Journal of Contemporary Economic Studies | Volume: 11/ N°: 01(2026), p 277-292

The role of Islamic sukuk in the development of Arab capital markets

دور الصكوك الإسلامية في تطور أسواق رأس المال العربية

SAMIRA HAMADOUCHE

سميرة حمادوش

Contracting and Enterprise Governance Laboratory

Hassiba Ben Bouali University of Chlef

s.hamadouche@univ-chlef.dz

Received: 13/04/2026 *Accepted: 25/06/2026* *Published:30/06/2026*

Abstract:

This research paper aims to review the reality of issuing and trading Islamic sukuk in Arab capital markets, the most important challenges they face, as well as to highlight the role of dealing with Islamic sukuk in developing the capital market in Arab countries to establish a financial market based on the provisions and principles of Islamic Sharia.It concluded with the necessity of developing Islamic financial instruments characterized by legitimate credibility and economic efficiency, and benefiting from international recognition of Islamic sukuk, and that developing an Arab Islamic financial market and expanding its scope requires developing and innovating Islamic sukuk, encouraging their marketing, and moving away from emulating traditional financial instruments.

Keywords: Islamic sukuk, inclusion of sukuk, capital market

JEL Classification Codes : G21 ?, G23, G15, C52. Z23.

ملخص:

تهدف من خلال هذه الدراسة إلى عرض واقع إصدار وتداول الصكوك الإسلامية في أسواق رأس المال العربية ، بعرض أهم التحديات التي تواجهها، وكذا إبراز دور التعامل بها في تطوير السوق المالي العربي بغية تأسيس سوق مالية ترتكز على أحكام ومبادئ الشريعة الإسلامية.وخلصت الدراسة إلى ضرورة تطوير أدوات مالية تتميز بالمصداقية الشرعية والكفاءة الاقتصادية ، والاستفادة من الاعتراف الدولي للصكوك الإسلامية، و أن تطوير سوق مالية إسلامية عربية وتوسيع نطاقها يتطلب تطوير وابتكار صكوك إسلامية وتشجيع تسويقها ، والابتعاد عن محاكاة الأدوات المالية التقليدية.

الكلمات المفتاحية: الصكوك الإسلامية إدراج الصكوك سوق رأس المال

تصنيفات JEL: G21 ,G23,G15,C15,Z23

***Corresponding author**: samira hamadouche , **e-mail** :*s.hamadouche@univ-chlef.dz

1. Introduction

Sharia-compliant instruments financing and investment tools that have been developed in recent years

With great Arab, regional and international interest due to its importance traders, the issuance of Islamic sukuk also contributes to providing financial instruments that enable investors to diversify their investments and investment portfolios in addition to attracting new categories of investors interested in investing in financial instruments compatible with Islamic Sharia

Accordingly, this study comes as an attempt to clarify Arab capital markets. From here, the features of the research problem become clear by raising the following fundamental question: "Do Islamic sukuk have a role in developing Arab financial markets?"

- **The importance of research**

The importance of the research lies in its treatment of a vital topic that has not received its share of studies in academic and research institutions, nor even from decision-makers. This is demonstrated by the lack of studies and statistics that address the role of the Islamic sukuk industry in developing Arab capital markets**.**

- **Research objective**

Through our study, we seek to achieve of goals:

- theoretical foundation of the concept of Islamic bonds and the requirements for their inclusion;
- Presenting some pioneering Arab experiences in the field of issuing and listing Islamic bonds.
- Diagnosing development in Arab capital markets.
- Coming up with results and recommendations related to the criteria for the success of issuing and trading Islamic sukuk in Arab capital markets.

- **Study methodology**

study the research problem, analyze its dimensions, and be familiar with the various aspects of the subject, we relied in our study on the deductive approach with its tools of description and analysis, nature subject under study, through describing and analyzing its various axes, which are:

- For the conceptual framework of Islamic instruments
- Pioneering Arab experiences in issuing Islamic bonds
- Analyzing the performance of Islamic sukuk markets internationally and in the Arab world
- Future prospects for the growth of Islamic sukuk in Arab financial markets.

