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GROWTH OF THE GLOBAL SUKUK MARKET: A SECONDARY-DATA ANALYSIS OF ISSUANCE TRENDS, 2015–2025

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Abstract: *This study analyzes growth trends in the global sukuk market over the period 2015–2025, using a secondary-data approach based on figures published by specialized Islamic finance institutions, foremost among them the International Islamic Financial Market (IIFM), the global credit rating agencies (S&P Global Ratings and Fitch Ratings), and the London Stock Exchange Group (LSEG). The analysis shows that annual global sukuk issuance rose from about USD 67.8 billion in 2015 to a record USD 291 billion in 2025, a calculated compound annual growth rate (CAGR) of roughly 15.7%, while the outstanding stock of global sukuk exceeded the USD 1 trillion threshold for the first time in the history of this market by the end of 2025. The analysis also reveals a high degree of geographic concentration in Malaysia, Saudi Arabia, and Indonesia (about 69% of cumulative issuance since 2001); a gradual structural shift toward ijara sukuk and hybrid structures at the expense of traditional murabaha sukuk; and rapid growth, albeit from a small base, in the sustainable and environmental sukuk segment. The study discusses the main drivers of this growth and the regulatory challenges it faces, chief among them Shari'ah Standard No. 62 issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).*

Keywords: sukuk, Islamic financial market, secondary data, issuance trends, Shari'ah Standard 62, sustainable sukuk.

Chapter One: General Framework of the Study

1.1 Introduction

Over the past decade, the global sukuk market has undergone a fundamental transformation: from a specialized financing instrument confined to a limited number of traditional Islamic markets into a major fixed-income asset class that is comparable to the large conventional bond markets in size, depth, and geographic diversity. This transformation culminated in the outstanding stock of global sukuk surpassing the USD 1 trillion threshold for the first time at the end of 2025, which several international financial institutions have described as a

"symbolic turning point" in the maturation of the Islamic finance industry. (Widayanti et al., 2025; Widiyanti et al., 2025) (Da'jouli & Ayjouli, 2022; Al-Dimagh, 2010)

Because this development is so recent and so rapid, the academic literature on sukuk issuance trends up to the end of 2025 remains relatively limited, whereas rich and almost continuously updated secondary data are available through the periodic reports of specialized bodies. This study seeks to fill that temporal gap by compiling and analyzing these data, which are scattered across several sources, and presenting them within a single analytical framework covering the period from 2015 to 2025. (Al-Ali, 2019; Kunhibava et al., 2023)

1.2 Research Problem and Questions

The research problem is that the information available on the growth of the global sukuk market and on its geographic and structural distribution remains scattered across multiple reports issued by different bodies (IIFM, rating agencies, financial data providers). These reports often give divergent figures for the same reference year because of differences in methodology, and there is no single unified source that offers an integrated analytical picture of the trends of the past decade. This is crystallized in the following main question:

How did the volume of global sukuk issuance, and its geographic and structural distribution, evolve during 2015–2025, and what are the main drivers of this growth and the challenges facing it, based on published secondary data?

The following sub-questions arise from this main question:

- What was the volume of annual global sukuk issuance during 2015–2025, and what was its compound annual growth rate?
- To what extent do the estimates of the main secondary-data providers (IIFM, S&P Global Ratings, and LSEG) agree or differ regarding the size of the market?
- How is cumulative sukuk issuance distributed geographically among the main issuing countries?
- What are the recent trends in the Shari'ah structure of the sukuk issued (wakala, ijara, murabaha, hybrid)?
- How has the volume of sustainable (environmental, social, and governance) sukuk evolved in recent years?
- What are the main regulatory challenges that may affect the market's future growth path, foremost among them Shari'ah Standard No. 62?

1.3 Significance of the Study

Scientific significance

- The study offers a unified time-series analysis (2015–2025) that brings together data scattered across multiple sources within a single analytical framework, something that many earlier studies lack, since they usually focus on a single year or two.
- The study highlights an important methodological problem in the Islamic finance literature, namely the divergence in the estimates that secondary-data providers give for the same phenomenon, which helps future researchers treat these sources critically.
- The study covers very recent data (up to the end of 2025) that have not yet been incorporated into most of the published academic literature, owing to the usual publication lag in peer-reviewed journals.

