

offa

# From faith penalty to financial fairness

Unlocking the potential of British  
Islamic home finance



A national survey report by Offa

# Executive Summary

by **Sultan Choudhury OBE**, Executive Chairman, Offa

## Purpose

This report presents the findings of a comprehensive national study examining how British Muslim and non-Muslim consumers understand, evaluate, and engage with Islamic home finance.

Our research reveals a stark reality: British Muslims are facing a financial faith penalty, systematically receiving lower quality home finance options simply because they seek products aligned with their religious values.

For many of the 3.87 million Muslims in the UK, property is their preferred route to generational wealth and financial security – so this is not a niche issue but a matter of financial fairness and inclusion that demands urgent attention from providers, brokers, and policymakers.



## Methodology

This report draws on two UK-wide national surveys: · 1,000 Muslim adults surveyed by Muslim Census (August-September 2025) · 2,000 non-Muslim adults surveyed by OnePoll (July 2025).

## Key Findings

### The financial faith penalty

Eight in ten British Muslims feel their financial choices are restricted because of their faith, while seven in ten struggle to find products aligned with Islamic values. This represents a systematic barrier to financial inclusion.

### Unacceptable standards

Islamic home finance customers face delays that would be unthinkable in conventional finance. Only 5% received same-day decisions, while 62% waited up to two weeks and 16% waited over a month, despite industry targets of two days. The top challenges cited were long decision times, excessive paperwork, and poor customer service.

### Implications

The industry faces a choice: continue operating at the margins with outdated systems, or modernise decisively to meet the growing demands of this underserved community and attract ethically-minded consumers across all demographics.

### Overwhelmingly important, underutilised

While 94% of British Muslims say it is important that their financial products align with their religious or ethical beliefs, only 12.8% are currently using Islamic home finance products. This gap represents both a failure of the industry and a significant untapped market opportunity.

### Broad ethical appeal

The ethics of Islamic finance resonate far beyond the Muslim community. Among non-Muslims, 63% value finance providers that avoid investing in harmful sectors, with particularly strong support from younger generations: 77% of Gen Z and 72% of Millennials consider this important.

### Hope for the future despite industry shortcomings

This research demonstrates a clear market failure: British Muslims want and need quality Islamic home finance, but the industry is failing to deliver it. Despite this, eight in ten are willing to consider Islamic home finance in the future and 57.8% are planning to buy property within five years. The opportunity for growth is substantial, but only if providers can match the service standards of conventional finance while maintaining authentic Sharia compliance.

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## Introduction by **Sagheer Malik**, Offa's Chief Commercial Officer and Managing Director of Home Finance



This national survey report is a comprehensive examination of how British Muslim and non-Muslim consumers perceive and interact with Islamic home finance. It sends the industry a clear message: British Muslims feel that their faith limits the quality of their home finance options, and modernisation is urgently required.

Property is the asset class of choice for many of the UK's 3.87 million Muslims, both as a route to generational wealth and as a long-term financial foundation.

Our research reveals that British Muslims share the same aspirations as any other community in the UK – to build a secure home, provide stability for their families, and plan confidently for the future. Yet this community has long been underserved and deterred by slow, outdated and opaque finance provision.

This is not a niche concern, in fact it goes to the heart of financial fairness and inclusion in modern Britain. This report is intended as a constructive challenge to finance providers, brokers and policymakers. British Muslims both desire and deserve high-quality, Sharia-compliant financial products that match mainstream standards on price, speed and simplicity.

Our findings, based on two UK-wide national surveys of a total of 3,000 people (1,000 Muslims surveyed by Muslim Census and 2,000 non-Muslims by OnePoll), indicate that

Sharia-compliance is hugely important for British Muslims when selecting a finance provider, with more than nine in ten (94%) stating that it is important that their financial products align with their religious or ethical beliefs, including three quarters who say it is very important.

However, too often they find themselves effectively penalised for adhering to their faith, having to accept financial products that are lower quality than those offered by conventional finance providers in terms of speed and service. Seven in ten British Muslims say they have struggled to find products aligned with their Islamic values, and eight in ten feel their financial choices are restricted because of their religion (79%).

We already acknowledge as an industry that Islamic home finance costs more than the conventional equivalent, but there is no reason why we should not offer modern products and systems driven by the latest technology.

There are already encouraging signs of progress. Some Islamic home finance providers are now investing in modern systems and digital processes, replacing the excessive paperwork that historically defined the sector. These improvements, resulting in faster application systems, paperless digital onboarding and clearer communication, are encouraging signs of an industry beginning to modernise.

Our survey also reveals that the ethics of Islamic home finance are attractive to a new generation of values-driven non-Muslim consumers.

This research provides clear, evidence-based insight to help our industry build the modern and fair Islamic home finance market that British Muslims deserve.

## Glossary

**Islamic finance:** A system of financial products and services structured to comply with Islamic (Sharia) principles where the charging or paying of interest (riba) is prohibited. Instead, it is based upon asset-backed transactions, shared risk and transparency.