2. The conceptual framework of Islamic instruments

Through this branch of the study, we attempt to present the various concepts associated with Islamic instruments, then demonstrate their importance to the various stakeholders, and detail their types and the parties benefiting from their issuance

2.1 Definition of Islamic sukuk

Islamic Sukuk: Nominal securities of equal value that represent common shares in the ownership of assets, benefits, services, or a mixture thereof, whether they are existing rights be owned their establishment for a specific project. They impose rights and obligations on the sukuk holder within the limits of his share, after paying the value of the sukuk, closing the subscription and beginning in what they were issued for in a contractual form that does not conflict with Islamic law (Commissions, 2025, p. 11)

As for the concept of Islamic skepticism, writers and researchers have differed in its definition, and these definitions can be presented as follows : (Zahra Hamed Kazem, 2005, p. 2)

- **The process of collecting and classifying secured assets, then converting them into instruments and selling them to investors;**
- The process of issuing sukuks whose financial values are equal and which represent known shares in benefits or ownership of assets, or a mixture of benefits, assets, and debts owed by the party that are issued in accordance with a contract;
- A process of issuing tradable securities based on an investment project that generates income;
- The process of dividing assets, such as goods, assets, or both, into units with equal prices, and then issuing deeds for their price.

2.2Those dealing with Islamic bonds

The process of dealing in Islamic bonds takes place between the following parties:

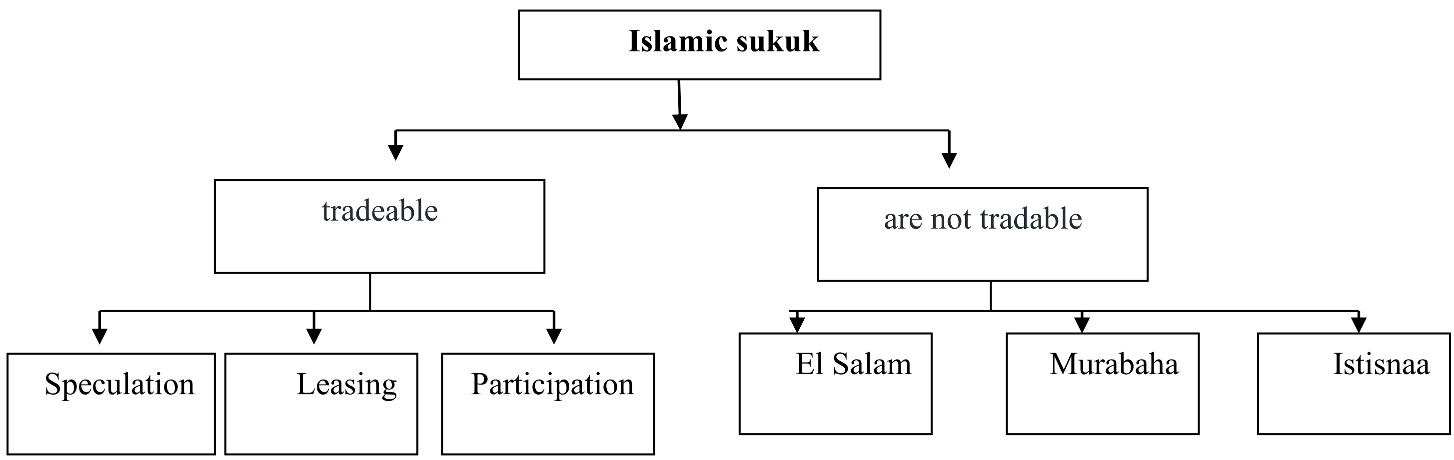
- Offering: Inviting the public or a specific category of it to subscribe to the sukuk that have been approved for issuance by the Authority within a specific period of time specified in the issuance prospectus. The offering is positively returned by the beneficiary party, and acceptance of investors' subscription to the sukuk is in accordance with what is stated in the subscription request (Federation of Securities Commissions, 2025, p. 13)
- Islamic Sukuk Issuance Manager: A financial services company licensed to practice securities issuance management activity;
- Sukuk Issuance Bulletin: A document that includes data and conditions for issuing and offering sukuk legislation regulating Islamic sukuk ;
- Coverage Underwriter: A licensed financial services company that is committed to promising to purchase non-subscribed sukuk, in accordance with the coverage pledge agreement concluded with the special purpose company in accordance with Islamic Sharia;

- Valuation: estimating or valuing the value of assets, and it may actually be through selling, by valuing assets at the market price;
- Refund of the instrument: Purchasing the instrument by the beneficiary party or others before its expiration date with the intention of canceling it with Islamic law;
- Extinguishing the instrument: distributing the proceeds of the instrument assets to the instrument holders after debiting at the end of the instrument period specified in the prospectus and Islamic law;
- Listing: Registering sukuk in stock market records so that they are tradable in accordance with Sharia controls;
- Trading: The buying and selling of sukuk in the stock market.