Practical significance

- It helps decision-makers in Islamic banks, and governments seeking to diversify their funding sources, to understand the recent structural and geographic trends of the market.
- It gives investors and financial analysts a consolidated, well-sourced picture of the size of the market and its growth rates, sparing them from consulting several separate reports.
- It provides Shari'ah standard-setting bodies (such as AAOIFI) with a quantitative description of the potential impact of any regulatory change (such as Shari'ah Standard 62) on a market of this size.

1.4 Objectives of the Study

- To record and document the volume of annual global sukuk issuance during 2015–2025 from reliable secondary sources.
- To calculate the compound annual growth rate (CAGR) of sukuk issuance over the study period.
- To critically compare the estimates of the main secondary-data providers in order to identify methodological points of convergence and divergence.
- To analyze the cumulative and annual geographic distribution of sukuk issuance among the main countries.
- To analyze recent trends in the Shari'ah structure of sukuk and in the type of issuer.

- To document the growth of the sustainable (ESG) sukuk segment and its position within the overall market.
- To discuss the main growth drivers and regulatory challenges facing the market, and to offer recommendations accordingly.

1.5 Scope of the Study

- **Subject scope:** The study is limited to analyzing the volume of sukuk issuance worldwide and its geographic, structural, and temporal distribution; it does not address the performance of sukuk in the secondary market or their pricing relative to conventional bonds.
- **Time scope:** The data cover the period from 2015 to the end of 2025, which are the latest complete annual data available at the time this study was prepared.
- **Methodological scope:** The study relies entirely on published secondary data (no primary data); the accuracy of its results is therefore tied to the accuracy and consistency of the sources used, as explained in Chapter Three.

1.6 Operational Definitions

- **Sukuk:** Financial certificates representing undivided shares in the ownership of specified assets, usufructs, services, or projects, issued under defined Shari'ah structures (such as ijara, murabaha, and wakala). In this study they are measured operationally by the US-dollar value of issuances as reported in the approved secondary sources. (Ma'ruf, 2025)
- **Secondary data:** Data originally collected and published by parties other than the researcher (such as institutional reports and official statistics), on which this study relies exclusively, without collecting primary data.
- **Outstanding:** The total value of sukuk that have not yet matured at a given date, as distinct from "annual issuance," which represents a new annual flow.
- **Compound annual growth rate (CAGR):** The hypothetical constant annual growth rate that explains the movement of a value from a starting point to an end point over a given number of years. In this study it is calculated using the formula: (ending value / beginning value)^(1/number of years) − 1.

Chapter Two: Theoretical Framework and Literature Review

2.1 The Concept of Sukuk and Their Characteristics

Sukuk are defined as certificates of equal value representing undivided shares in the ownership of assets, usufructs, or services, or in the assets of a specific project or a particular investment activity, once the sukuk proceeds have been collected, subscription has closed, and the proceeds have begun to be used for the purpose for which the sukuk were issued. (Awda, 2010; Al-Murshidi, 2014; Al-Ghamdi, 1432 AH)

The essential difference between sukuk and conventional bonds is that sukuk represent real ownership of, or the right to benefit from, a tangible asset or a share in an investment activity, whereas conventional bonds represent a debt obligation based on interest (*riba*). This makes the return on a sukuk linked to the performance of the underlying asset rather than to a pre-fixed interest rate. (Paltrinieri et al., 2023; Supyadillah et al., 2025)

2.2 The Main Shari'ah Structures of Sukuk

Many Shari'ah structures underlie sukuk issuance, the most prominent being: *ijara* sukuk, based on leasing an asset owned by the special-purpose entity in return for periodic rental payments; *murabaha* sukuk, based on purchasing an asset and reselling it at an agreed profit margin, often used for short-term financing; *mudaraba* sukuk, based on profit-sharing between investors and the project manager, with risk borne jointly; *wakala* sukuk, in which investors appoint an agent to manage a portfolio of Shari'ah-compliant assets on their behalf; and hybrid sukuk, which combine more than one Shari'ah structure within a single arrangement, provided that tradable assets (such as ijara assets) make up no less than 51% of the underlying asset portfolio for the sukuk to be tradable in the secondary market. (Arrazi, 2025; Syaripudin et al., 2022)