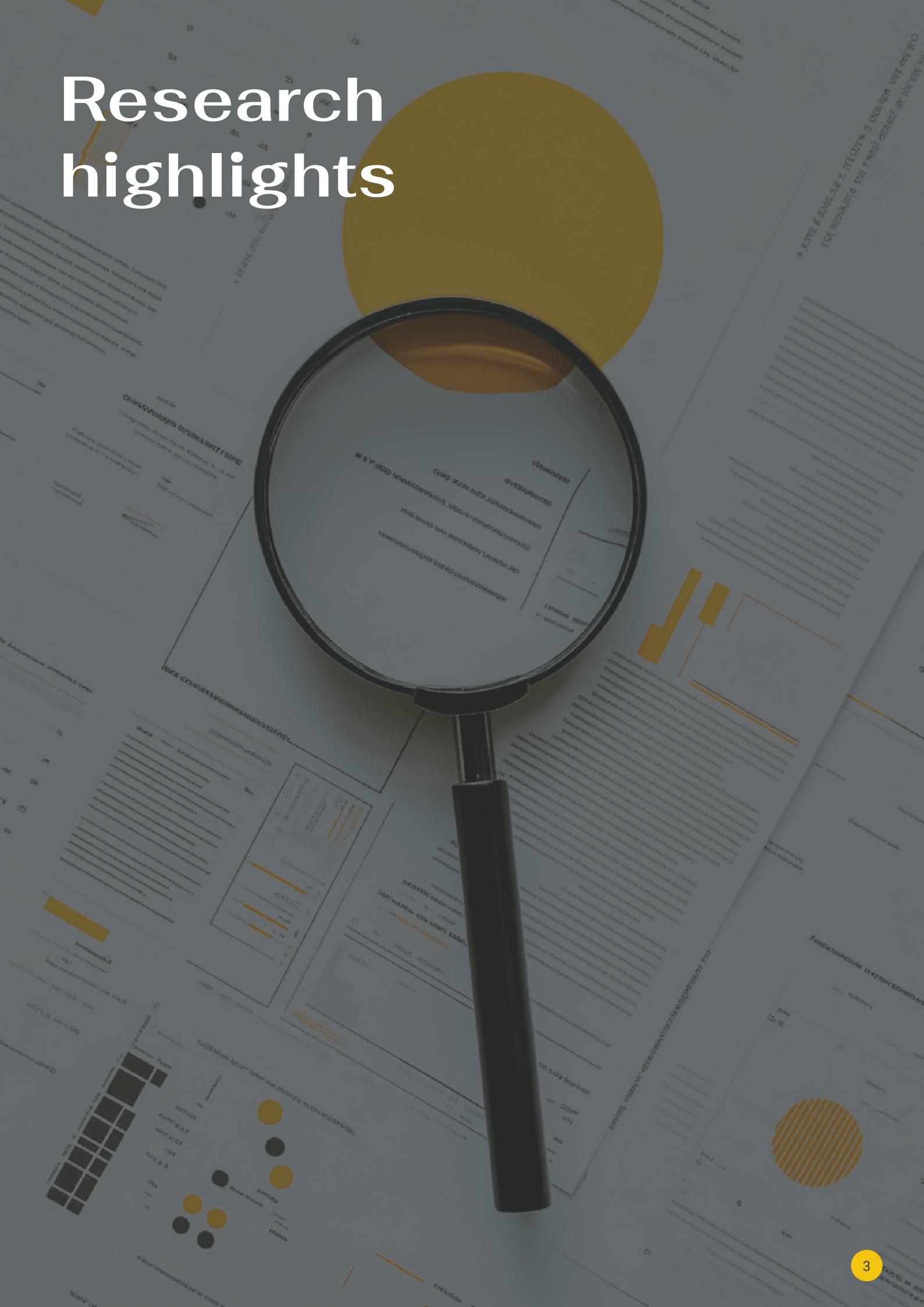
Islamic finance providers are prohibited from investing in sectors deemed harmful to society such as the arms trade, animal testing, gambling, alcohol and tobacco

**Islamic home finance:** A form of property finance structured to comply with Islamic finance principles. It is used to buy or refinance residential and investment property, including home purchase plans, the Islamic alternative to a mortgage, buy-to-let finance, and bridging finance.

Islamic home finance does not involve interest (riba). Instead, it is based on asset-backed structures where the provider and customer enter into arrangements such as co-ownership, leasing, or sale agreements, with payments linked to the property rather than to interest.

**Home Purchase Plan:** The Islamic finance equivalent of a conventional residential mortgage. This allows customers to buy a property following Islamic finance ethical principles, using co-ownership-with-leasing. Customers acquire the property in partnership with the finance provider and make monthly payments to increase their share, over time owning it.

# Research highlights



# Research highlights

## Muslim Consumers

**The main reasons British Muslims want to own a property** are to provide a stable home for their family (79.1%), to build generational wealth (12.5%) and for investment / rental income (6.1%). Only 2.2% stated they did not want to own a home.



**They are guided by faith when it comes to finance**, with the vast majority (94.2%) answering that it is important (very important, somewhat important) that their financial products align with their ethical or religious beliefs.

**The financial faith penalty for British Muslims is revealed** by this survey, with eight in ten (79.5%) feeling their financial choices are restricted due to their faith, and seven in ten (70%) struggling to find financial products that meet Islamic values.



**Most British Muslims are not using Islamic home finance products.** Only 12.8% are currently using them, and 11.5% stated they had in the past. That leaves 75.7% who have never used Islamic home finance.



**Slow finance decisions and too much paperwork** are the main challenges faced by those who had used an Islamic home finance product. Top three challenges: long decision times (28%), too much paperwork / documents required (22.6%), and poor customer service (18.9%). (Multiple choice answers.)



**Islamic home finance customers had to wait weeks or even months** for a finance decision. Six in ten (62%) had to wait up to a fortnight, while 16.9% had to wait 15-31 days, and 15.7% were waiting for more than a month. Only 5.4% got a same day decision.



**Half of Muslims using conventional finance felt unhappy** or uneasy (50.7%) about having a conventional mortgage rather than a Sharia-compliant one, because of their faith.



**Barriers to Islamic home finance adoption:** Those who chose not to use Islamic finance said this was because it was too expensive (90.5%), that there were not enough options (69.7%), and that they were unaware of it (59.9%). (Multiple choice answers.)

# Research highlights

## Non-Muslim Consumers

**Most non-Muslim British consumers had never heard of Islamic finance.** More than six in ten (64%) were unaware of it.



**A minority would consider using Islamic home finance** over a conventional mortgage. A fifth (19%) stated they were likely to try it (very likely, quite likely).



**Most non-Muslims favour the ethics of Islamic finance**, with six in ten (63%) stating it is important their finance provider avoids investing in sectors often considered ethically harmful to society (eg: the arms trade, animal testing, gambling, alcohol and tobacco).



