

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,
KUMASI

**PROSPECTS AND CHALLENGES OF SUKUK (NON-INTEREST BOND)
IMPLEMENTATION IN GHANA**

By

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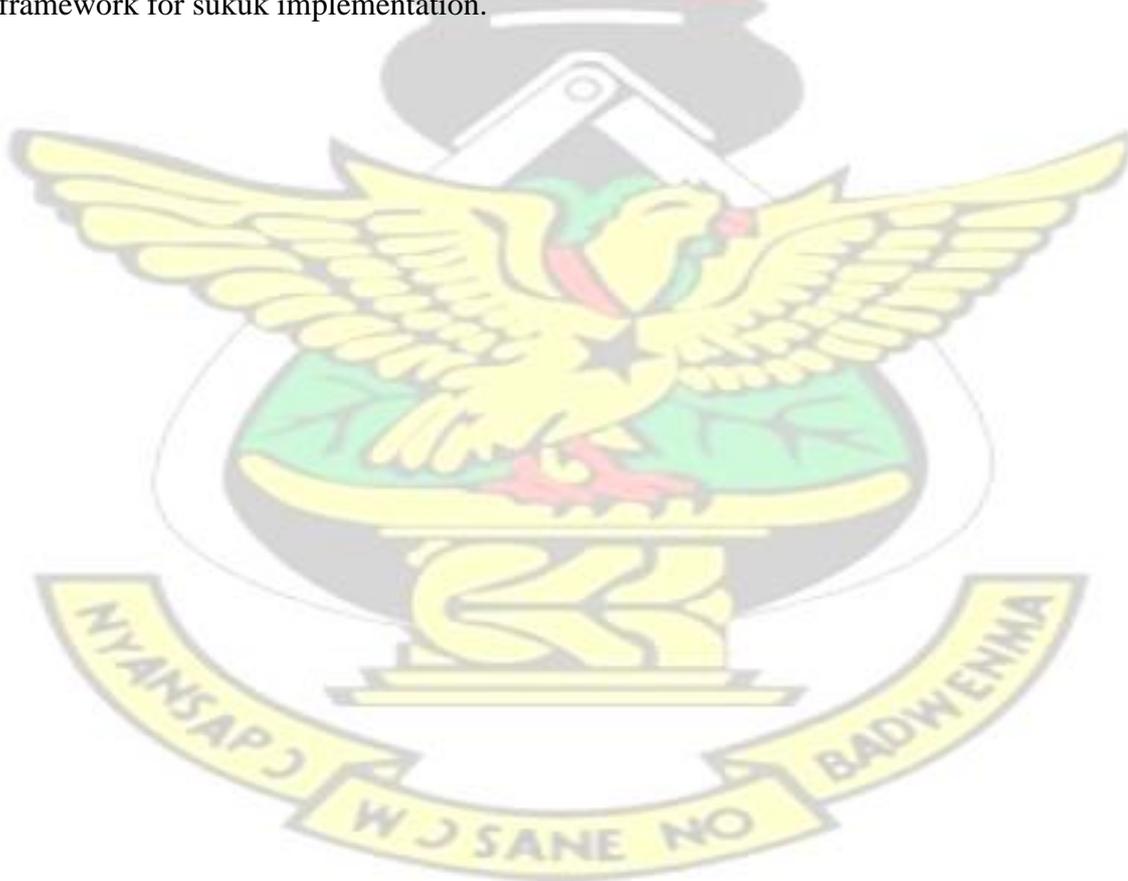
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ABSTRACT

The purpose of this study is to examine the potential challenges and benefits Ghana can gain from sukuk (a non-interest bond). The government of Ghana is currently battling with debt crisis, and the private sector is competing with the government for domestic funds, forcing interest rates to go high and thereby making it difficult for private businesses to ascertain funds. Sukuk (Islamic, non-interest, or interest-free bonds) is an Islamic financial instrument that operates like conventional bonds. The objectives of this study are to assess the potential challenges of sukuk in Ghana, to find out if the Ghana government can benefit from sukuk, and to find out if businesses can also benefit from sukuk. Questionnaires are administered for experts to respond, and a focused group discussion (FGD) is arranged online for experts to discuss the topic. The data collected via questionnaires are analyzed with SPSS 20.0 and that of FGD are analyzed thematically. The results are then discussed thereof. Findings of the study reveal that government and businesses of Ghana can reap several benefits from Sukuk, such as alternative sources of funding and savings, debt portfolio management, inflation control, reduction of unemployment, exchange rate management, expanding financial inclusion, GDP growth enhancement etc. However, there are some challenges, such as low awareness, religious undertones, lack of Sukuk experts, and the lack of comprehensive framework for sukuk implementation.



