

The Role of Oil Shocks in the Development of Islamic Finance: A Focus on Sukuk

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Abstract: This paper examines the impact of oil price shocks on the sukuk market, a growing segment of Islamic finance. The topic's interest lies in the positive relationship between sukuk issuance and oil revenues, particularly in the Gulf States and Southeast Asia. The sample studied includes ten countries, five members of the Gulf Cooperation Council (GCC), four Southeast Asian countries, and Sudan, over a period from 2002 to 2013. The methodology used relies on a panel data model to analyze sukuk issuance volumes in relation to oil profits and the public debt ratio. The results show a significant correlation between oil revenues and increased sukuk issuance, confirming that oil-rich countries use these revenues as a safety net to finance major investment projects.

Keywords: Sukuk, Islamic Finance, Oil Price Shocks, GCC