**Young non-Muslims are open to Islamic ethical finance.** 77% of Gen Z and 72% of Millennial respondents stated it is important that their finance provider avoids investing in sectors often considered ethically harmful to society. 43% of Gen Z and 37% of Millennials said they would consider using Islamic home finance, compared with just 7% of Baby Boomers.

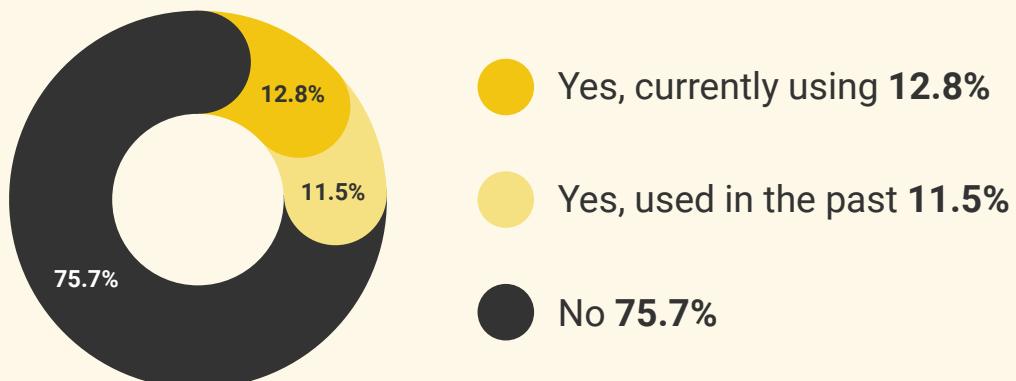
# Survey findings: British Muslim consumers



## An untapped growth opportunity

Our survey reveals that there is room for significant growth if the industry can address the concerns of British Muslims, with 75.7% stating that they have not ever used an Islamic home finance product. This represents a significant, largely untapped market.

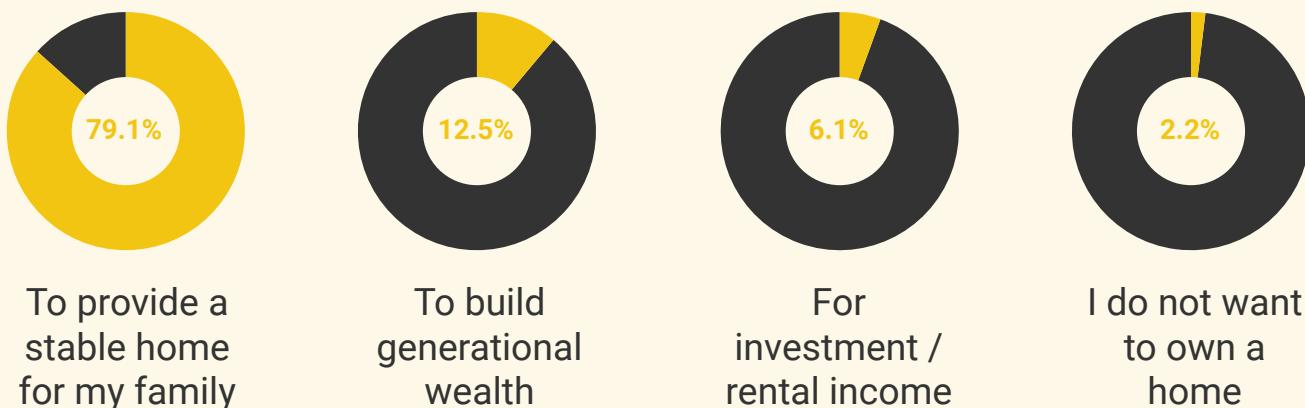
### Have you ever used an Islamic home finance product?



## Family: the main property purchase motivator

The survey results clearly indicate that the majority of Muslims buy property to support their family. Eight in ten (79.1%) state the main motivation is to provide a stable home for their family, and 18.6% are motivated by building general wealth and investment.