2.3 Types of Islamic sukuk

The nature of Islamic sukuk varies and is diverse depending on the nature of the Sharia contract. The Accounting and Auditing Organization for Islamic Financial Institutions has listed more than fourteen types of Islamic sukuk, which have been classified according to the nature of the activity involved in issuing them and the areas of employment. They are classified into four main sections: "participation sukuk, agricultural contract sukuk, leasing sukuk, deferred sale sukuk," but the most common are those that can be explained in the following figure : (Bukhari, 2017, p. 57).

Figure No. 01: Types of Islamic sukuk



Source: Bukhari Fatima, "The Role of Islamic Sukuk as a Mechanism for Activating the Financial Market: The Malaysian Experience in the Islamic Financial Market," Journal of Financial and Business Economics, Volume II, 2017, p. 57.

Among the most important legal contracts under which Islamic bonds may be issued are:

Lease instruments: These represent instruments in which the benefit of the asset subject to minting is sold to the owners of the instruments and its price is collected from the proceeds of subscription to them :

- Participation instruments: They represent instruments that are issued to use their proceeds in a joint venture based on sharing profits and losses instrument owners within the limits of their shares;
- Speculative instruments: These represent instruments exchange the funds they provided to the issuing entity on the basis of speculation;
- Green Sukuk: These represent instruments to finance projects that achieve environmental returns, such as renewable energy projects, energy efficiency, water treatment, and other activities that contribute to protecting the environment in .

2.4 Entities benefiting from the issuance of Islamic bonds

Determining the entities permitted to apply to the relevant regulatory authority to obtain financing through the issuance of Islamic sukuk. The regulatory authority classifies Islamic sukuk according to the entities that benefit from Islamic sukuk financing to establish projects or develop existing projects according to the issuing authority into:

- Sovereign or governmental instruments (i.e. issued by governments);
- semi-sovereign instruments (i.e. issued by public bodies and institutions affiliated with governments);
- Financial institution instruments (such as those issued by banks and financial institutions, especially Islamic ones).;
- Instruments of various companies (whether agricultural, industrial, commercial or service) provided that the legislation prevailing in the country permits them to do so.

1.5Listing and trading of Islamic sukuk.

Sukuk are listed on the stock market, whether local or international stock exchanges, after being registered and deposited and requirements the stock market, where a listing agreement must be signed with the stock market .

Islamic bonds are also registered, deposited, cleared and settled with the relevant local or international deposit and clearing authorities. This is done by submitting a listing request for all subscribed bonds, attaching all required documents and papers Stock Exchange for this purpose. (Union., 2015, p. 10)

The stock market also specifies the time periods for issuing a listing decision or rejecting the application for specific reasons and the procedures for objecting to the rejection decision. Before listing the sukuk, it must be verified except for the restrictions contained in the applicable legislation. These are among the most important items that must be met in the listing request (Arab, 2025, p. 12)

A report issued by the beneficiary entity that includes information about the establishment of the beneficiary entity, its objectives, an evaluation of its performance and achievements, the most important events it has experienced, its future plan, and beneficiary entity's shares and subscribed Islamic bonds.

A description of the issued Islamic instruments that the beneficiary wishes to include;

The articles of association and bylaws of the beneficiary entity, in addition to the annual report of the beneficiary entity and the project for the last fiscal year;
- Audited interim financial statements for both the beneficiary and the project.
Sukuk are traded on local or international stock exchanges in accordance with international standards such as "DVP" (delivery for payment), and must be freely tradable in accordance with market transparency.
The cases in which trading in Islamic bonds listed on the stock market is suspended must also be determined, whether the reasons for the suspension are related to legal reasons (based on the proposal of the Central Sharia Supervisory Authority), Or reasons related to investor protection (such as any emergency incident that fundamentally affects the safety of dealing in Islamic issuing entity or the project), such that shares are re-traded except when disclosure procedures are completed for the public of dealers.
The cases under which Islamic sukuk are delisted on the stock market (such as the extinguishing of sukuk, or the liquidation of a special purpose company as a result of the project's failure) and the implementation mechanism must be determined.