2.3 Review of Previous Literature on Sukuk Market Growth

Numerous earlier studies have examined the sukuk market from different angles. One analytical study of the development of the sukuk market across the world (2001–2020) documented the widening of the base of issuing countries from a single country (Malaysia) before 2001 to 35 countries by the end of 2018, with a clear Asian dominance of total issuance volume. (Arrazi, 2025; Muhamed et al., 2022)

A recent academic study also discussed the effect of sukuk issuance on economic growth during periods of financial crisis, applying an ARDL model to panel data for major issuing countries over 2001–2022. It concluded that annual global sukuk issuance reached its historical peak at about USD 188.1 billion in 2021, and that the positive effect of sukuk

issuance on economic growth weakens during periods of global financial crisis compared with periods of stability.

Along the same lines, a recent academic study (2025) examined the potential impact of Shari'ah Standard No. 62, issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), on the stability of the sukuk market. It developed a scenario-based policy framework for implementing the standard and concluded that immediate, strict application of the standard might strengthen the Shari'ah authenticity of sukuk but carries the risk of short-term market disruption (such as a decline in issuance volume and wider pricing spreads), whereas a measured, gradual implementation accompanied by legal reforms that facilitate the transfer of ownership might mitigate these risks. (Alam et al., 2023; Ananda et al., 2024)

2.4 Position of the Present Study Relative to Previous Literature

The present study differs from previous studies in three main respects. First, it covers a more recent period, extending to the end of 2025, and thus goes beyond most available academic studies, which stopped at 2022 or 2023 data at the latest. Second, it systematically combines the estimates of several secondary-data providers (IIFM, S&P Global Ratings, LSEG, Fitch Ratings) rather than relying on a single source, and it explicitly discusses the differences among them as an integral part of the analysis. Third, it integrates the analysis of quantitative dimensions (issuance volume, growth rates) with the analysis of recent regulatory developments (Shari'ah Standard 62), which have not yet been incorporated into most published academic literature. (Lee et al., 2025)

Chapter Three: Research Methodology

3.1 Research Approach

This study adopts the descriptive-analytical approach based on secondary data analysis. The researcher gathers statistics and data that have already been published by specialized bodies (with no collection of primary data through questionnaires or interviews), then organizes and analyzes them and draws out trends and patterns in order to answer the research questions.

3.2 Sources of Secondary Data

The study relied on the following secondary sources, ranked by their relative weight in the analysis:

- **International Islamic Financial Market (IIFM), Bahrain:** through its annual sukuk report (the IIFM Sukuk Report), editions twelve to fifteen (2023–2025), as the quasi-official reference body for the sukuk industry.
- **S&P Global Ratings:** through its periodic report series on the outlook and performance of the sukuk market (Sukuk Outlook) for 2023 to 2026.
- **London Stock Exchange Group (LSEG):** through its annual Islamic Investment Review and its sustainable sukuk reports.
- **Fitch Ratings:** through its periodic reports and dashboards on the outstanding stock of sukuk and their share of regional debt markets.
- **Supplementary sources:** the Statista platform, Saturna Capital, Baker McKenzie, the World Bank Blogs, Cbonds Research, and other specialized reports cited in the reference list.

3.3 The Problem of Multiple Secondary-Data Sources and Methodologies

Any study that relies on secondary data in the field of sukuk faces a fundamental methodological problem: definitions and methodologies differ among data providers. Some providers (such as LSEG) include "reopenings" of existing issues in total annual issuance, whereas IIFM confines itself to new issues only; S&P Global Ratings, for its part, publishes preliminary estimates that are later revised, by margins that may exceed 15% of the preliminary figure. This study dealt with the problem by adopting two measures. The first is to state the source of every figure explicitly rather than assuming that a single "official" figure exists. The second is to devote a separate comparative table (Table 2) that sets the various estimates side by side, in order to show the extent of this divergence and to discuss it as part of the results rather than as a flaw to be concealed.