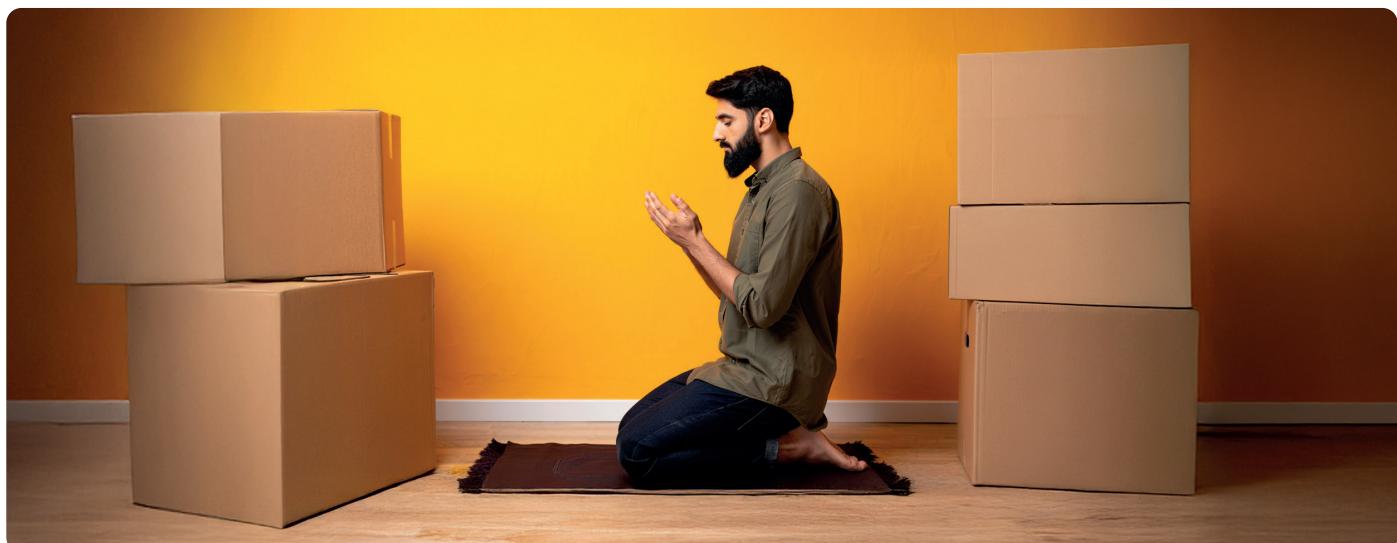
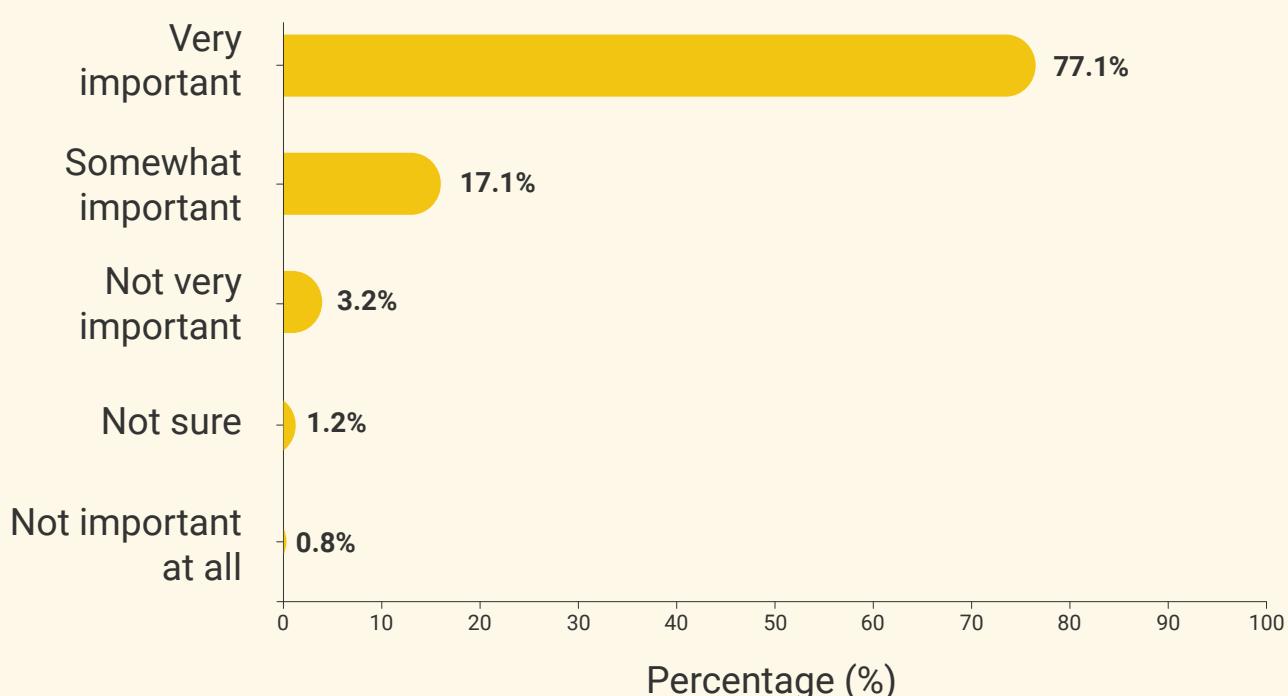
### What is your main motivation for wanting to own a home?



## Financial products: the faith factor

There is a huge appetite from British Muslims for Sharia-compliant financial products. More than nine out of ten Muslims say it is important (77.1% important, 17.1% somewhat important) that their financial products align with their ethical or religious beliefs.

**How important is it to you that your financial products align with your ethical or religious beliefs?**



# For the 24.3% of British Muslims who have used Islamic Home Finance...

## Factors in choosing Sharia-compliant finance

Respondents were able to select multiple reasons for choosing Islamic home finance rather than a conventional mortgage. Religious beliefs / ethical values came out on top (51.4%), followed by avoiding interest (46.5%), and transparency in transactions (42.8%).

### Why did you choose an Islamic home finance product over a conventional mortgage? (Multiple choice)



**Religious beliefs / ethical values 51.4%**



**Avoiding interest (riba) 46.5%**



**Transparency in transactions 42.8%**



**Supporting Muslim community 41.6%**



**Alignment with personal values 39.1%**

## Pain points: long decision times and too much paperwork

Waiting too long for a crucial financial decision to be made, combined with heavy administration, ultimately erodes trust and often pushes consumers toward conventional finance despite religious discomfort. The three biggest challenges faced during their Islamic home finance journey are long decision times (28%), too much paperwork (22.6%), and poor customer service (18.9%).

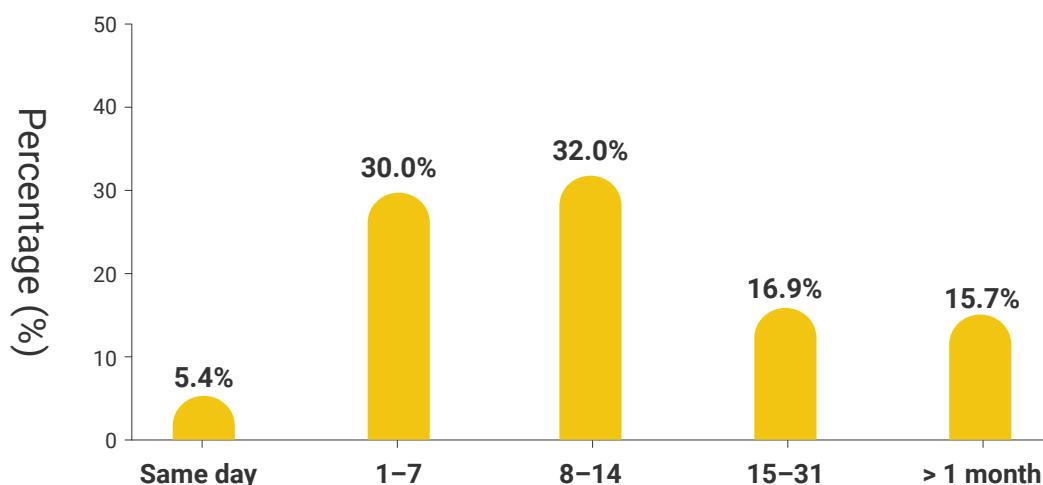
### What specific challenges did you face during your Islamic home finance journey? (Multiple choice)

