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# Requirements for the Success of Islamic Finance in Canada

## Syarat dan Keperluan untuk Menjayakan Kewangan Islam di Kanada

Samia Benaziez<sup>\*</sup>, and Rusni Hassan<sup>\*\*</sup>

### Abstract

Islamic finance is at its first steps in Canada and the financial institutions offering Islamic financial products face many problems performing their services. This paper has the objectives of evaluating the current situation of Islamic finance in Canada, to look into the issues and challenges faced by the financial institutions offering Islamic financial products as well as the conditions and requirements for the success of Islamic finance in Canada. This study is qualitative in nature using analysis of the literature such as journals, books and official websites. The data is thoroughly analyzed in order to find the solutions for the success of Islamic finance in Canada. It is found that some Islamic financial products are offered in some non-bank financial institutions. These institutions face issues amongst which are the lack of capital, the taxation and legal barriers and especially competition next to the Canadian big banks. As a result, for the success of Islamic finance in Canada, it should be implemented in the big banks first.

**Keywords** Islamic finance, Canada, Islamic financial products, Non-bank financial institutions, Big banks, Competition.

### Abstrak

Kewangan Islam di Kanada masih berada di tahap awal dan institusi kewangan yang menawarkan produk kewangan Islam menghadapi banyak masalah dalam melaksanakan perkhidmatan mereka. Objektif makalah ini adalah untuk menilai keadaan kewangan Islam semasa di Kanada, untuk melihat isu dan cabaran yang dihadapi oleh institusi kewangan yang menawarkan produk kewangan Islam serta syarat dan keperluan untuk kejayaan kewangan Islam di Kanada. Kajian ini bersifat kualitatif dengan menggunakan analisis literatur seperti jurnal, buku dan laman web rasmi. Data dianalisis secara menyeluruh untuk mencari jalan penyelesaian bagi memastikan kejayaan kewangan Islam di Kanada. Terdapat beberapa produk kewangan Islam yang

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ditawarkan di beberapa institusi kewangan bukan bank, namun institusi ini menghadapi masalah antaranya ialah kekurangan modal, masalah berkaitan cukai, halangan undang-undang sertahalangan yang paling utama adalah persaingan dengan bank-bank yang besar Kanada. Oleh yang demikian, bagi memastikan kejayaan kewangan Islam di Kanada, ia harus dilaksanakan di bank-bank besar terlebih dahulu.

**Kata Kunci:** kewangan Islam, Kanada, produk kewangan Islam, institusi kewangan bukan bank, bank-bank besar, persaingan.

### Introduction

Canada welcomes immigrants from all over the world and Muslim immigrants are not left apart in this immigration process. The Muslim community in Canada is growing at a fast pace to the point that Islam makes up the second largest religion in the country just after Christianity. The main reason why Canada is a safe, secure and homelike country of immigration is because it respects and accommodates the needs and backgrounds of its immigrants in terms of culture and religion. However, Muslims are finding hardship when it comes to financing their major needs such as homes and vehicles because they can rarely find an institution that deals in transactions that can be considered Shariah-compliant (El Hammaoui 2012, p.9; Tahmina 2013, p.29).

Canada is the second largest country in the World. The number of Muslims in Canada amounts to more than 1,400,000 in 2017 making Islam the second largest religion in the provinces of Ontario, Quebec and in Canada as a whole (Tahmina 2013, p.3). Furthermore, according to statistics, the Muslim population in Canada doubles every ten years. With a population of 8% of Muslims in the city of Toronto and 6% of Muslims in the city of Montreal which are respectively the biggest and most important cities in the provinces of Ontario and Quebec respectively, the need for Islamic retail-banking products is on the rise in order to satisfy the needs for this population according to the requirements of their religion (Tahmina 2013, p.29). There were some attempts in the past to offer Shariah-compliant retail-banking products; however, these companies faced several difficulties because of the existing legal, regulatory and taxation frameworks (Goud 2009, p.41). Some institutions decided to offer Islamic home financing but the restrictions such as the lack of capital impediments to its offering. These institutions are mainly based in Toronto. In Montreal, only one Islamic institution under the name of Qurtuba offers Shariah-compliant home financing; however, its limited capital inhibits its ability from satisfying the big demand of its customers. When approaching policymakers, they are either reticent

because they do not believe in religious financial practices or they ignore the elements of implementing Islamic finance due to potential policy impediments (Sole 2007, p.10).