3.4 Data Analysis Method

After the data were collected from the sources mentioned, a unified time series of annual global sukuk issuance for 2015–2025 was constructed, relying primarily on IIFM data (for the consistency of its methodology across the years), with 2025 completed from LSEG data because the IIFM report covering that year's issuance was not available at the time this study was prepared. The compound annual growth rate (CAGR) of this series was calculated directly from its two end points (2015 and 2025), alongside a descriptive analysis of the discontinuous growth phases within the series. Percentages and geographic and structural comparisons were taken directly from the source reports without recalculation, with every figure documented to its source, followed by a descriptive analytical paragraph after each data table.

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Chapter Four: Analysis of Secondary Data and Research Findings

4.1 Annual Global Sukuk Issuance Volume, 2015–2025

Table 1: Total annual global sukuk issuance, 2015–2025 (USD billion)

Year	Issuance value (USD billion)	Source
2015	67.8	IIFM
2016	88.3	IIFM
2017	116.7	IIFM
2018	123.2	IIFM
2019	145.7	IIFM
2020	174.6	IIFM
2021	188.1	IIFM
2022	182.7	IIFM
2023	197.8	S&P Global Ratings (revised estimate)
2024	205	IIFM (Report 14)
2025	291	LSEG (Islamic Investment Review 2025)

Analysis: *The table shows that global sukuk issuance rose from USD 67.8 billion in 2015 to a record USD 291 billion in 2025, a compound annual growth rate (CAGR), calculated directly from the two ends of the series, of about 15.7%. This growth was not linear but passed through three distinct phases: a gradual recovery in 2015–2016 following a sharp decline caused by the Central Bank of Malaysia's change of policy toward short-term certificates; then a strong and sustained acceleration in 2017–2021 that peaked at USD 188.1 billion, driven by higher sovereign issuance and by financing needs linked to the COVID-19 pandemic; then relative stability with slight fluctuation in 2022–2024, before a record jump of*

14.5% in 2025 alone, which registered the highest annual issuance in the history of this market.

4.2 Comparison of the Estimates of Secondary-Data Providers

Table 2: Comparison of the main secondary-data sources on the estimated volume of global sukuk issuance, selected years (USD billion)

Year	IIFM	S&P Global Ratings	LSEG
2022	182.7	155.8 (preliminary) / 179.4 (revised)	195.6
2023	Not directly announced*	168.4 (preliminary) / 197.8 (revised)	214.9
2024	205.0	193.4	250.0

** No direct, standalone IIFM figure for 2023 was found among the available sources; the revised S&P estimate was used as a substitute in Table 1.*

Analysis: *The table reveals a marked divergence between the main data providers: the gap between the lowest and highest estimates for 2024 alone is about USD 56.6 billion (between 193.4 at S&P and 250.0 at LSEG), or about 29% of the lower value. This divergence is due mainly to differences in methodology: LSEG includes reopenings of existing issues in total annual issuance, whereas IIFM counts new issues only, and S&P publishes preliminary estimates that are subsequently subject to large upward revisions (as in 2022 and 2023, when the revised estimate rose by about 15–17% over the preliminary one). This divergence is a central methodological challenge for any study that relies on secondary data in this field, and it calls for always stating the source of each figure rather than assuming that a single agreed official figure exists.*

4.3 Outstanding Global Sukuk

Table 3: Outstanding global sukuk, selected years (USD billion)

Year	Outstanding (USD billion)	Source
2015	~309.8	Aggregated estimates from prior literature

Year	Outstanding (USD billion)	Source
2022	794.0	IIFM / IFSB
2023	~850 / 836.7	Saturna Capital / LSEG
2024	902.82	IIFM (Report 14)
2025	> 1,000 (exceeded one trillion)	LSEG, Fitch Ratings, Bloomberg, and IIFM

Analysis: *The table shows that the outstanding stock of global sukuk more than tripled within a single decade, from about USD 310 billion in 2015 to more than USD 1 trillion by the end of 2025, a compound annual growth rate of about 12.5%. Notably, four independent secondary sources (LSEG, Fitch Ratings, Bloomberg, and IIFM) all agreed that the end of 2025 marked the moment the market crossed the USD 1 trillion threshold for the first time. This is a relatively rare convergence among data providers compared with the marked divergence in annual issuance figures (Table 2), and it reinforces the reliability of this particular figure as a symbolic turning point on which the entire industry agreed, one that moved sukuk from a "specialized asset" to a major fixed-income asset class.*