-  **Long decision times 28%**
-  **Too much paperwork/documents required 22.6%**
-  **Poor customer service 18.9%**
-  **Lack of transparency 18.5%**
-  **High costs 18.1%**
-  **Hard to find providers 17.3%**
-  **Not enough options 15.2%**

## Property finance decision delays

Focusing further on finance decision delays, our survey reveals unacceptable waiting times, with 62% waiting up to two weeks (8 – 14 days: 32%, 1 – 7 days: 30%), 16.9% waiting 15 – 31 days and 15.7% more than a month.

### How long did you have to wait for a property finance decision after you applied?



## How the industry could improve

Muslim consumers would like a clearer explanation of Sharia compliance from Islamic home finance providers (26.7%). The other main improvements they recommended were faster application decisions (25.1%) and lower costs (23.9%).

### What could be improved about Islamic home finance products or providers? (Multiple choice)



**Clearer explanation of Sharia compliance 26.7%**



**Faster application decisions 25.1%**



**Lower costs 23.9%**



**More providers to choose from 19.8%**



**Better digital experience 18.1%**

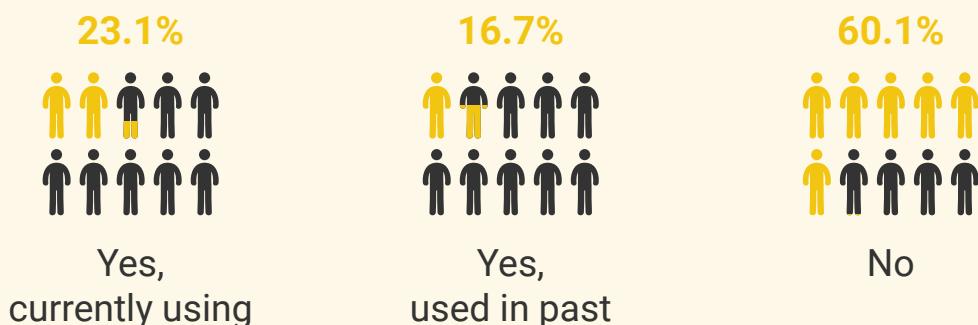


**Improved customer service 14.4%**

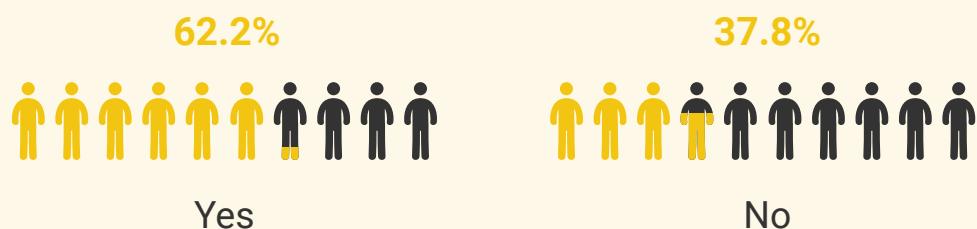
## Muslims who chose conventional (non-Halal) finance

Of the four in ten British Muslims (39.8%) who had used a conventional mortgage, six in ten had considered Islamic finance alternatives beforehand (62.2%) – and more than half (50.6%) found themselves in a very uncomfortable position, feeling unhappy and uneasy about this because of their faith.

### Have you ever used a conventional (non-Halal) mortgage?



### Did you consider Islamic finance alternatives before choosing your conventional mortgage?



### How do you feel about having a conventional mortgage rather than a Sharia-compliant one?



# Why Muslim consumers reject Islamic home finance

When presented with multiple options to explain why they rejected Islamic home finance, “too expensive” was the main reason (90.5%), followed by not enough options (69.7%). The fact that not being aware of Islamic home finance was the third most popular reason (59.9%) indicates that the industry needs to do more to educate and raise awareness of Islamic home finance.

## What were the main reasons you chose not to use Islamic home finance? (Multiple choice)

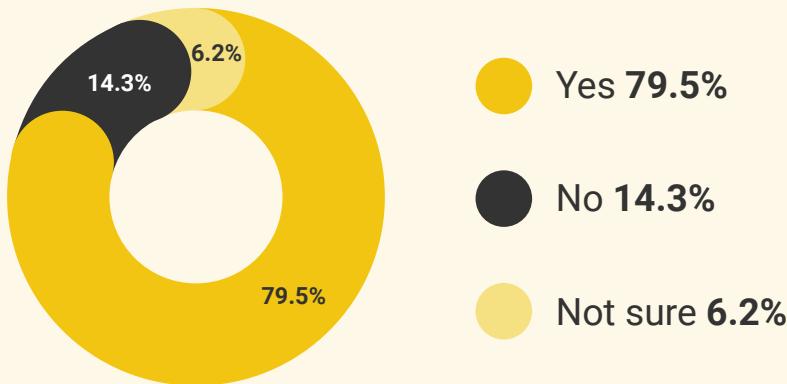
-  **Too expensive 90.5%**
-  **Not enough options 69.7%**
-  **Not aware of it 59.9%**
-  **Too complex or slow 55.6%**



