kuwait National Cinemas Company (Bukhamseen)	Largest cinema company in Kuwait
	Arab Radio and Television (Al Baraka)	Satellite channel with largest movie library in the Arab world
	Al Barakah Media Group (Bukhamseen)	Two daily Kuwaiti newspapers
	Al Sharq and The Peninsula (Ezdan)	Two daily Qatari newspapers

Source: Compiled by author from company annual reports and websites; stock exchange data; fieldwork interviews.

All of these patterns indicate that the groups dominating the IF sector cannot be seen simply as banking conglomerates. While Islamic banking is central to what they do, the accumulation of these conglomerates straddles a wide range of other financial, productive, and commercial activities, with ownership and control articulated through the varied institutional arrangements found within their structures. In such a manner, these conglomerates act to consolidate the control of capital across different moments of circulation and thus closely resemble forms of finance capital encountered in other geographical contexts. There is, however, one additional specificity of Gulf finance capital that brings out both the distinctive character of this class-fraction and the importance of its linkages with the Islamic banking system: the extremely close imbrication of IF with the Gulf real estate sector.

#### 4. GCC Islamic Finance and the Built Environment

Scholars working on financialization and finance capital have long-noted the deep entwinement of financial markets with processes of urbanisation and real estate development (Aalbers 2008, Boyer, 2000; Gotham, 2009; Christophers, 2011). As with many physical commodities, land and other elements of the built environment have come to be treated as liquid, financial assets rather than as simple use values (Haila 1988, Harvey 1982, Coakley 1994). Financial markets play a pivotal role in this ‘liquification’ of real estate through directing the circulation of surplus capital into the built environment (Harvey 1982) and enabling the securitisation of rent and mortgage income streams from households as financial instruments that can be bought and sold on stock markets (Gotham 2006). This ‘property-finance nexus’ (Buckley and Hanieh 2014) holds critical implications not only for the forms and intensity of urbanisation, but is also closely related to the permeation of financial processes into everyday life, with real estate becoming a major source of collateral underpinning rising household debt, and households devoting a growing proportion of their income to mortgage repayments (Dos Santos 2009; Lapavistas and Powell 2013; Fernandez and Aalbers 2016).

In this context, a revealing feature of all the major finance capital groups listed above is their heavy involvement in real estate development and other activities related to the transformation of the built environment – a characteristic noted in earlier work on IF in the Gulf (Bassens et al 2010, 2012; Buckley and Hanieh 2014). Each of the groups control multiple firms engaged in the development of new cities, towns, and tourist resorts; construction and contracting; the supply and production of building materials (steel, cement, aluminium); and the management and sale of residential and commercial facilities. For such real estate related activities, firms controlled by these conglomerates rank among the largest of their type in the Gulf. Indeed, an examination of the 50 largest real estate firms on GCC stock markets (by market capitalization), shows that just under half (44%)

are owned by IF conglomerates (either directly or through their related Islamic banks).<sup>10</sup> This includes the three largest developers in Saudi Arabia; the largest developers in Qatar, Abu Dhabi, and Bahrain; three out of the top five developers in Kuwait; and the fifth largest developer in Dubai. Moreover, most other developers listed on GCC stock markets are effectively controlled by state or quasi-state entities – if we exclude such state-controlled firms from our analysis, then IF-linked developers make up a remarkable 80% of the total market capitalisation in the real estate sector across the entire GCC.

Such figures confirm Buckley and Hanieh's (2014) observation that Islamic banks and financial institutions are becoming "implicated ... more deeply in the process of [GCC] real estate investment and development" (p.170). Of course this should not be taken to mean that conventional GCC banks are absent from the production and commodification of the built environment through their own subsidiaries and property investments – but there is a stark contrast in how closely Islamic banks are tied to real estate compared to their conventional peers. According to information available from the Bankscope database, there are 655 subsidiaries that are majority-owned by either GCC conventional or Islamic banks (i.e. where the bank owns more than a 50% stake in the firm). Out of this total figure, 122 bank subsidiaries are real estate firms, with 97 (83%) of these controlled by IF institutions compared to just 25 (17%) that are held by conventional banks.<sup>11</sup> Moreover, not only do Islamic banks control a much larger absolute number of real estate subsidiaries than conventional banks, such firms also make up a considerably higher proportion of their total subsidiaries (25% of IB subsidiaries compared to 10% for CB). Through such subsidiaries, Islamic banks and their associated finance capital groups have become principal actors in the transformation of the Gulf's urban space.