3. Successful Arab experiences in issuing Islamic bonds

Below we will review some successful Arab experiences in issuing Islamic sukuk

3.1 Saudi experience

The issuance of Islamic sukuk in the Kingdom of Saudi Arabia began first time in 2006 at the initiative of the Saudi Basic Industries Corporation "SABIC", which issued the first sukuk on 07/29/2006 at a value of 3 billion Saudi riyals with a nominal value of 50 thousand Saudi riyals without discount or premium, which constituted the largest sukuk issuance in the region, on 04/15/In 2007, the company issued the second issue of a mint worth 8 Saudi riyals, with a nominal value starting from 10,000 Saudi riyals.
The experience of SABIC issuing a sukuk is considered a very important step in its journey, as these sukuk were widely accepted by Saudi investors when they were offered for subscription. This step also paved the way for opening a capital investment channel in Saudi Arabia other than stocks to Saudi and provide investors with broader investment options. (Ben Al-Silt, 2025, p. 65).

3.2Bahrain experience

The Kingdom of Bahrain was one of the first leading countries in the field of issuing Islamic sukuk, which are now used for short-term government financing and for developing long-term infrastructure projects, issues usurious and Islamic sukuk and bonds with short and long-term terms, represented by government treasury bills and Islamic peace and lease bonds. The Central Bank of Bahrain plays the role of agent in managing and issuing sukuk and bonds The first issuance of sukuk was for the government of Bahrain in 2001.

The Bahrain Monetary Agency issued, on behalf of the Kingdom of Bahrain, its tenth issue of lease certificates with a total value of 40 million Bahraini dinars. The issuance will begin on July 20, 2004, and will continue for a period of 10 years until July 20, 2014, at a fixed annual lease rate of 5.125%, paid every six months. The lease certificates represent government assets offered to investors represented by the Comprehensive Bank of Bahrain, which purchases real estate from the government and then leases it back to it on a lease ending with ownership. (Al Nuaimi, 2015, p. 90).

3.3UAE experience

We will review the experience of minting in the United Arab Emirates by presenting the "National Sukuk" product, Islamic Sukuk in the Emirates, as it has received an unremarkable acceptance from those interested in purchasing Islamic Sukuk to achieve financial returns that exceed the desired returns from banks, as the latter are considered "speculative" investment certificates characterized by With a non-negotiable nominal value, equal shares of capital are in exchange for their money for the purpose of implementing a number of projects for terms publication issue, and the speculator has the right to renew for other periods if 25% of the sukuk holders do not object to the renewal.

The first advantage that these sukuk gained was the introduction of periodic prizes, which gained them great fame and led to a great demand from people. these a private joint-stock company (the National Sukuk Company) establishing speculators and issuing sukuk to establish specific projects in which the proceeds of these sukuk are invested and distributing the profits as a percentage agreed upon between speculator based on the expected profits index in the feasibility study.

The second advantage of this Islamic product is that the speculator donates, of his own free will, to distribute or award financial prizes advantage of being lottery to sukuk holders without being required to do so in the speculation contract. (Al Nuaimi M. A., 2015, p. 95).

3.4Jordan experience

The First Kingdom of Jordan is the foundation for the Muqarada bonds and their applications The beginning was when work began to develop the draft law of the Islamic Bank of Jordan based on presenting the idea of loan bonds as a financing method as a legitimate alternative to usurious loan bonds. The issuing authority for these bonds is the Ministry of Endowments and, noting that they are traded in the Amman Financial instructions, and that the issuing authority, which is the Ministry of Endowments, may purchase loan bonds from the financial market without any restrictions or conditions On the basis of paying specific interest announced in the prospectus during the term of the bonds and until the time comes to extinguish them. subscribed person is a debt relationship and is based on guaranteeing the subscribed capital with an increase in the announced interest rate, while the loan bonds do not have a debt relationship that brings specific usurious interest, but rather it is a lending relationship that has the meaning of participation, as no action is taken in it Pre-interest is left to the amount of profit that is achieved, so there is no guarantee even in the first place even to return the capital due to the possibility of a loss (Ben Amara, 2011, p. 260).

3.5 Egypt's experience

The state of political polarization that Egyptian society is experiencing was reflected in the position on the Sukuk Law. Opinion was divided between supporters and opponents according to political affiliation. (Egyptian Sukuk, 2023, p. 2) The draft law was not addressed objectively, or evaluated from the perspective of its impact on the Egyptian economy in the long, short or medium term, as it is a financing tool that could contribute to reducing the burden on the general budget. Some opinions have argued that sukuk pose a threat to national security, as the sukuk law may allow individuals whose nationalities are unknown to own assets in some projects. However, some believe that these fears are unfounded, as investors do project. However, the distinction between public ownership and private ownership by the state in the draft law may open a new door to privatization, and investors may own state assets in the event of failure to pay the financial rights of sukuk owners.