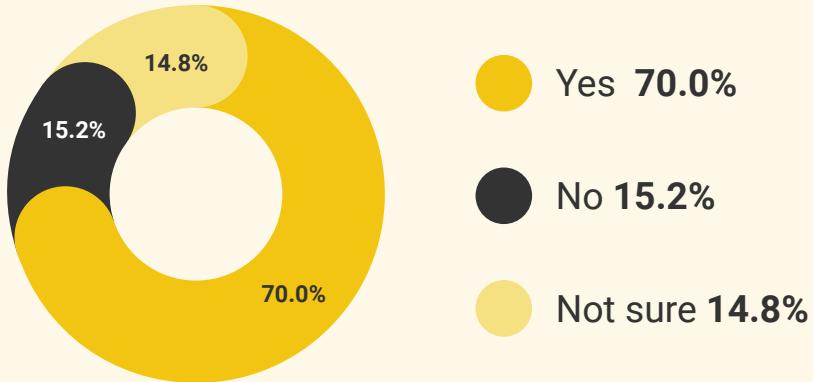
## The financial faith penalty

An overwhelming majority of British Muslims (79.5%) state that they feel their financial choices are restricted due to their faith, while seven in ten (70%) have been struggling to find financial products that meet their Islamic values. This is in effect a financial inclusion penalty for following their faith, because those who follow their religious principles are faced with limited and often lower quality home finance options.

**Do you feel that your financial choices are restricted due to your religious beliefs?**



**Have you ever struggled to find financial products that meet your Islamic values?**



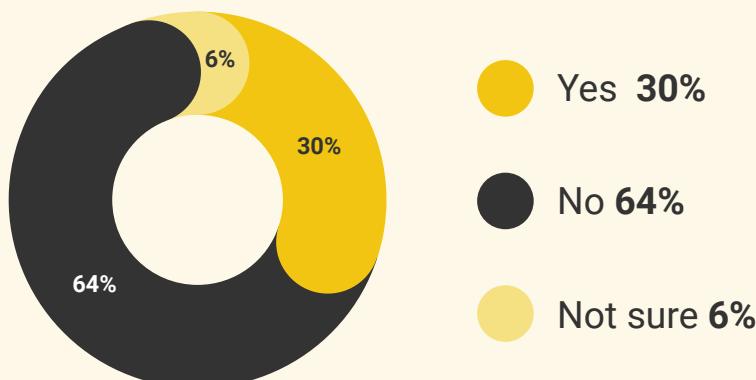
# Survey findings: British non-Muslim consumers



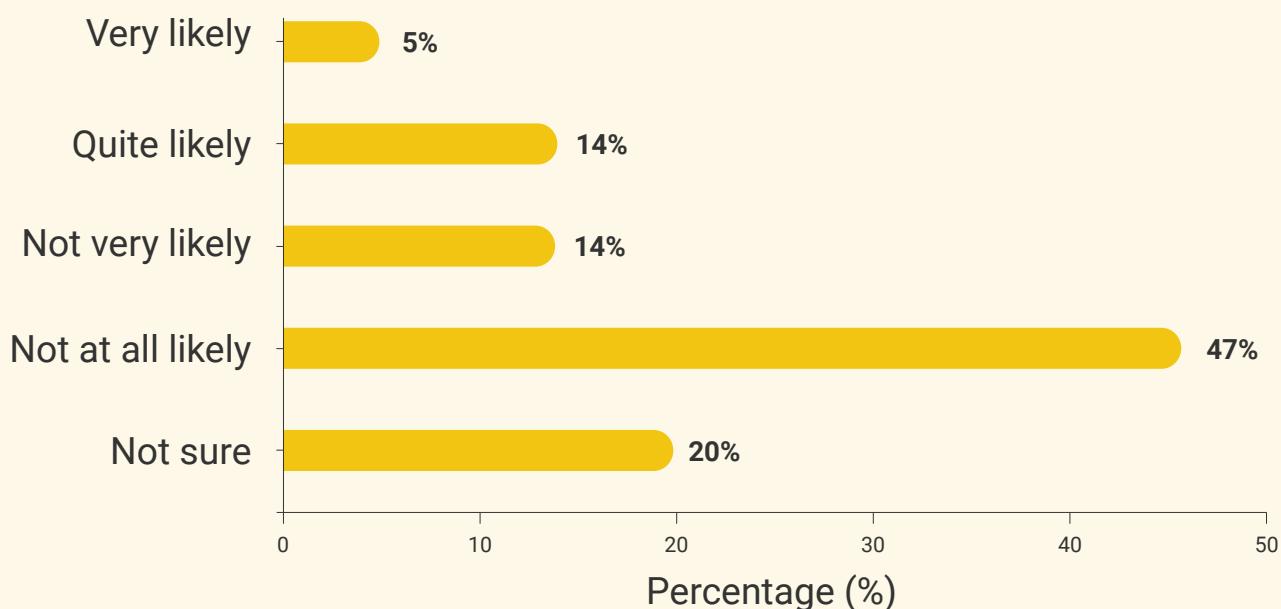
## British Non-Muslims

Although most non-Muslim British consumers had never heard of Islamic finance (64%), and only a fifth (19%) stated they would consider using Islamic home finance over a conventional mortgage, more than six in ten (63%) share the values of Islamic finance providers regarding avoiding investing in sectors often considered ethically harmful to society.

