

THE ROLE AND ANALYSIS OF SUKUKS IN THE PRACTICE OF THE WORLD FINANCIAL MARKET

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Abstract. The main purpose of the article is to study ways to implement, develop, and adapt Islamic financial instruments to the national financial system in Uzbekistan by analyzing their principles. It presents the importance of Islamic finance in modern practice, achievements in world experience, as well as practical recommendations for further development of this field in the context of Uzbekistan.

Keywords. *Islamic finance, sukuk, Islamic financial instruments, Islamic financial institutions, Islamic capital market.*

Introduction.

In recent years, the demand for Islamic finance and its instruments has been growing significantly. Interestingly, these instruments are attracting attention not only in countries with a predominance of Muslims, but also in countries where Muslims are a minority. The Islamic finance system currently holds an important position in the global financial market and is used by many large corporations and financial institutions.

Several countries have begun rapid development in the field of Islamic finance at the international level. Countries such as Malaysia, Turkey, Indonesia, Saudi Arabia, and the United Arab Emirates are actively participating in the development of the sukuk market. Among them, Malaysia is particularly noteworthy, distinguished by its share in the global Islamic finance market and systematic reforms.

It should also be noted that the international Islamic finance market is forming as an ever-expanding dynamic system. It is particularly noteworthy that not only traditional Muslim countries, but also Western countries such as Great Britain and Germany are showing active interest in these instruments.

Currently, efforts are being made in our country to introduce Islamic finance into our national financial system. It should be emphasized that the introduction of Islamic finance in our country will yield good results and can further increase the attractiveness of our financial market, enrich the scale of investment, and increase the level of liquidity.

Literature review.

Currently, Islamic finance is being studied with great interest by scholars and financial institutions worldwide, and the level of demand for studying it continues to grow. Also, in our research work, we touched upon the opinions and research of scientists below.

Ezzedine Ghlamallah et al. (2021) in their work "Topics of Islamic Economics and Finance Research," conducted research on Islamic economics and finance is deeply analyzed and studied. The researchers studied about 1,500 scientific works published between 1979 and 2018 and investigated the possibility of a good description of Islamic economics and finance literature within 11 topics

covering economic, financial, and ethical issues. The work also discusses the peculiarities of Islamic economics not covered in the traditional economic system.

Ahmad Tajuddin Rozman and Nurul Afifa Azmi in their article "GREEN SUKUK, ENVIRONMENTAL PROBLEMS AND STRATEGY" (2021) aimed to identify the most pressing and problematic environmental problems in Malaysia and linked them with the "Green Sukuk" initiative on how green sukuk can solve the problem financially, and made some proposals for creating a strategy for the Malaysian government. Problems such as floods, air pollution, and drinking water shortages in Malaysia before 2020 were considered, and the benefits of green sukuk emissions were scientifically substantiated.

Felicia H. M. Liu, Karen P. Y. Lai, in her article "Green Ecology: Green Sukuk in Malaysia and its Development" (2021) examined the contradictions and limitations of green sukuk's contribution to Malaysian state building. The data was collected from financial institutions in Kuala Lumpur, and the purpose of each green sukuk issued was analyzed. Also, the differences between green sukuk and green bonds are compared.

Jiyanov Uktam Panjiyevich and Norboyeva Maftuna Shavkat kizi conducted research on green sukuk in their scientific article "EMISSION OF GREEN SUKUK: EXAMPLES FROM MALAYSIA" (2024) and studied the experience of Malaysia and gave their scientific conclusions.

In his research article "COMPARATIVE ANALYSIS OF ISLAMIC FUND INDEXES WITH TRADITIONAL FUND INDEXES BASED ON EXTERNAL SHOCK FACTORS" (2024), Abrorov Sirojiddin conducted studies on sukuk emission in some countries, including Malaysia and the UAE, and formulated proposals and conclusions for Uzbekistan.

In our article "ANALYSIS OF THE ISLAMIC FINANCIAL INSTRUMENTS MARKET," we conducted our own research while studying the analysis of Islamic financial instruments and discussed our own proposals.