The most severe opposition to the draft law came from the Council of Senior Scholars of Al-Azhar, which based its rejection on the fact that these bonds would lead to the loss of the people's ownership of public property in Egypt. The Council made many observations on the draft law on Islamic bonds, in many articles, including: "Article One: which stated:" The definition of sukuk is that the sukuk must be of a fixed term, but they do not specify a time to which they will expire. This means that the sukuk may be specified for periods that take generations. It is known in Islamic law that sukuk and other investment financing instruments must expire for specific periods appropriate to the lives of their owners. The Authority's opinion has settled on no more than twenty-five years.

3.6 Sudan experience

Sudan is considered the first Muslim country to completely transform its banking in its effort to create Islamic financing tools and methods, in 1995 the government issued a law called the "Financing Sukuk Law" in line with state decisions aimed at eliminating usurious forms of transactions.

Accordingly, the Sudan Services Company Limited was established to replace the issuing and managing government sukuk, contributing to the state's development projects, and assisting in liquidity management at the national level. Thus, Sudan's experience is among the pioneering and distinguished manufacturing sukuk, which was to mobilize resources to finance the general budget deficit, finance assets, and various government projects. (Khalifa, 2017, p. 167).

4. Analyzing the performance of Islamic sukuk markets internationally and in the Arab world

Islamic sukuk are considered a financial solution and a legitimate alternative to traditional debt instruments, which were one of the main causes of the global financial crisis in 2008. The Islamic financial instruments market is currently witnessing widespread popularity and is dominated by the issuance of Islamic sukuk, which is seen as a major driver a boom in Islamic sukuk transactions, resulting in a significant and rapid growth in the volume of Islamic sukuk issuances.

This part of the study aims to analyze the Islamic sukuk markets in Arab countries in all their different types and formats, according these issuances, while trying to analyze the developments taking place there during the year 2024.

Many Arab countries have adopted laws specific to sukuk, while sukuk are issued in other countries without the need for legislation regulating this issuance process. Rather, it was carried out under the laws of issuing traditional financial instruments, and the financial table shows the most important laws and legislation related to this in some Arab countries.

4.1Islamic capital market during the period 2021-2024

The Islamic capital markets sector continued to record positive developments in 2021, recording an annual growth rate of 11.6%. The sector represents 30.5% assets financial its value amounts to approximately 930.3 billion US dollars. Sukuk (a sub-sector of Islamic capital markets) recorded a growth rate of approximately 8% on an annual basis in 2021, reaching a volume of 775.7 billion US dollars It still clearly dominates the Islamic financial markets sector in terms of the share of assets

Which exceeded 83%. The strong performance is largely attributed to strong sovereign issuances in major Islamic finance markets to support budget expenditures, and financial sector issuances (Islamic banks in particular) through the issuance of capital base support sukuk (first tranche and second tranche), and also to the entry of a number of new entrants to the sukuk market (such as Taiwan), and an increase in long-term sukuk issuances (between 30 and 50 years), And the increase in stable short-term issues.

sukuk market witnessed moderate growth during 2021, and after achieving a growth rate close to 20% in 2020, the rate returned to moderation, as it returned to a growth rate close to 8% in 2021, under attractive global financing conditions for exporters. The strong growth in the sukuk market was mainly called for by an increase in corporate issuances, especially in Malaysia Kingdom of Saudi Arabia , Qatar, and Turkey, with particularly strong sovereign issuances from Saudi Arabia, Oman, and Qatar. (Monetary Fund, 2022, p. 14)

The strong issuance volume in 2021 represents the sixth ,It also represents an overall growth in sukuk over the past six years (from 2015 to 2021) at a compound annual growth rate close to 19%, making it the fastest growing sukuk sector among all sectors of the Islamic financial services industry.
Total sukuk issuances in 2024 amounted to approximately $180 billion, and the market is still moving steadily to reach a total of $1 trillion in these issuances in the next few years. 2024 witnessed many prominent international transactions, such as Indonesia's issuance of 30-year green sukuk and a $5 billion issuance from issuance of sustainability instruments worth $2.5 billion from the, and these transactions demonstrate the depth of this market.
countries in terms of issuances during the year were Malaysia, Saudi Arabia and Indonesia (CD- LSEG ISLAMIC FINANCE, 2024, p. 30)
The factors driving growth in 2025 are attracting more traditional investment institutions and, with the exception of the major Islamic finance centers in the GCC and Southeast Asia, Investment institutions are not familiar with sukuk or consider them an unfamiliar product that is not compatible with their activities, in addition to the emergence of green sukuk that Malaysia in 2017, combining these two products, as the latter has witnessed broad growth about 10% of the total wide institutions starting from governments and sovereigns (such as Indonesia) as well as companies green bonds and sukuk and the development witnessed by the green bonds market, each of them remained in a largely separate scope. Green bonds and sukuk have flourished among different bases of investors and in different regions of the world.