### Before this survey, had you heard of Islamic finance?

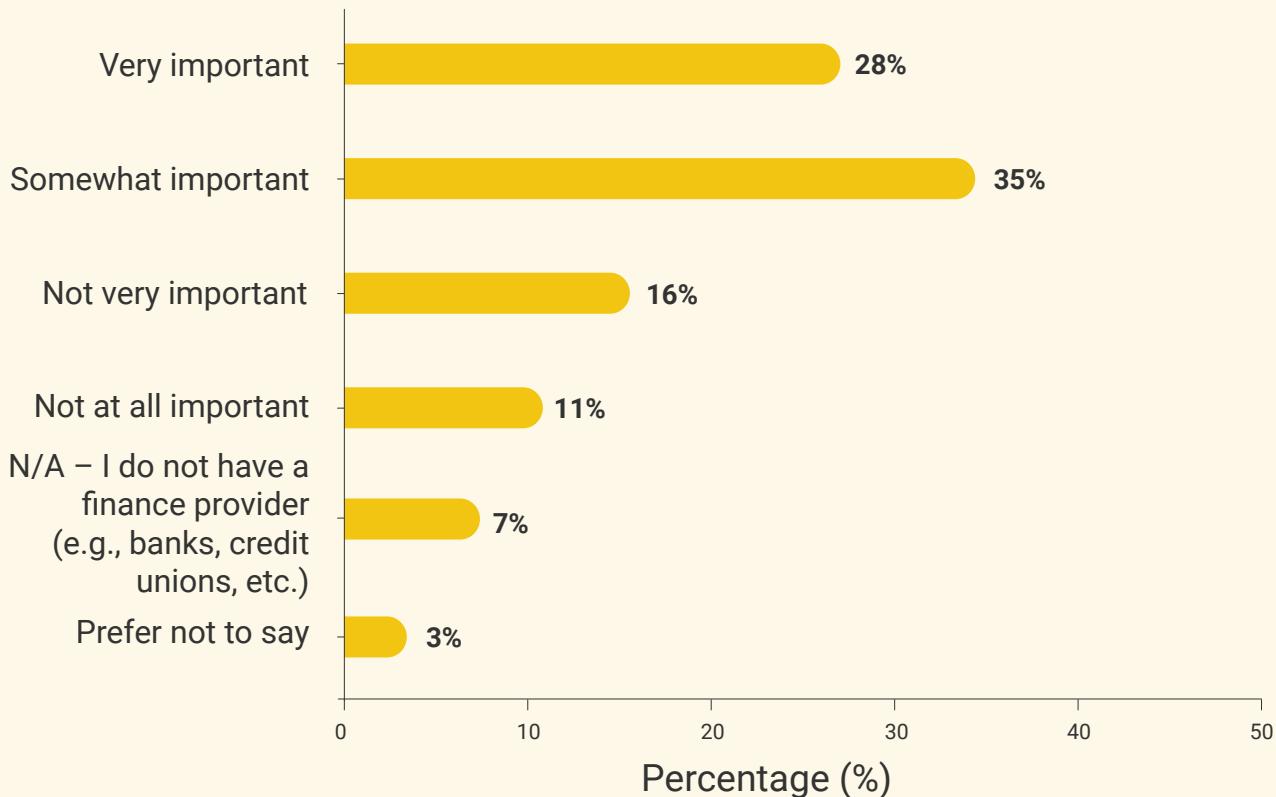


### To what extent, if at all, would you be likely to consider using this form of home finance instead of a conventional mortgage?



## British Non-Muslims

**How important, if at all, is it to you that your finance provider avoids investing in sectors often considered ethically harmful to society (eg: the arms trade, animal testing, gambling, alcohol and tobacco)?**



# Young non-Muslims: open-minded and ethically motivated

When we break the non-Muslim results down by age it becomes clear that younger generations are far more open to the ethics of Islamic home finance and more willing to give it a try.

77% of Gen Z and 72% of Millennial respondents stated it's important that their finance provider avoids investing in sectors often considered ethically harmful to society. 43% of Gen Z and 37% of Millennials said they would consider using Islamic home finance, compared with just 7% of Baby Boomers.

**How important, if at all, is it to you that your finance provider avoids investing in sectors often considered ethically harmful to society (eg: the arms trade, animal testing, gambling, alcohol and tobacco).**

	Generation Z (Born after 1996)	Millennials (Born 1981–1996)	Generation X (Born 1965–1980)	Boomers (Born 1946–1964)	Silent (Born 1928–1945)
Important *	77%	72%	63%	57%	49%
Not Important †	13%	20%	28%	31%	35%
N/A - I do not have a finance provider (e.g., banks, credit unions, etc.)	4%	5%	6%	10%	12%
Prefer not to say	5%	4%	3%	3%	4%

**Islamic home finance is an alternative to conventional mortgages. Instead of paying interest, customers acquire the property in partnership with the finance provider and make monthly payments to gradually increase their share. Providers avoid investing in sectors often considered harmful to society (e.g., the arms trade, animal testing, alcohol and tobacco). To what extent, if at all, would you be likely to consider using this form of home finance instead of a conventional mortgage?**

	Generation Z (Born after 1996)	Millennials (Born 1981–1996)	Generation X (Born 1965–1980)	Boomers (Born 1946–1964)	Silent (Born 1928–1945)
Likely ‡	43%	37%	15%	7%	7%
Not Likely §	42%	43%	61%	74%	81%
Not sure	15%	20%	24%	18%	12%

\* Very important, Somewhat important

† Not very important, Not at all important

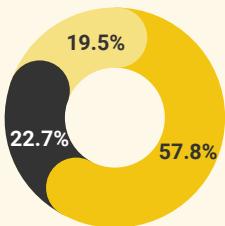
‡ Very likely, Quite likely

§ Not very likely, Not at all likely

## Hope for the future

Despite the many issues facing Muslim consumers highlighted by this report, there is some good news for the industry, with eight in ten British Muslims (80.4%) stating that they would consider using an Islamic home finance product in the future. Demand appears to have been deferred rather than disappearing altogether.

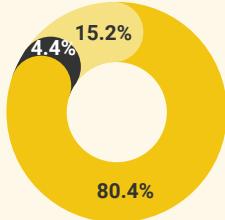
### Are you looking to buy a property in the next five years?