In the course of my fieldwork in the Gulf, several IF industry specialists emphasised the over-riding importance of government policies in enabling this close convergence between Islamic banking and the real estate sector. At a purely technical level, Islamic banks are formally banned from making money through standard interest-based arrangements; instead of normal mortgage structures, they purchase property on behalf of borrowers, and then enter into agreements to slowly transfer ownership rights over a period of time (with an additional 'administrative cost' built into the borrower's payments that is functionally equivalent to interest). This provides strong impetus for Islamic banks to build up their stock of property assets, including through their own building activities.<sup>12</sup> But underpinning such processes have been a wide-ranging series of state initiatives that set the regulatory framework for Islamic mortgage instruments and encouraged households to borrow from banks on a Sharia-compliant basis. In Saudi Arabia, for example, these initiatives included new laws introduced in 2012 that sanctioned mortgage lending (from a religious perspective), allowed specialised financing companies to lend to households (but only if they were Sharia-compliant), and also legalised the direct ownership and development of property by banks. At the same time, the Saudi government massively expanded various schemes providing subsidised loans to low-income households for the purposes of housing<sup>13</sup> – all of these schemes operated on Islamic lending principles and were primarily implemented through the country's Islamic banks. As an employee of Saudi

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<sup>10</sup> Author calculation from GCC stock market data.

<sup>11</sup> Calculated by author through an analysis of the subsidiary information available from Bankscope for all GCC Islamic and conventional banks. Majority ownership is defined as owning 50% or more of the firm's shares.

<sup>12</sup> Interview with lawyer for GCC-based construction firm, Dubai, February 2017.

<sup>13</sup> The Real Estate Development Fund, for example, saw its lending levels more than triple in size between 2011 and 2014. Al Rajhi Capital, Saudi Arabian Economy, Economic Research March 2014, p.4

Arabia's largest Islamic bank commented in relation to one of these schemes: "We see our tie-up with the government for subsidised lending as a major element of our support for the country's housing development, particularly for poorer Saudi citizens. It not only makes good business sense, it helps strengthen Islamic banking. Indeed, we were the first bank in Saudi Arabia to pilot this scheme."<sup>14</sup>

Such policies are not simply affecting Islamic banks, but also encourage the rise of other kinds of Islamic financing firms that are similarly linked to real estate developers. Dar Al Arkan, Saudi Arabia's third largest developer by market capitalization provides an illustrative example. As of end-2016, the company's land bank in Saudi Arabia was valued at \$3.82 billion, and it had supplied just under 10,000 residential units to the market (Dar Al-Arkan 2017, p.130). In its early years, the company mainly focused on purchasing undeveloped land that it would then develop and sell on to third parties. Following government initiatives to encourage homeownership and Sharia-compliant mortgage lending, the firm shifted much more towards its own sale of residential units, launching its first Master-Planned community in 2012 offering housing for 13,000 people, retail and office space, and other public facilities. In order to facilitate the provision of its residential units on a Sharia-compliant basis, the company relies upon a separate mortgage financing company, Saudi Home Loans Company (SHLC), which purchases homes from Dar Al-Arkan, and then signs lease-to-own contracts with individuals who take ownership of the homes once the lease period is expired. A third firm, Al Khair Capital – a subsidiary of the Bahraini-based Islamic bank, Bank Alkhair – provides underwriting and financial advisory services on these transactions (p.131). Reflecting the patterns discussed above, all of these different institutions – Dar Al Arkan, SHLC, Al Khair Capital, and Bank Al Khair – are bound together within a complex structure of cross-shareholdings, superintended by an underlying key capital group (the Shelash family). Accordingly, state policies aimed at encouraging private homeownership through Islamic financing have further strengthened the interdependencies that exist within these conglomerate structures, and moreover, accentuated their role throughout the entire real estate circuit.<sup>15</sup>