This paper will first look into the current situation of Islamic finance in Canada. Then, it will highlight the issues faced by the current financial institutions offering Islamic financial products that make them less attractive to the Muslim community next to the big banks. Finally, it will tackle the conditions and requirements for the introduction of the Islamic financial products in the Canadian financial market and propose what would be the best solution for the success of Islamic finance in Canada.

### **Research Methodology**

This research is a qualitative library research performed through the analysis of secondary data sources such as literature—books, journals, articles, and industry documents such as the KPMG meeting reports as well as media using websites including the non-bank Islamic financial institutions websites such as [www.qurtuba.ca](http://www.qurtuba.ca). The objectives are reached by analyzing in a critical way the issues faced by non-bank financial institutions offering Islamic financial products as well as the solutions for the success of Islamic finance in Canada.

### **Literature Review**

This Literature Review is divided into six sections: Islamic Finance in Canada, Muslims in Canada, Canada's Interest in Ethical Principles, Legal and Regulatory Frameworks of the Canadian Banking System, Taxation and the Requirements for the Establishment of Islamic Finance in Canada.

### **Islamic Finance in Canada**

Islamic finance is a growing industry all over the world; be it in Muslim countries or non-Muslim countries. Even though the market is relatively small compared to its conventional counterpart, Lalani et al. (2015), Chaudhry (2011), Alexakis and Tsikouras (2009) and Lynn (2009) acknowledge that Islamic finance is growing in a faster way than the conventional one. The growth rate of Islamic finance is evaluated at 20% per year until 2016 (Hussain et.al 2015, p.1), which is double the conventional growth rate. Furthermore, the Islamic economic bloc became the fourth largest one after the United States, China and the European Union. McMillen (2010) mentions that even though USA has a

smaller Muslim population in terms of percentage, Islamic finance there is better developed than in Canada. Indeed, the investments in Islamic finance by North American and Muslim countries will be beneficial and fruitful for both sides. It would add value and diversification to the Western countries and more capital and investments in the Muslim countries.

McNamara (2009) in the GIFR; Global Islamic Finance Report, and the IFWG; Islamic Finance Working Group (2010) of Toronto emphasize that Islamic Finance can benefit not only Muslims but non-Muslims as well as it is a form of ethical financing. Many investors from Canada and even abroad would be interested to invest in businesses that are ethical and compliant to the Islamic principles. Alternatively, McMillen (2010) states that the success of Islamic finance in America did not stem from the amendments made in its legal and regulatory framework but rather from the flexibility of the Shariah principles. Lalani et al. (2015) mention that several non-Muslim countries have already implemented and used Islamic finance, hence Canada should not be left behind.

Muslims in Canada are part of the society and their needs should be considered by the Canadian government especially that the lack of Islamic financial products in Canada is considered as a significant loss not only to the economic value added but also to the well-being of the Canadian society (El Hammaoui 2012, p.130).

Souiden and Marzouki (2015) prove that religiosity of individuals does have an influence on their attitude towards Islamic banks. They further suggest that conventional banks should answer the demand of Muslim customers. Furthermore, Ladhari et al. (2011) argue that Canadian banks' managers need to consider "empathy" as an important element in their service delivery through strategies oriented towards the needs of all customers.

Volk and Pudelko (2016) confirm that the Islamic banking products that are mostly used by Muslim societies are retail-banking products. Alharbi (2015) states that even though some Islamic financial products are available in Canada, they remain limited and scarce; and the major problem is that no important Canadian institution offers Islamic financial products. Moreover, it is considerably easier for consumers to choose a bank for deposits instead of a near-bank (Dean & Schwindt 2014, p.33) because only banks can offer deposits in Canada and no other financial institution is allowed to do so. However, the main problem in Canada is that it is not possible to implement any Islamic deposits in the

current legal system since deposits in conventional banking have different mechanisms. Additionally, Hanif (2011) states that an Islamic credit facility cannot be successful without a push from the real sector since all these credits must either be through risk and profit-sharing or asset-backed. He adds that the objective of offering Islamic financial products is not just money but also society's well-being. These traits explain the particularities and features of Islamic banking products and where and why the differences with conventional banking products exist.