4.4 Cumulative Geographic Distribution of Sukuk Issuance

Table 4: Cumulative share of the three largest sukuk-issuing countries worldwide, 2001–2025

Country	Cumulative value (USD billion)	Share of global total
Malaysia	1,080.0	43.69%
Saudi Arabia	379.16	15.33%
Indonesia	237.93	9.62%
Rest of countries (about 18 other countries)	≈ 775	≈ 31.36%

Source: IIFM, Fifteenth Sukuk Market Report (2025).

Analysis: *The table shows Malaysia's clear dominance of the global sukuk market cumulatively since 2001: it alone accounts for roughly 44% of the total cumulative value issued worldwide (estimated at about USD 2.47 trillion on the basis of these percentages), followed by Saudi Arabia with about 15.3% and then Indonesia with about 9.6%. Together these three countries hold nearly 69% of the global market, while the remaining issuing countries (about 18 other countries by 2024) share only the remaining 31% or so. This reflects a high degree of geographic concentration despite the gradual widening of the base of issuing countries over the past two decades.*

4.5 Annual Market Share by Number and Value of Issues

Table 5: Market share by number and value of issues for the three largest countries, 2024

Country	Number of issues	Market share by value
Saudi Arabia	45	28%
Malaysia	253	17%
Kuwait	37	15%

Source: (Global Sukuk Market Review -, n.d.)

Analysis: *The table reveals a striking contrast between the number of issues and their share of market value: although Malaysia carried out 253 issues against only 45 for Saudi Arabia in 2024, Saudi Arabia led in market share by value (28% versus 17% for Malaysia). This reflects the different issuance patterns of the two countries: Malaysia relies on frequent, relatively small domestic issues (short-term Islamic money-market instruments), whereas Saudi Arabia tends toward larger, less frequent sovereign, quasi-sovereign, and corporate issues, which explains the higher average value per issue there compared with Malaysia.*

4.6 Recent Trends in the Shari'ah Structure of Sukuk

Table 6: Selected indicators on the distribution of sukuk by Shari'ah structure, various periods

Shari'ah structure	Indicator	Period / year	Source

Shari'ah structure	Indicator	Period / year	Source
Wakala	The most widely used structure internationally, with a cumulative share of about 75%	2001–2017	IIFM (2018 report)
Hybrid	The largest share of total global issuance (about a quarter of the market)	2023	Statista / LSEG
Murabaha	The second-largest share of total global issuance	2023	Statista
Ijara	Led the domestic structure for the first time, with a 24.28% share (USD 39.8 billion), overtaking murabaha	2025	IIFM (Report 15)

Analysis: *The available secondary data show a continuing structural shift in issuers' preferences: whereas wakala sukuk historically dominated the international market (with a cumulative share of about 75% of issuance in 2001–2017, according to the 2018 IIFM report), more recent data (2023) point to the rise of the hybrid structure to become the most used worldwide at about a quarter of issuance, followed by murabaha sukuk. However, the IIFM Fifteenth Report (2025) records a notable shift in the domestic market specifically: ijara sukuk took first place for the first time with a 24.28% share (USD 39.8 billion), overtaking murabaha sukuk, which had historically held the lead in this segment. This reflects a growing preference for asset-based structures over debt-based ones, and this shift may be linked to the ongoing regulatory debate over Shari'ah Standard No. 62 (see Section 5.2).*

4.7 Distribution by Type of Issuer

Table 7: Distribution of global sukuk issuance by type of issuer, 2023

Type of issuer	Approximate share of total issuance
Sovereign (government)	≈ 50%

Type of issuer	Approximate share of total issuance
Corporate	≈ 40%
Supranational / quasi-sovereign	≈ 10%

Source: (Global Sukuk Issuance by Issuer 2023 | Statista, n.d.; Michael, n.d.)