5. Analysis of the structures of international and local Islamic instruments

The Islamic economy has established an increasingly important foundation in the global economy and has continued to keep pace with rapid market changes through its adoption of financial technology and digital banking services. Islamic financial assets reached $8.584 trillion in 2018 and reached $3.5 trillion in 2024. Some governments and institutions continue to issue sukuk on an increasing basis. As for, In general, local sukuk markets, and therefore the requirements.

5.1 Issuances of international instruments and their structural and sectoral distribution

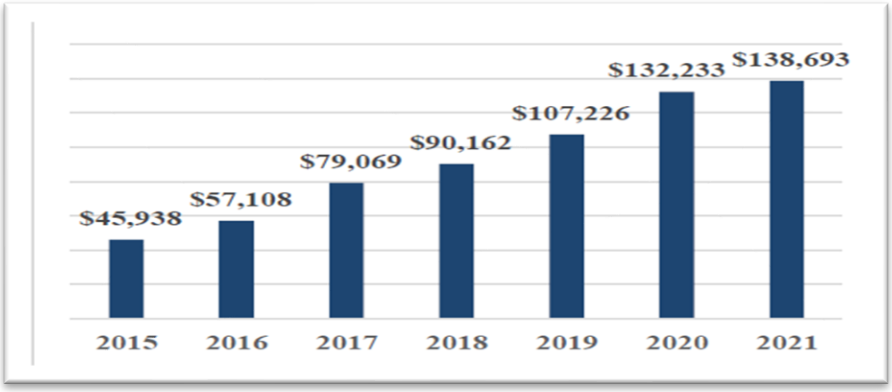
At the international level, the agency's sukuk structure maintained its lead compared to the leasing sukuk structure and other structures as it was the most used by exporters in the international market with a market share of 21% (151 billion US dollars) in a year, a slight decrease of about 5% compared to the previous year. Leasing sukuk came second, with its market share rising to 7.5% (18 billion Usd), then speculative instruments by 6% (US$2.7 billion) and the figure below shows the preferred instrument structures for international instruments. (Monetary Fund, Bulletin of Islamic Finance in Arab Countries, Issue Four., 2022, p. 15).

5.2 Local sukuk issuances and their structural and sectoral distribution

Regarding local sukuk markets, sukuk issuances in 2021 amounted to US$138.7 billion, after reaching US$132.23 billion in 2020 compared to US$107 billion in 2021.

Malaysia has maintained the largest share, and remains the largest issuer of domestic instruments at 40.65% (US$53.7 billion). This is what the following figure shows.

Figure 1: Issuances of local sukuk during the period (2015-2021)



Source: Arab Monetary Fund, Bulletin of Islamic Finance in Arab Countries, Issue N. 4, 2022, p. 14.

Some countries have also emerged as driving forces for local issuances, including: the Kingdom of Bahrain, Indonesia, the Kingdom of Saudi Arabia, Pakistan, Qatar, and Turkey. The Kingdom of Bahrain has continued its periodic issuance of sukuk, especially short-term sukuk, and has also witnessed many important issuances. Murabaha sukuk have historically remained the most widely used structure, as they represented more than half of the volume of local sukuk issuances. However, a fundamental change has occurred, as their percentage of total issuances has declined (from 29% to 30%) at the expense of Ijarah sukuk, which represented 18% of the share of issuances During the years 2019 and 2020, the structure became the most used (about 41% of the share of issuances for the year 2020), followed by hybrid sukuk based on a structure (murabaha / speculation) at a rate of 10%. Speculative instruments still exist

The agency is part of the desired structural mix from a diversity point of view, and it is clear from this structural distribution that the year 2020 witnessed a fairly balanced structural distribution, which is desirable in any case, and it is also encouraging for the sukuk market and its players, as it means

This provides the advantage of diversification and reducing focus on a specific structure.

The local sukuk market has become active in a number of countries, notably Saudi Arabia, Indonesia, and Turkey. Central banks provide opportunities excess Islamic financial institutions.