Banks in Canada abide by the federal law; the Bank Act, unlike near-banks such as credit unions, cooperatives and caisses populaires (which is a French word to describe a special credit union in the province of Quebec) that have to follow the provincial law in most cases (Goud 2009, p.40). Since each province has its specific rules, near-banks have more flexibility in certain dealings depending on the province to which they belong. This explains the reason why most of the Islamic financial institutions in Canada are near-banks: credit unions and/or cooperatives.

Vojtech (2015) says that the real reasons hindering the implementation of Islamic finance are due to the actual legal definitions and implications of deposits and loans. He explains that since Islamic finance relies on Shariah which is not a codified legal system, then every Islamic financial contract can only rely on Shariah interpretations that need to be detailed. Baharom et al. (2017) maintain that the Canadian regulatory framework needs amendments in order to host the design of Islamic financial products since the latter is quite different from the conventional ones. Dzuljastri and Hanudin (2013) call regulators and policymakers to consider the different modifications needed for the implementation of an Islamic financial product. These modifications concern different regulations, laws and policies as well as accounting and taxation elements.

A few banks applied for the opening of an Islamic bank next to the Office of the Superintendent of Financial Institutions (OSFI) in Canada in order to offer Islamic banking products (Alharbi, 2015). According to Good (2009), Albassam Inc. also sent its application however, till this date, no response has been received. Goud says that the Ministry of Finance declared that it was studying the case and checking whether Islamic financial products can be offered in the actual regulatory framework. Goud (2009) and Alharbi (2015) mention that Canada Mortgage and Housing Corporation (CMHC), which is a federal institution, has shown interest in the topic by asking for proposals in the objective of providing reports of research about Islamic finance. This

demonstrates the non-indifference of the Canadian government however; nothing has been proclaimed from their side since more than a decade.

Although the Islamic finance industry is almost unpracticed by Canadian conventional finance players, Lalani et al. (2015) and Chaudhry (2011) say that some institutions do offer Islamic financial products and services especially mortgages and mutual funds. In fact, Lam (2009) in the Global Finance Report attests that Canada has made a first step toward Islamic finance since S&P, based in Toronto, created an index of equities that are Shariah-compliant on the Toronto Stock Exchange. However, when compared to some other Western countries, Lam (2009) and Lynn (2009) say Canada is taking a very slow pace towards the direction of implementing Islamic finance and in the US even if the growth is slow, it is bigger and steadier than in Canada.

### **Muslims in Canada**

Lalani et al. (2015) mention that the Muslim population in Canada is growing every year and the statistics show that every ten years, the Muslim community doubles in size. The need of these Muslims in terms of finance needs to be addressed as they are already aware of the Shariah requirements. While Lalani et al. are aware that Muslims are in need of Shariah-compliant products and services in order to buy a home, to have an adequate insurance and investment for their retirement; Lynn (2009) says that many Muslims are unable to find products that do not contravene Shariah in conventional banks. Lalani et al. (2015), Chaudhry (2013) and IFWG (2010) declare that education also has its importance and a good will is present in Canada since some universities do have a few courses on Islamic finance to explain basic concepts and practices. They say it is very important that workers from Islamic finance and conventional finance become familiarized with both systems so that the practice gets broader.

The IFWG (2010) of Toronto sees that the government has to do some work in order to make Islamic finance a reality in Canada. One of the crucial steps is to convince the relevant government that the change is needed and desirable. There is also a need in organizing conferences, symposiums and research initiatives. The team emphasizes that once Islamic finance is well implemented in Canada, it will bring opportunities for investors from the Gulf region to work with Canada. Lalani et al. (2015) and Sole (2007) see that one of the greatest means for a successful Islamic finance in Canada is to link investors in the country



and the Muslim World, and to attract investors from oil-exporting countries like the GCC and South Asia.

### **Canada's Interest in Ethical principles**

While Canada is a country that respects and aims to satisfy the needs of its different communities, the Islamic finance component that concerns the financial matters of the Muslim community is missing. Canada also strives for socially responsible projects which make it an excellent opportunity for implementing Islamic finance more broadly since the ethics and principles of Islamic finance are very similar to the ones of socially responsible projects (Thomson Reuters 2015, p.6).