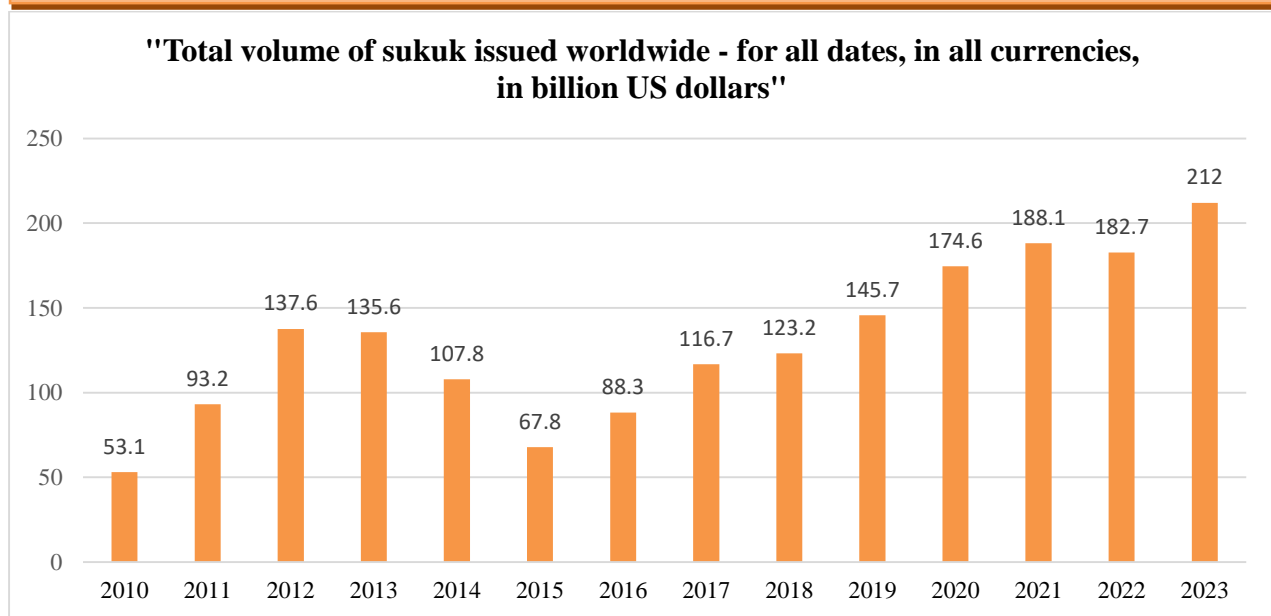
In conclusion, we live in an era where alternative solutions to traditional financial services have been created worldwide. That is, Islamic financial services are based on Sharia rules and do not involve usury. Also, as a result of the conducted research, we can see that Islamic financial assets are increasing year by year.

Methodology.

Various information and scientific works were used in the preparation of this article. The information presented in the article is based on reports in Islamic financial instruments, the global sukuk market, Islamic finance, Islamic financial institutions, and other similar areas. The presented statistical data are real and are obtained from reliable sources for accuracy of analysis.

Analysis and results.

In the modern global financial system, sukuk, one of the innovative tools of Islamic finance, is playing an increasingly important role as securities issued in accordance with Sharia law. The results of the following analysis show that the structure of sukuk and the mechanisms of their issuance are aimed at a comprehensive analysis of investor interests and economic impact. In the course of our research, we studied the following statistical data. Referring to analytical results and statistical data, based on data provided by international Islamic finance, that is, according to their 2024 report, we have formed the following data.



Graph 1. Information about global sukuk.

Source: <https://www.iifm.net/>

As can be seen from the table above, since 2010, sukuk emission has shown steady growth, and by 2023, "the total volume of global sukuk emission (long-term and short-term) amounted to 212 billion US dollars, which confirms the leading position of sukuk as the main financing instrument, and as shown in the diagram below, global sukuk emission recorded a positive growth of about 16% or 212 billion US dollars per year in 2023 compared to 182.7 billion US dollars in 2022.

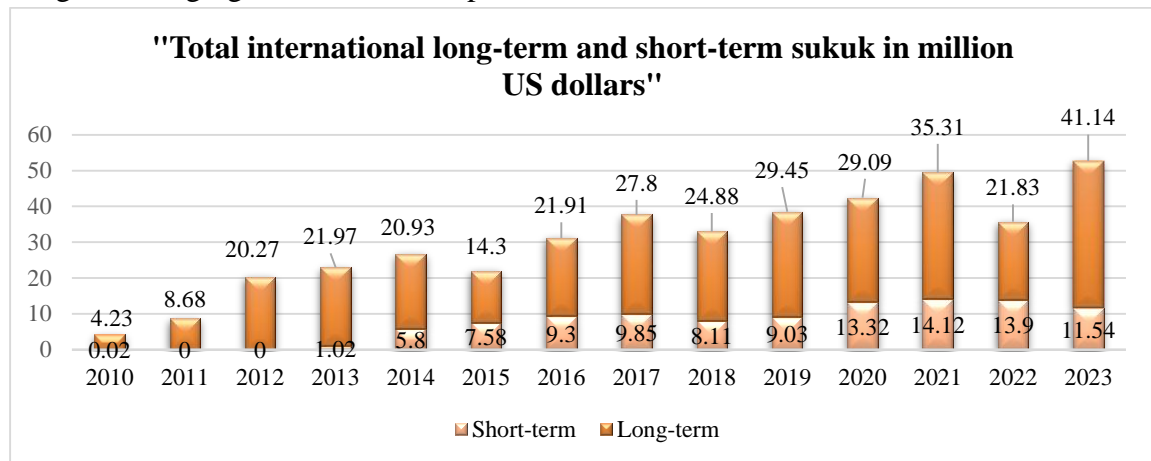
Throughout 2023, emission volumes were mainly associated with sovereign sukuk emissions in Asia, GCC, Africa, and some other regions, while Malaysia continues to dominate the overall sukuk market, while emissions from Saudi Arabia and Indonesia maintained an upward trend and grew in good volumes. Sukuk emission Some other countries, such as Bahrain, Turkey, the African region, and others, have also regularly issued sukuk.



