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Islamic Sustainable Finance: How Does SRI Sukuk Matter?

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Abstract

Islamic finance aims to achieve fairness, justice, and social responsibility for society through financial transactions. Nonetheless, critics question the extent to which Islamic financial institutions (IFIs) have been able to uphold these principles in practice. Islamic finance, in response to the perceived shortcomings, has progressed and undertaken various initiatives such as value-based intermediation (VBI) along the way in its development. Such progress promotes the Islamic finance industry to pursue sustainable and responsible investment (SRI) strategies, which include ESG, impact, and sustainability-themed investments. Against this backdrop, the objectives of this study are to explore the development of SRI and impact bonds and sukuk practices in the finance industry, to identify the issues and challenges of developing SRI and impact sukuk, and subsequently to propose future directions for the development of SRI sukuk. © 2024 selection and editorial matter, Mohd Ma'Sum Billah, Rusni Hassan, Razali Haron and Nor Razinah Mohd Zain; individual chapters, the contributors.

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