Lalani et al. (2015) believe that the principles of Islamic finance are widely similar to the ones of the socially responsible finance sector; this would attract even non-Muslims who care about the ethics of business. Lalani et al. see an opportunity in the Halal industry as a way to deal with Muslim countries and involve in the Islamic finance sector which requires a proper regulatory framework. They also indicate that Canada should look into Sukuk in order to diversify funding sources and this would help cover the need of the IFIs. Furthermore, the IFWG (2010) mentions that Sukuk seem to be an excellent alternative for capital but Canada ignores what this would entail as a statutory framework and which status it would have in the law. In fact, Vahed and Vawda (2008) see the introduction of Islamic finance in the West as a means of financial diversification and richness for the country.

### **Legal and Regulatory Framework of the Canadian Financial System**

Alexakis and Tsikouras (2009) highlight the fact that the approaches conventional banks take regarding the regulatory framework cannot always fit Islamic bank practices. They suggest that Western regulators would benefit the Islamic finance industry should they integrate it to their markets and accommodate it. On the other hand, Lynn (2009) and Sole (2007) find that Islamic banking is growing very slowly in the US due to the harsh regulatory framework that does not fit Islamic banking principles as well as a lack of accommodating one that would fit Islamic banking. They mention that Islamic finance remain uncharted in North America (USA and Canada) among many practitioners and policymakers. These practitioners and policymakers need to get more and more acquainted with the Islamic banking principles and requirements in order to master the appropriate way of its implementation.

Lynn (2009), Chaudhry (2011) and Tahmina (2013) indicate also that Canadian regulatory authorities are not very familiar with Islamic finance requirements and thus, they are not able to get close with industry players. When people want to have more information or have questions, they do not find any respondent from the regulatory body since they themselves have no great knowledge about the matter. Chaudhry is of the view that the Canadian authorities have the greatest role in integrating Islamic finance in their system and set up the proper regulatory framework as well as an adequate infrastructure since they are the ones regulating and controlling them. It is indeed up to these authorities to make the necessary amendments for the possibility of introducing Islamic banking in Canada.

Lalani et al. (2015) state that Canada has the privilege to have one of the best banking systems in the world and one of the safest ones since many years. It has one of the strongest and most stable economies in the world with a Triple A credit ranking grade. This is still the case in 2019 according to the world most important credit agencies (Fitch ratings, 2019; Moody's, 2018). According to these same agencies, Triple A credit ranking is the highest rating a country can get and which means that the country is economically stable, faces no significant risk and is able to pay all its debts in a timely manner. On the other hand, the Canadian banking bodies and acts often overlap, always interact and depend on each other in many cases (Goud 2009, p.41), which makes the Canadian banking law strong and consistent. For this reason, Canada is afraid of the possible negative outputs that it can encounter in case it implements Islamic Finance and does not want to lose the strength of its regulatory framework that remained solid during the recent financial crisis (Thomson Reuters 2015, p.63). Nonetheless, Islamic finance will not have negative effects in times of crisis since it has proved to be more resilient during crisis than the conventional system (Thomson Reuters 2015, p.64).

Additionally, the legal framework is more flexible to host Islamic finance since Grassa and Gadar (2014) found in their study that countries having the Common Law as their basis, which is the case of Canada (except the province of Quebec) are more keen and flexible for change and to accept Islamic Finance compared to the countries where the Civil Law is the legal tool driver. The reason why the civil law is more stringent is because it follows codified statutes that cannot be modified, unlike common law that bases its judgments on judicial opinions that can change depending on cases and situations (National Historic Side, 2018).

### **Taxation**

The IFWG (2010) makes many suggestions in terms of tax for the implementation of Islamic Finance to be successful. Considering the type of transactions and products of Islamic banks in general, the tax regulations in Canada have to be modified so that the client is not put behind and taxed twice. Some taxes have to be eliminated for these products. An example of tax regulations that hinders Islamic finance in Canada are the Income Tax Act and the Excise Tax Act (subsection 123(1)) in case of Murabahah since the profit generated in Murabahah cannot be considered as an interest nor as a financial cost and thus is subject to taxes (KPMG 2012, p.6). The KPMG group advises to look into the regulations and acts and see what must be amended either in their functionality or in their definitions in order to give space for Islamic finance in Canada. Although some work is in slow progress in the province of Ontario, the province of Quebec does not see such a will. The emphasis is put on these two provinces because they host the majority of Muslims in Canada as mentioned previously.