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DEDICATION

I wholeheartedly dedicate this thesis to the Almighty Allah, His messenger Muhammad (PBUH), my mother, my lovely wife and my children- Muslim Abdul-Somed Banbila, Muhammad Abdul-Somed Banbila, and Dhikrah Abdul-Somed Banbila.

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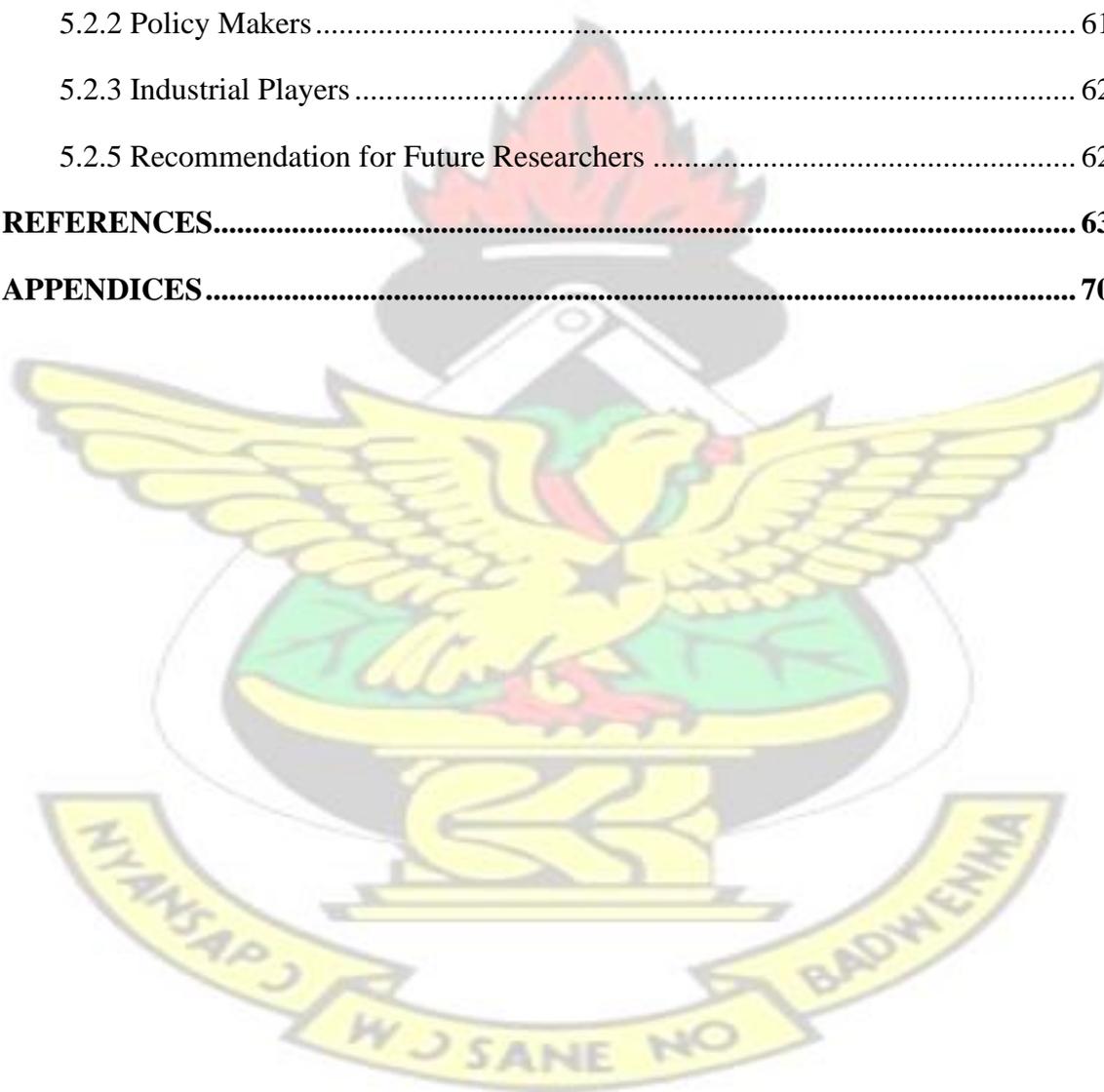