Similar state-led attempts to promote the connection between Islamic finance, real estate development, and housing can be seen across the GCC, most recently in Oman, where, in accordance with the aforementioned strategy to build up its domestic IF industry, the country amended its banking law in late 2012 to allow mortgage lending by Islamic banks and also exempted these banks from taxes and pre-existing laws governing bank involvement in real estate.<sup>16</sup> Placed in the context of the wider finance literature, such moves provide an illustration of what Aalbers describes as the "inherently variegated, path-dependent and uneven" forms that the financialisation of housing may take globally (2017, p.1) - in this case, one that has been redirected into Sharia-compliant pathways, and which has thereby seen Islamic banks emerge as key interlocutors between Gulf households and the private housing market.

This close connection between Islamic finance and the real estate sector is likely to be further strengthened through the recent emergence of listed Real Estate Investment Trusts (REITs) in the GCC. REITs build or purchase properties that they then lease, distributing 80-90% of the rental income to investors who have bought shares in the company. Such

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<sup>14</sup> Interview with employee of Al Rajhi Bank, Riyadh, May 2018.

<sup>15</sup> Notably, Dar Al Arkan is also exploring the establishment of a separate construction and contracting firm, which would carry out the actual work on its real estate projects and allow it "to meet the current housing demand in the Kingdom" (p.132).

<sup>16</sup> Interview with lawyer of GCC-focused construction firm, London, January 2018

companies are widespread throughout the world but are very new to the GCC, with REIT legislation introduced in Abu Dhabi (June 2015), Saudi Arabia (October 2016), Bahrain (November 2016), and Oman (January 2018). As with real estate in general, there is a striking predominance of Islamic banks or Islamic investment vehicles involved in this rolling-out of REITs. By February 2018, there were 13 listed REITs across Saudi Arabia (10), the UAE (2) and Bahrain (1), and a significant number of further listings planned through 2018. Twelve out of these thirteen are Sharia-compliant – mostly established by the banks and conglomerates listed above – including the world’s largest Islamic REIT (Emirates REIT listed in Dubai). This encouragement of REITs by the Gulf state provides further indication that IF does not stand apart from the growing global entanglement of financial and real estate markets (Aalbers 2008); in the GCC, however, these interdependencies are increasingly mediated through the finance capital groups discussed above.

Taken as a whole, the complex range of economic activities, ownership structures, and intra-conglomerate relations analysed above cannot be reduced to a single form. Yet irrespective of this diversity, what matters is the integrated nature of capital control that extends across these conglomerates, binding the ownership of Islamic banks to other moments of accumulation. At stake here is not so much the relative weight of Islamic finance versus other economic activities – as numerous scholars have pointed out, the precise demarcation between ‘financial’ and ‘non-financial’ profits can be almost impossible to ascertain (Christophers 2013). In the GCC, this is made even more difficult given the highly opaque nature of much of the region’s financial reporting. Rather, what is most significant are the ways in which the control over capital is effectively combined and cohered within such finance capital groups, thereby integrating accumulation across a variety of different circuits. Through this “unification of capital” (Chesnais 2016, p.94), these conglomerates both typify the basic features of finance capital noted in the wider literature and yet simultaneously demonstrate their own specific character: a class-fraction of capital in the Gulf that is distinctively linked to the Islamic banking system and disproportionally connected to accumulation through the built environment.

## 5. Conclusion

This article set out to examine the underlying class relations of IF in the GCC, situating these as one expression of variegated finance at the global level. I have shown that the rise of Islamic finance reflects the growth of a distinct class-fraction of privately-controlled finance capital in the Gulf; a set of powerful conglomerates that dominate the Islamic banking system but are simultaneously involved in a wide range of other economic activities, most prominently the real estate sector. For scholars working on IF in other geographical contexts, such patterns indicate the need to avoid any view of Islamic banking as a discrete, stand-alone feature of how capitalism functions; behind the ownership of Islamic banks sits a much larger web of interlocked business interests and capital control. Marxian conceptions of finance capital can be particularly useful lens for approaching these class networks, as they foreground banking and finance as an inseparable part of the wider circulation of capital. What is important here is not so much the precise relation between banks and non-banking activities – there are no universal forms in this regard – but rather a view of finance capital as a *process*, through which the control over different moments of accumulation is intensified and brought under the domination of integrated ownership structures.