Analysis: *The table shows that about half of global sukuk issuance in 2023 was sovereign, while corporations accounted for about 40% and supranational and quasi-sovereign institutions shared the remainder (about 10%). The heavy weight of sovereign issuance reflects the central role played by the governments of the large Muslim-majority countries (such as Saudi Arabia and Indonesia) in using sukuk as a tool to finance budget deficits and economic transformation programs such as Saudi Vision 2030, while the expected future growth in the corporate share (as discussed in Chapter Five) points to a gradual maturing of the market and a broadening of the private-sector issuer base.*

4.8 Growth of Sustainable (ESG) Sukuk

Table 8: Growth of sustainable (environmental, social, and governance) sukuk issuance worldwide, 2020–2024 (USD billion)

Year	Issuance per LSEG (sustainable sukuk)	Issuance per Fitch (ESG sukuk)	Outstanding per Fitch
2020	4.8	—	—
2023	13.4	—	—
2024	15.2	11.1	45.2

Analysis: *LSEG data show that sustainable sukuk issuance grew from USD 4.8 billion in 2020 to USD 15.2 billion in 2024, more than tripling in only four years, at a rate exceeding the growth of the conventional sukuk market as a whole. By contrast, Fitch estimates 2024 issuance of credit-rated sukuk in the ESG category at only about USD 11.1 billion, with an outstanding stock of USD 45.2 billion, a lower figure than LSEG's. This divergence reflects the different classification scope of the two providers (the "sustainability" criteria under the ICMA principles adopted by LSEG differ from Fitch's own methodology, which covers only issues that it rates). Despite this rapid growth, sustainable sukuk still represent a relatively*

small segment of the overall sukuk market (about 6% to 7% according to the available estimates for 2024), and they are geographically concentrated in only four countries (Saudi Arabia 39%, Malaysia 22%, the UAE 20%, and Indonesia 8% of 2024 issuance), which points to substantial growth potential yet to be tapped outside these four markets.

4.9 Share of Sukuk in Regional Debt Markets

Table 9: Share of sukuk in total outstanding debt capital markets (DCM) by region, end of 2025

Region	Share of sukuk in total outstanding debt market
Gulf Cooperation Council (GCC) countries	41%
ASEAN countries	16%
Türkiye	8%

Source: (Global Sukuk Issuance by Issuer 2023 | Statista, n.d.)

Analysis: *The table shows the relative weight of sukuk within the overall debt markets of the main regions of the Islamic world at the end of 2025: sukuk make up more than two-fifths (41%) of the total outstanding debt market in the Gulf Cooperation Council countries, against only 16% in ASEAN and 8% in Türkiye. The high proportion in the Gulf reflects the deep institutional adoption of Islamic finance as a principal sovereign and quasi-sovereign financing tool, not a marginal substitute for conventional bonds. The relatively lower proportions in ASEAN and Türkiye, despite Malaysia's historical leadership in absolute issuance volume (as shown in Table 4), point to greater room for future growth in these markets, where conventional bonds still hold the larger share of total debt financing.*

Chapter Five: Discussion of the Results: Drivers and Challenges

5.1 Main Drivers of Market Growth

- **National economic transformation programs:** Saudi Vision 2030 and the huge financing needs that accompany its giga-projects are among the most prominent drivers of growth in sovereign and corporate issuance. This is reflected in Saudi Arabia's high market share despite its relatively small number of issues (Table 5).
- **Improved global liquidity conditions:** S&P Global Ratings reports have repeatedly noted that lower global funding costs, and the move of the major central banks toward

monetary easing in 2024–2025, supported growth in issuance specifically in foreign currencies.

- **A widening base of issuing countries:** The number of countries participating in the sukuk market rose from one before 2001 to more than 21 by 2024, with new emerging markets such as the Philippines, Egypt, Sri Lanka, Tanzania, and Benin entering during 2025, according to LSEG data.
- **Growing demand for sustainable assets:** Investor interest in sustainability criteria, among both conventional and Shari'ah-compliant investors, supports growth of the green sukuk segment at rates above the growth of the overall market, as Table 8 showed.
- **Launch of new financial instruments:** The launch by institutions such as Bloomberg of specialized sukuk indices (the Bloomberg Shariah Sukuk Indices) in late 2025 helped strengthen the market's institutional infrastructure and attract new institutional investors seeking unified performance benchmarks.