Accordingly, the global sukuk market continued its strong growth, attracting more exporters and investors alike, and this growth is evident in the increase in issuances from both developed and emerging markets, which confirms the expansion of the base of participants in this market globally.

In 2024, sovereign issuances showed strong performance in the domestic market, capturing the lion's share of 70.11% of the total issuance value (equivalent to US$97.8 billion). Corporate issuances came in second place with 14.55% (US$20.3 billion), followed by financial institution issuances with 11.21% (US$15.6 billion), while the remaining percentage was 4.13% (5.8 billion US dollars) were for semi-sovereign issues.

In 2024, sovereign issuances maintained their pivotal role in the long-term international sukuk market, contributing 32.14% (US$21.1 billion), but quasi-sovereign issuances surpassed them, capturing the largest share at 39.12% (US$25.6 billion). This represents a shift from 2023, which saw a close contribution from both sovereign issuances (35.20% or US$18.5 billion) and quasi-sovereign issuances (35.15% Or 18.5 billion US dollars) In a related context, financial institution issuances recorded a noticeable increase in 2024, rising to 23.04% (15.1 billion US dollars) compared to 10.87% (5.7 billion US dollars) in 2023. At the local market level.

In 2024, Murabaha sukuks maintained their dominant position in local markets, representing 32% of total issuances (worth US$45.5 billion). This percentage confirms the growing popularity of this structure among local exporters, thanks to its simplicity and Agency sukuk and lease sukuk came next with market shares of 16.04% (equivalent to US$22.4 billion) and 15.24% (equivalent to US$21.3 billion), respectively, demonstrating continued strong demand for asset-based and agency-based financial instruments, hybrid sukuk structures emerged as a major player in the market, capturing a significant share of 29.34%(US$40.9 billion) This trend reflects the increasing demand of issuers for these sukuk thanks to the flexibility provided by mergers between various contracts, highlighting the maturity of its structuring methods (IIFM Instruments, 2025, p. 16).

5.3 Qualitative analysis of Islamic sukuk markets

By tracing the history and developments of the sukuk markets, it is possible to analyze the qualitative aspects related to these markets. to exporters and investors alike, as evidenced by the record number of total sukuk issuances (short-term and long-term) in both the local and international sukuk markets. Below is an analysis of demand and supply factors: Ali Al-Sakuk (IMF, 2022, p. 17)

- Factors driving Islamic sukuk markets

that have helped keep it a steadily growing market include:

•Issuances from countries well-established in Islamic finance, for example, Saudi Arabia, Malaysia, and Indonesia still account for about two-thirds of sukuk issuances worldwide;

•The entry of many new exporters, for example, whose share increases in Kuwait, Qatar and the United Arab Emirates;

•Issuance of Level L and Level 2 regulatory capital instruments (instruments compliant with Basel III requirements;

•Increase in 30-year long-term issuances, plus increase in short-term issuances for management

Liquidity and increased focus on financing projects and issuances related to environmental, social and governance standards.

- **Demand for sukuk**

The growing demand for sukuk from the GCC countries (Kingdom of Bahrain, Saudi Arabia, United Arab Emirates and Oman), other Islamic countries such as Malaysia, Indonesia, Turkey, Pakistan, Brunei Darussalam, the African region such as Nigeria, Egypt, Gambia and others, and issuance growth. In recent years, it has issued

Many of the mentioned Islamic countries regularly serve as reference instruments in local and international markets. Some countries, including African countries, have adopted the Kingdom of Bahrain's strategy of regularly issuing short-term sukuk to support the liquidity and investment requirements of local Islamic financial institutions. Bahrain, Brunei Darussalam, Indonesia, Malaysia, Turkey, and some African countries are among the most consistent issuers of short-term sukuk in 2020. (Federation of Securities Commissions A. , 2015, p. 34)

As for the most important difficulties facing the Islamic finance sector in, they can be mentioned as follows.

•Lack of a clear legislative framework and environment in most Arab countries;

•Incomplete necessary regulatory and administrative frameworks;

•The lack of the necessary expertise and competencies represents the most important difficulties facing Arab capital markets ;

•There is great competition from advanced financial and international centers and Arab financial markets.

