

Islamic Bonds: Economic Benefits and International Political Risk Mathematical Theorizing - Thinking outside the Box

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Abstract

This paper makes a comparison between the Islamic bonds "Sukuk" and the conventional bonds within a classical theoretical framework. The paper uses the simple open economic version of the Solow model as a classical model to show the possibility of adopting Islamic bonds within a secular economy from one side and the economic benefit in addition to the possible political risk behind adopting such different financial instrument from the other side. This paper is considered a different way of thinking outside the mainstream boxes. It gives an indication of the evolution of different types of economic thought that could be added to the economic literature in general.

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