- Yes, 57.8%
- No 22.7%
- Not sure 19.5%

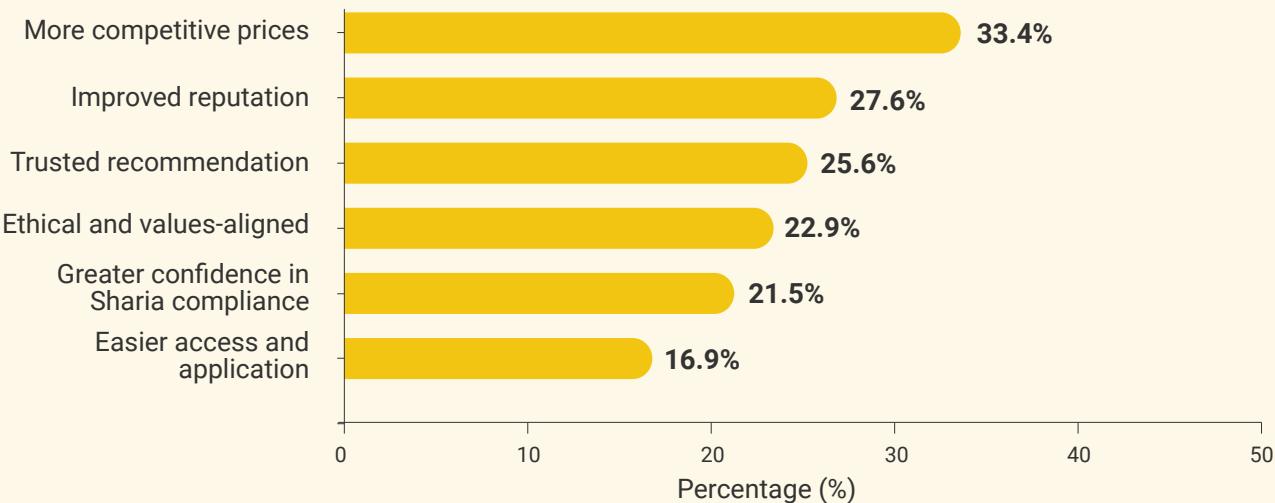


### Would you consider using an Islamic home finance product in the future?



- Yes, 80.4%
- No 4.4%
- Not sure 15.2%

### What would further encourage you to consider Islamic home finance in the future? (Multiple choice)



# Conclusion

This research clearly indicates that for millions of British Muslims, access to home ownership is shaped not only by income or aspiration, as it is for the majority of people in the country, but by the availability of financial services that can meet their ethical needs.

Too often, our industry is failing faithful Muslim customers – forcing them to accept slower processes, fewer options and poorer overall experiences than those available in the conventional market.

However, this financial faith penalty is not inevitable. It is the product of historic under-investment, limited competition, outdated infrastructure, and a failure to treat Islamic home finance as a core part of the UK's modern financial ecosystem.

Our findings show that British Muslims want the same things as any other consumers: speed, transparency, fair pricing, better digital service, and confidence in the organisations they deal with. Yet customers are losing trust not only because service levels fall short, but also because too many consumers still lack clear, accessible information about what Islamic home finance is, how it works, and how it differs from conventional products.

This gap in understanding is itself part of the financial faith penalty. Closing it, by raising awareness through education, must be a core priority for the industry.

Sharia-compliance should never require a trade-off against quality. The industry now faces a clear choice. It can continue to operate at the margins, or it can modernise decisively. This means investing in technology, simplifying processes, improving customer experience, increasing transparency around Sharia governance, expanding product choice, and building trust through professionalism and accountability.

It also means recognising that ethical finance is not a niche concern, but an increasingly mainstream expectation, particularly among younger generations.

We challenge providers, brokers, regulators, and policymakers alike to work together with us, to build an industry where faith-aligned finance is no longer a compromise, but a high-quality, accessible, and respected part of the British financial system.

## Methodology

This report is based on the results of two national surveys.

### MUSLIM CENSUS✓

**Muslim Census** carried out a survey of 1,000 Muslim adults living in the United Kingdom from 5th August to 14th September 2025, randomly selected from an online panel.

Gender: Male 59%, Female 41%.

Ages: 18 to 28 - 25.6%, 29 to 44 - 44.8%, 45 to 59 - 24.5%, 60 or above - 4.4%, Prefer not to say - 0.7%.

Geographic spread: London 37.7%, North West 15.9%, West Midlands 13.1%, South East 7.3%, Yorkshire & Humber 7.2%, East Midlands 7.0%, South West 2.8%, North East 2.0%, Scotland 2.0%, Wales 1.9%, East 1.5%, East of England 0.8%, Prefer not to say 0.7%, Northern Ireland 0.1%.

The confidence level for this survey was 95%.

### OnePoll®

**OnePoll** carried out a survey of 2,000 non-Muslim adults living in the United Kingdom from 29th to 31st July 2025.

Gender: Male 44%, Female 55%.

Ages: 18 to 24 - 2%, 25 to 34 - 12%, 35 to 44 - 15%, 45 to 54 - 19%, 55 to 64 - 22%, 65 and over - 29%.

Geographic spread: East Midlands 8%, East of England 10%, London 12%, North East 4%, North West 12%, Northern Ireland 2%, Scotland 8%, South East 14%, South West 10%, Wales 5%, West Midlands 7%, Yorkshire and the Humber 9%.

The confidence level for this survey was 95%.

# About Offa

Founded in 2019, Offa is the UK's leading and award-winning Islamic property finance fintech firm, offering the widest range of Islamic property finance products in the UK. It was the country's first Sharia-compliant bridge finance provider, now also offering ultra-fast, Sharia-compliant buy-to-let and bridge-to-let – and with major product announcements coming soon.

Faith is at the core of Offa's vision, brand and service, enabling British Muslim property investors and others seeking ethical capital to access Sharia-compliant finance and realise their potential as they move up the property ladder.

Offa's experienced senior team are among the leading names in UK Islamic finance, bringing innovation to the market by creating a faster, smarter, and easier service through direct and broker channels to meet this large and previously unfulfilled demand. Gulf Islamic Investments took a majority stake in the Birmingham-headquartered company in 2022.



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