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LIST OF ACRONYMS



AAOIFI	- Accounting and Auditing Organization for Islamic Financial Institutions
BoG	- Bank of Ghana
CBB	- Central Bank of Bahrain
GDP	- Gross Domestic Product
GHS	- Ghana Cedi
IBF	- Islamic Banking and Finance
ICAG	- Institute of Chartered Accountants, Ghana
IMF	- International Monetary Fund
IF	- Islamic Finance
IFRIG	- Islamic Finance Research Ghana
IFSB	- Islamic Finance Services Board
LIBOR	- Landon Inter Bank Offer Rate
MENA	- Middle East and North Africa
MSME'S	- Micro, Small and Medium Scale Enterprises
ONS	- Office of the National Statistics
BSDTIA	- Banks and Specialized Deposit-Taking Institutions Act
GES	- Ghana Stock Exchange
SPV	- Special Purpose Vehicle

CHAPTER ONE

1.0 INTRODUCTION

This chapter highlights the background, the research problem, research questions, research objectives, the significance of the study, scope and delimitation, organization, and limitations of the research thesis. The background provides an overview of the debt statistics from international to national perspectives. The research problem highlights the gap to fill, research questions are the questions the current study interns to provide answers to, the objectives are the specific aims of the study, significance deals with value of the research, organization highlights the structure of the report, scope and delimitation is about the boundaries of the study and finally, the limitations emphasize on the lapses of the study.

1.1 Background

The financial system of every country is the backbone for the development and smooth running of the affairs of the country, without which governance can come to a standstill. The two main sources of funds for every government are taxes and borrowings. In the corporate world, businesses consider borrowing a cheaper source of funding or capitalization due to the tax benefits that accompany interest payments. For instance, Carmichael (2022) reports that the world's corporate giant, Apple, had its debt-to-equity ratio jump from 56% (2016) to 148% (2021), including bond issues. Almost every country across the globe today is indebted in one way or another, even though the level of indebtedness may vary from country to country. Advanced countries like the UK, USA, Japan, Germany, and China are not exceptions to the issue of indebtedness. For example, according to the Office of National Statistics (ONS) of the UK, the public debt, net of public sector banks, stood at £2,363.2 billion by the close of May 2022. This represents 98.5% of the gross domestic product (GDP) of the country.

However, African economies are the most affected in terms of debt, which may be partly attributed to the compound interest nature of conventional debt instruments coupled with the poor debt management strategies of African leaders. The former president of Nigeria, Olusegun Obasanjo, did not mince words when he expressed his dislike for compound interest after the G8 Summit in Okinawa, Japan, which featured popular global leaders like Clinton of the United States of America (USA), Putin of Russia, and Toni of the

United Kingdom (UK) in the year 2000. "All that we had borrowed up to 1985 was around \$5 billion, and we have paid about \$16 billion, yet we are still being told that we owe about \$28 billion. That \$28 billion came about because of the injustice in the foreign creditors' interest rates. If you ask me, what is the worst thing in the world? I will say it is compound interest."

Ghana is not an exception to the lamentation of Obasanjo; for instance, according to the finance minister, Offori-Atta (2021), Ghana's debt stock stands at 80.1% of Gross Domestic Product (GDP). This includes GHS 170,009.8 million (US\$ 28,339.2 million) of foreign debts and GHS 181,777.2 million (US\$ 30,300.8), making a total of GHS 351,787.0 million (US\$ 58,640.0 million). The external debt alone comprises about 48.3% of the total debt stock. He also reported that Ghana has issued about 16 Eurobonds since 2013 in order to solicit funds for the development of the nation. This shows the relevance of bonds in the debt stock of Ghana. Tax revenues alone cannot be relied upon.

