Key words: *Shariah principles, riba, Islamic finance, microfinance*
Abstract: The paper examines the challenges to and from the Islamic finance, in the actual development and events in the global financial market. The subject is of an increased interest as in the last decade, a large number of Islamic banks or Islamic financial institutions were emerged in many countries. Islamic banking clients are not limited only to Middle East areas, but they are spreading across Europe, Asia and the US. Islamic finance has to develop its own Islamic financial instruments or to adapt the already existing conventional products, according to Shariah principles, but there are challenges to be met. New standards of accountability, transparency and efficiency should be applied for the genuine alternative to the current debt-interest-based international financial system.
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