Diagram 1. Total global long and short sukuk information.

Source: <https://www.iifm.net>

The diagram shows us that from 2010 to 2023, long-term emissions increased 4 times, and the volume of emissions amounted to 139.3 billion US dollars compared to 2022. Short-term sukuk emissions amounted to US\$72.7 billion, compared to US\$62.7 billion in emissions in 2022, representing a two-digit growth of 15.99% per annum.



Graph 2. Information about long-term and short-term sukuk

Source: <https://www.iifm.net>

As we can see from the above indicator, international long-term sukuk in 2010 amounted to 4.23 billion US dollars, while by 2023, long-term sukuk was issued for 41.14 billion US dollars. International short-term sukuk amounted to US\$0.02 in mi and US\$11.54 billion by 2023. From this indicator, we can see that sukuk emission has increased significantly.

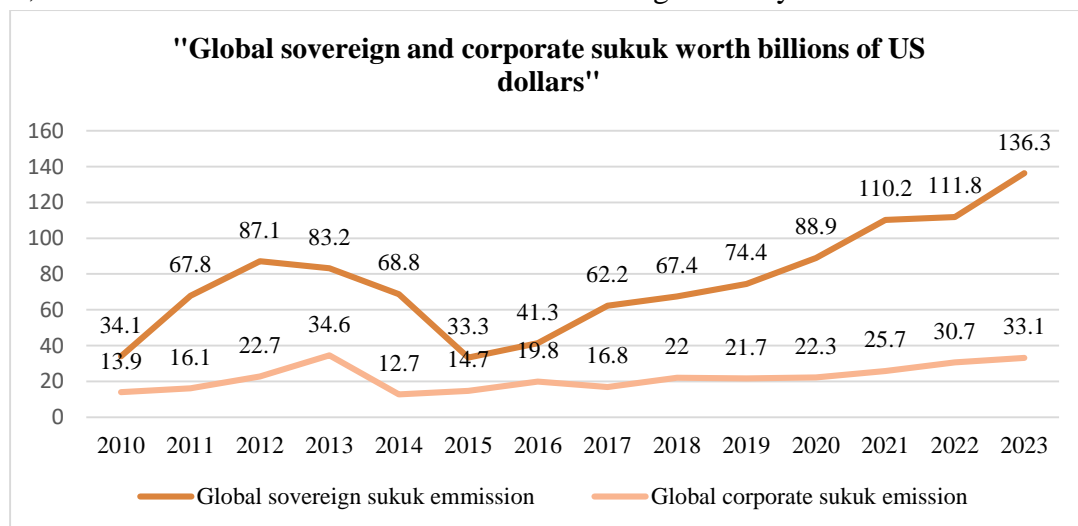


Diagram 2. Information about global sovereign and corporate sukuk

Source: <https://www.iifm.net>

Graph 2 shows us that global sovereign sukuk emission has made a major contribution to the development of the global sukuk market and increased by 21.9 percent, or 136.3 billion US dollars, in 2023 compared to 111.80 billion US dollars in 2022. Global corporate sukuk accounts for 33.1 billion US dollars by 2023. It is worth noting that sovereign issuers, led by Indonesia, Malaysia, the

UAE, Turkey, Bahrain, Qatar, Nigeria, and others, continue to lay a solid foundation for the sukuk market.

Conclusion.

Islamic finance and its instruments are rapidly developing globally and occupying more space in the global financial market. Based on the above research and analysis, Islamic finance and its instruments are rapidly developing globally, increasing the attractiveness of the financial market. In particular, the successful experience of such countries as Malaysia, Saudi Arabia, and the UAE is a valuable source for studying this area and adapting it to the financial system of Uzbekistan.

It should also be noted that this does not mean that there is absolutely no risk in the system. It is necessary to thoroughly study this area, develop ways to reduce potential risks and eliminate them, and thoroughly study it before integrating it into the national financial system.

Of course, the rational use of Islamic financial instruments can create new economic opportunities for Uzbekistan and contribute to sustainable development. However, as mentioned above, implementing this requires several mechanisms and strict control.

In conclusion, Islamic finance has the potential to further develop Uzbekistan's financial system and make an important contribution to economic development. We will also have the opportunity to increase the investment attractiveness of our country through the introduction of Islamic finance instruments.

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