- .Future prospects for the growth of Islamic sukuk in Arab financial markets

The most important future prospects for supporting and growing the Islamic sukuk market internationally and Arably: (Financial, 2025, p. 20)

•Growth of instruments related to the environment and governance: One of the positive developments witnessed by the instrument market is the trend towards issuing responsible instruments, or instruments related to the environment, society and governance, and their share is increasing significantly, and the international Islamic financial market expects their value to exceed 20 billion US dollars in 2022.;

•Growth of fixed-return sukuk: The trend of issuing sukuk at a constant profit rate compared to the first years of issuing sukuk when investors were generally financial institutions. There is no doubt that at also help develop the secondary sukuk market ;

•Further diversification of sukuk structures New issuances based on innovative hybrid structures are expected to whet the appetite of issuers, for example, speculative sukuk issuances are expected to increase the advantages they offer, including the possibility of being considered as systemic capital instruments for banks;

•The role of the International Islamic Liquidity Management Authority: The International Islamic Liquidity Management Authority remains an active issuer of short-term international instruments. This provides an alternative means of liquidity management for Islamic financial institutions active in a short-term market and seeking low-risk securities to meet the high-quality asset requirements of regulators. The issuance of more new instruments has contributed to their quality, and the refinancing of outstanding instruments has contributed to maintaining a positive trajectory in the volume of instruments;

•Asset-backed instruments: Asset-backed instrument issuances may continue although the volume may be limited due to the limited availability of fully convertible assets, structural issues and legal challenges, especially addressing ownership transfer requirements as well as managing the risks of the assets in question.

6. Conclusion

The issue of Islamic finance instruments has received great attention from capital markets in various countries of the world, as the market for Islamic finance instrument issuances has witnessed a noticeable increase in recent years, and there are now specialized and influential international centers that have been able to attract huge investments that have been employed in Islamic finance instruments, despite the noticeable increase in Islamic finance instruments and the great interest they have come to receive However, Islamic finance still represents a small percentage of traditional finance, underscoring the importance of continuing to support the Islamic finance sector. In Arab capital markets, Islamic finance has also witnessed significant interest in recent years, exemplified by the tireless efforts of financial market regulators and regulators, which have focused on building the necessary legislative framework and structure for the development of this sector.

7. Bibliography List :

Al Nuaimi, M. A. (2015). The role of Islamic sukuk in financing long-term investment: a case study of Bahrain, the Emirates, and Malaysia. Dans PhD thesis. Amman: International University of Islamic Sciences.

Al Nuaimi, M. A. (2015). . The role of Islamic sukuk in financing long-term investment: a case study of Bahrain, the Emirates, and Malaysia. Dans PhD thesis. Amman: International University of Islamic Sciences.

Arab, F. o. (2025). Guidance rules for issuing and listing Arab financial instruments. *United Arab Emirates.*

Ben Al-Silt, N. B. (2025). Islamic sukuk and their role in supporting the financial market - the experience of sukuk in the Kingdom of Saudi Arabia. Business economics and trade.

Ben Amara, N. (2011). Islamic sukuk and their role in developing the Islamic financial market - the experience of the international Islamic financial market Bahrain. Al-Baheth Magazine.

Bukhari, F. (2017). The role of Islamic bonds as a mechanism for activating the financial market. . . *The Malaysian experience in the Islamic financial market,Financial and business economy.*

CD- LSEG ISLAMIC FINANCE, D. (2024). ISLAMIC FINANCE.

Commissions, F. o. (2025). *Guidance rules for issuing and listing Islamic sukuk in Arab capital markets.* . United Arab Emirates .

Egyptian Sukuk, F. M. (2023). Policy papers 8. Egypt.

Federation of Securities Commissions, A. (2015). Islamic finance instruments in Arab capital markets. United Arab Emirates.

Federation of Securities Commissions, A. (2025). Guidance rules for issuing and listing Arab financial instruments. . *United Arab Emirates* .

Financial, I.-L. I. (2025). Development Report Islamic and Financial.

IIFM Instruments, R. (2025). Global Islamic Financial Market.

IMF, A. (2022). Bulletin of Islamic Finance in Arab Countries, Issue Four.

Khalifa, A. B. (2017). The contribution of Islamic instruments to improving the wheel of development in Algeria "The Sudanese Experience". Journal of Business and Trade Economics, 167.

Monetary Fund, A. (2022). Bulletin of Islamic Finance in Arab Countries, Issue Four.

Monetary Fund, A. (2022). Bulletin of Islamic Finance in Arab Countries, Issue Four.

Union., A. S. (2015). . Islamic finance tools in Arab capital markets.

Zahra Hamed Kazem, I. K. (2005). Islamic bonds as a means of avoiding financial crises - the subprime mortgage crisis as an example. *raqi Journal of Economic Sciences, 2*.