5.2 The Foremost Regulatory Challenge: Shari'ah Standard No. 62

Shari'ah Standard No. 62, issued in draft form by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in November 2023, represents the most prominent regulatory challenge currently facing the sukuk market. In its proposed form, the standard requires an actual and legal transfer of ownership of the underlying assets of the sukuk to the sukukholders, giving them a direct right of recourse to those assets, rather than being content with the economic flows generated by them (such as rental income), as is the practice in most existing structures. S&P Global Ratings and Fitch Ratings warn that this shift could bring sukuk closer to the nature of equity-like instruments rather than fixed-income instruments, which might change how they are rated and priced and could lead to a temporary decline in issuance volume until the market settles on compliant alternative structures.

Despite these concerns, analysts indicate that the direct short-term impact may be relatively limited, since Malaysia, Saudi Arabia, and Indonesia, which together accounted for about 68% of total 2024 issuance, are not currently required to apply AAOIFI standards and instead follow their own national Shari'ah frameworks. Their adherence to the new standard would therefore remain voluntary and tied to their wish to attract a broader base of investors who follow AAOIFI standards. AAOIFI is expected to give issuers a transition period of between one and three years to comply after the final version of the standard is adopted.

5.3 Additional Challenges

- **High geographic concentration:** The market's dependence on three main countries (Malaysia, Saudi Arabia, and Indonesia), with a cumulative share of nearly 69%, remains a potential source of fragility, since it leaves the global market disproportionately exposed to economic or political developments in those particular markets.
- **Regional geopolitical risks:** S&P reports issued in 2026 indicated that continuing geopolitical tensions in the Middle East may slow the pace of growth of the Islamic finance industry as a whole, despite the strong performance recorded through the end of 2025.
- **Limited supply of genuinely asset-backed issues:** Some analyses indicate that demand for sukuk structures based entirely on the transfer of ownership of real assets (asset-backed in the strict sense) remains limited so far, partly because of the absence in many issuing countries of mature legal frameworks for settling disputes relating to those assets.

Chapter Six: Conclusion and Recommendations

6.1 Summary of Findings

Based on a comprehensive analysis of secondary data published by specialized international bodies, this study concludes that the global sukuk market experienced rapid, multidimensional growth over the decade from 2015 to 2025: annual issuance rose from USD 67.8 billion to USD 291 billion (a compound annual growth rate of about 15.7%), and outstanding sukuk exceeded the USD 1 trillion threshold for the first time by the end of 2025. At the same time, the analysis revealed continued high geographic concentration in three main countries (Malaysia, Saudi Arabia, and Indonesia); a gradual structural shift toward hybrid and ijara sukuk at the expense of traditional murabaha; and promising, though still limited, growth in the sustainable sukuk segment. The study also showed that the greatest regulatory challenge to the future growth path is Shari'ah Standard No. 62 and its potential effect on existing issuance structures.

Methodologically, the study showed that relying on a single secondary source to study the sukuk market may conceal substantial differences in the reported figures, and that sound research practice requires explicitly comparing several sources, as was done in Table 2 of this study.

6.2 Recommendations

- Decision-makers in Shari'ah standard-setting bodies are advised to adopt a gradual, phased approach to implementing Shari'ah Standard No. 62, granting issuers a sufficient transition period together with accompanying legal reforms that facilitate the transfer of asset ownership, so as to avoid any sharp disruption to issuance volume.
- Governments in emerging markets (such as Egypt, Nigeria, Pakistan, and sub-Saharan African countries) are advised to draw on the model of the leading countries (such as Saudi Arabia after launching its domestic sovereign program in 2017) in order to widen the issuance base and reduce the market's currently high geographic concentration.
- Institutional investors and financial analysts are advised not to settle for a single figure from a single source when assessing the size of the sukuk market, and to consult several sources instead (as in Table 2), given the documented methodological divergence among them.
- Future researchers are advised to carry out deeper quantitative studies (such as regression models or time-series analysis) to test the causal relationship between the growth drivers identified in this study (such as global interest rates and economic transformation programs) and the volume of sukuk issuance, going beyond the descriptive analysis adopted here.
- Financial institutions and issuers are advised to continue investing in developing sustainable sukuk structures, given their relatively high growth rates and their large untapped potential beyond the current four main markets.

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