These particular features of GCC finance capital are all inseparable from the active role of the Gulf state. In this sense, the forms taken by finance capital in the GCC confirm one of the central insights from the broader literature: rather than setting up the state and market as dichotomous and opposing spheres, the paths taken by financial markets are a direct product of continuously evolving forms of state intervention and policy innovation (Rethel 2010). In the Gulf, this has included various policies aimed at supporting the growth of a private housing market along Sharia-compliant lines, the establishment of regulatory arrangements governing the operation of Islamic banks and new financial instruments such as REIT, the encouragement of *sukuk* issuance, and the upgrading of IF as a notable element of state development strategies (most recently in Oman). Such measures are viewed by governments as forms of financial market diversification that are complementary to conventional finance, but their differential effects on Islamic institutions have helped strengthen the specific class-fraction of finance capital traced throughout this article.

These conclusions foreshadow several further avenues of future research. First, for reasons of space, I have been unable to deal with other components of Islamic financial markets – insurance (*takaful*), Islamic tourism, Islamic charity and NGOs, and Islamic products (such as *halal* food). These activities are currently marginal in size compared to Islamic banks, but they are growing and have been clearly highlighted as a major emphasis of strategic intervention by IF industry leaders (ITR 2017). The GCC's weight in all of these sectors is well established, particularly in *takaful* where the world's largest Islamic insurers are concentrated in the Gulf. A raft of new regulations in the GCC around mandatory insurance – passed since 2014 in Saudi Arabia, the UAE, and Kuwait as part of government 'vision' documents – will play an important role in strengthening these Gulf *takaful* operators. The Gulf's Islamic banks and insurance firms are very closely connected (see Table 1), and the likely convergence of these activities under single ownership structures will intensify the processes traced throughout this paper.

Moreover, much more research is needed into what the global growth of Islamic finance might mean for the Gulf's relationships to other areas of the world market. This includes core centres of global finance such as London, where Islamic finance has been repeatedly signalled as one of the strategic elements to the UK's post-Brexit relationships and all the City's wholly-Islamic banks are controlled by Gulf finance capital. More work is also needed on IF and the Gulf's linkages to Asia. China, for example, has recently announced it will utilise Islamic financing as part of its funding platform for the 'One Belt One Road' plan, and many of the key zones targeted as part of this initiative – South Asia, Central Asia, the Middle East, and East Africa – correspond to areas where Gulf IF institutions have been particularly active. More broadly, the recent calls by international financial institutions to integrate Islamic financing with Public Private Partnerships (PPPs) for infrastructure and other services (Maierbrugger 2016) hold numerous potential implications for the GCC's global reach; the areas highlighted for these IF-financed PPPs – the emerging and developing economies of Asia and Africa (WB 2017b, pp.1-2) – overlap considerably with the wider internationalization of Gulf Islamic banks.

Of course, these shifting contours of the world market involve questions far beyond Islamic finance – including the Gulf's position as a vital source of hydrocarbon exports, the Gulf's prominence in global aviation and maritime logistics chains, and the Gulf's role as a lucrative market for many advanced commodities and services, including military hardware. But taken together, these characteristics of the GCC's position in the global economy are closely implicated in the development of Gulf financial markets and its



institutions – including, very significantly, those of Islamic finance. Islamic finance is part of the variegated nature of finance across the world market, one that is deeply connected to the growth of Gulf capitalism, and which expresses a distinctive path to how finance capital is constituted at the global scale. A fuller understanding of IF – particularly focused on its relationship to class formation and capital accumulation – can provide a fertile vantage point for understanding aspects of global capitalism that might otherwise go unnoticed.

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