Watts, Pallotto and Bain (2012) from KPMG affirm that the different tax players lack knowledge when it comes to Islamic financial products hence, a clear insight is needed. These players have to know the details of the tax elements that would put the Islamic products at an advantage or at a disadvantage if they had to be compared to their conventional counterparts. The issue is represented by the uncertainty of whether the Islamic finance profit should benefit from tax withholding or if the expenses would be deductible. Watts et al. (2012) judge that once the tax regulations are fixed and Islamic finance is implemented, it would be of great benefit to the industry as a whole and would put Canada at an advantage and make it a competitor. The customers will also have more choice in terms of products. This definitely requires collaboration between the industry and the tax authorities and benefitting from other countries' experiences is a key to address this issue.

### **Requirements for the Establishment of Islamic Finance in Canada**

Aldohni (2011) and Lalani (2009) state that a good development of Islamic finance has to start in Muslim countries before reaching the West since these countries are the ones that started it and can set up an example for the industry. Aldohni gives as an example the experience of the UK where it could succeed in Islamic finance due to the flexibility of the English Law. He further mentions that Malaysia had an important

role to play in the spread of Islamic finance since its regulatory framework was mostly influenced by the IFSB which appears to be a success.

Wilson (2000), Sole (2007) and Tahmina (2013) emphasize that for Islamic finance to succeed in the West, it has to start with Islamic windows. The UK experience failed at the start where fully-fledged Islamic banks opened their doors in the UK, in an environment that was foreign to its principles. However, he says that UK became the hub of Islamic finance in the West since it learnt to start with adequate steps, from Islamic windows to get the players familiar, and then go further to open full-fledge Islamic banks. Tahmina also quoted one of the American players in Islamic finance who succeeded saying, “We started small, we started as a small success, we built on that.”(p. 67) As for those who would like to get rich quickly with Islamic Finance, she quotes the same person saying “[...] and everyone who has taken that approach has spectacularly failed or lost a lot of money trying,” (p.67)concluding that the implementation of Islamic finance in the West has to take a step by step approach.

Sole (2007) mentions three phases for the introduction of Islamic finance in conventional systems. These phases are to offer Islamic financial products through Islamic windows first, then to become a full-fledged Islamic bank and finally introducing non-bank IFIs and Instruments.

Tahmina (2013) makes an interesting remark that even if Islamic finance worked well in other countries, we cannot make a generalization as every country has its own regulations and requirements. Thus, for Islamic finance to get its place in Canada, a thorough study needs to be made and the government, industry players and people of knowledge such as academicians need to work together in order to achieve it. Networking between these three is a must for its success. Tahmina (2013) and Chaudhry (2011) say that even if Muslims are aware of the need of Islamic financial products in Canada, most of the people do not know a lot about it because there is a lack of advertising and not many sources of information about the products.

Chaudhry (2011) highlights that the Muslim community does need financial institutions offering products that respect their values, principles and religion. Since Canada is a welcoming country respecting different religions and social values, this means that the country is ready to understand Islamic finance which is full of social values and principles. Chaudhry (2011) judges that Islamic finance also has its role

in promoting itself around the world and to reach several countries by offering diversified products and training. The products must be modified according to the needs of its customers as well. A Shariah board must be set up in place for approval matters.

Chaudhry (2011) and Taylor (2003) declare that the success of Islamic finance in countries like Canada or USA lays on the innovation of its products meaning that it always has to be innovative. They emphasize that Islamic financial institutions have a major role to play if they want to be accepted in North America. These have to respect the values of the countries where they wish to be implemented. Another role of IFIs is to get familiar with the conventional and national banking laws and regulations so that they know how to tackle the elements that need to be changed in them.

Taylor (2003) goes further and sets the condition for having a good management and board of directors in which enough capital must be put in place so that Islamic finance can be implemented. The IFIs in Canada need to achieve profitability and work in a safe environment. They need to meet the Canadian threshold of capital and profitability. As a first step, the IFIs need to choose the products and services that fit the current regulatory scheme. By establishing IFIs on the ground, a new environment will be created with regulators as well as with customers. Looking at the diversification of the financial products, success and profitability will see the day.

Sole (2007) mentions five conditions that need to be reviewed by policy-makers and supervisors for the success of Islamic finance in conventional systems, which applies to the West as well and which are: "The compliance with the Shariah, segregation of funds, accounting standards and legal and regulatory adaptations and transparency and awareness campaigns." (p. 5) He adds that setting an infrastructure for Islamic finance is a must. Policymakers and practitioners need to establish communication, standards and best practices for its success.

### **The Current Situation of Islamic Finance in Canada**

Presently, Islamic financial products are offered in Canada by non-bank financial institutions such as cooperative societies and mutual fund companies (Goud 2009, p.30). Despite the good will and efforts put in opening IFIs in order to offer such products, these institutions often face difficulties not only because of the restrictions in the Canadian financial laws, regulations and policies but also because of the lack of capital and the competition they have to face next to the big and

successful Canadian banks (Tahmina 2013, p.29; Dean &Schwindt2014, p.26). These difficulties make these institutions much less attractive to Muslims who live in Canada and who are in dire need of Shariah-compliant financial products. Thus, these Muslims turn to the conventional Canadian banks as a last resort. They face hardship when they plan to buy a house or a car or even when they open accounts in conventional banks (Tahmina 2013, p.13). Most of them do not own these necessary assets because of their religious requirements, and those who possess them often have the guilt feeling of breaking the divine laws due to their dealing with interest in acquiring the assets.

On the other hand, Canadian banks are currently not allowed to offer Islamic financial products because of the difference in requirements between the conventional and Islamic financial products in terms of laws and regulations (Goud 2009, p.41; Thomson Reuters 2015, p.12). The main difference is that the principal source of income from the conventional products is the interest whereas the one from Islamic products is profit (Hanif 2011, p.166). Similarly, the conventional financial products are offered through the principle of loan whereas the Islamic financial products are offered through the principle of business and trade (Hanif 2011, p.166). All these requirements are treated differently in the Canadian law; and in the current legal and regulatory framework of the banking system, Islamic financial products have no place. Finally, the fact that these products are not offered in the big Canadian banks, it makes it difficult for Muslims to have an easy access to Islamic financial products in the country.

### **The Conditions for the Success of Islamic Finance in Canada**

Dean &Schwindt (2014) mention that for any entrant, be it a bank or a product, to make an entry to a country like Canada, it has to face two challenges: the legislation barrier and the product differentiation barrier. They explain that the legislation barrier is represented by the difficult and lengthy procedures and regulations to follow. For instance, a bank can wait several years before getting a charter to open in Canada; two applications for Islamic banks have already been submitted next to the OSFI in 2007 but they still did not receive any reply (Goud 2009, p.41) and this is still the case in 2019. The legislation barrier is also seen in the laws and regulations that inhibit the offering of certain products such as the Islamic financial products. As for the differentiation barrier, a new bank or a new product in a near-bank will have to confront the already well-established banks that have the privileges of convenience and safety

(Dean &Schwindt 2014, p.29). The privilege of convenience can be seen in the presence of the major banks and their branches in every corner of the Canadian big cities, while the privilege of safety can be seen in the trust that Canadians put in the big and large banks because of their good reputation and success.

Dean &Schwindt (2014) add that some types of institutions such as the big banks are granted unique benefits which are difficult to challenge. Thus, they conclude that instead of offering a new product in a new financial institution, it would be more realistic to encourage the dominating banks to offer that new product and to empower them to strive for the public interest. This could be the reason why Islamic finance does not know a significant success in Canada through non-bank financial institutions. These institutions say that they receive demand, but they are unable to satisfy the needs of their customers because of two reasons. The first one being the lack of capital and the second the significant competition they face next to the big banks. As a deduction and considering Islamic financial products are quite new in Canada, it would be more beneficial to offer them in the big banks through Islamic windows as a start and then after its success, it can bespread through other channels.

### **Conclusion**

This paper showed that there is a first step of Islamic finance in Canadaand that some Islamic financial products are offered in non-bank financial institutions. However, these institutions face many challenges of which are the lack of capital, the taxation treatment, the current legal and regulatory framework that cannot host most of the Islamic financial products, and especially competition next to the big Canadian banks that have the valuable privileges of convenience and safety. Alternatively, the literature strongly suggests that the best way for the success of Islamic finance in Canada is by taking a step by step approach starting by offering Islamic retail-banking products and opening Islamic windows. As a result, the success of Islamic finance in Canada heavily relies on starting by offering Islamic financial products through the big banks where there is in fact a legislation barrier that needs to be studied, but where the product differentiation barrier that is mainly represented by competition next to big banks, is absent.

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