However, despite the history of Ghana's borrowing, successive governments are yet to turn their attention to the benefits that can be tapped from **Sukuk**. Sukuk are similar to conventional investment bonds. Fernando (2022) views bonds as fixed-income instruments that represent debts investors have made to borrowers (typically corporate or governmental). Frimpong (2022) explains bonds as a type of debt instrument or security sold by issuers to bond holders who receive regular income (coupons) at a specified time interval and a final receipt of the face value of the bond at maturity.

Sukuk are part of the Islamic or non-interest Finance products that are used to finance capital projects. Countries like the UK, Germany, China, Singapore, Malaysia, South Africa, Nigeria, Senegal, Gambia, and several other non-Islamic nations have all issued **Sukuk** before as part of managing their debt profiles and for infrastructure development, but Ghana is yet to join the trend. This may be attributed to the lack of a comprehensive framework for Islamic finance operations in Ghana, despite BoG's recognition of non-interest banking in the new banking act, the **Specialized Deposit-Taking Institutions Act 2016 (Act 930)**, precisely captured in **1r of Section 18** of the Act. The dominant religions in Ghana are Christianity and Islam per the most recent national population census. Abrahamic scriptures frown on interest payments or receipts as in Quran 2:275–280, Exodus 22:25, Leviticus 25:36–37, Deuteronomy 23:19–20, Nehemiah 5:7–10,

Psalms 15:5, Proverbs 28:8, Isaiah 24:2, Jeremiah 15:10–20, and Ezekiel 19:8. Gatsi (2020) reiterated this assertion.

Islamic finance comprises Islamic Banking, Takāful (Islamic Insurance), Murābahah (Cost-Plus Financing), Mushārah (Joint-Venture / Partnership), Mudārabah (Profit-Sharing), Ijārah (Leasing), Mudhāra'āh (Sharecropping), Waqf (Endowment), Wadī'ah (Safekeeping), Hawālah (International Fund Transfer), Salam (Forward Contract in Agriculture), Istisnā (Forward Contract in Manufacturing), **Sukūk(non-interest bonds)** and so forth. Sukuk is defined as securities of equal denomination representing individual ownership interests in a portfolio of eligible existing or future assets. It can also be defined as certificates of equal value representing undivided shares in the ownership of tangible assets, usufructs, and services or (in the ownership of) the assets of particular projects or special investment activity (AAOIFI, 2019). The Islamic Financial Services Board (IFSB) categorized **Sukuk** into the following types: Sukuk Murābahah (Debt), Sukuk Al Ijārah (Asset), Sukuk al-Salam (Asset at a future date), Sukuk Al Istisnā (Project), and Sukuk Al Mushārah (Business).

1.2 Research Problem

There are a few previous studies done on the comparison between conventional bonds and Sukuk, like Bhuiyan et al. (2018), Bhuiyan et al. (2019), and Samitas et al. (2020). These studies are conducted in countries with sukuk experience. Moreover, there has been no previous research on the contribution of Sukuk as an investment instrument to debt management and other developmental needs of Ghana by using focused group discussion (FGD) methodology. Non-Islamic advanced countries like the UK have started benefiting from Sukuk. The UK has issued £500 million of Sukuk just in 2021 for the second time. Nigeria, Ghana's West African neighbor, has also listed her fourth Sukuk in August 2023 to the tune of N130 billion to facilitate infrastructure development and to provide alternative investment avenues for capital market investors according to the Debt Management Office of Nigeria.

There are several works previously done on the potentials and challenges of Sukuk implementation to governments and corporations in African countries and outside the continent. However, none of the works uses FGD methodology to study the problem. For example, works like Shawaqfeh (2019); Zain et al. (2019); Alia et al. (2022) and Otchere

et al. (2022) all use diverse methods to research on the advantages and disadvantages of Sukuk utilization in both pro-Islamic jurisdictions and non-Islamic jurisdictions. The current study is a qualitative study employing FGD and semi-structured questionnaires in attempt to answer the research questions.

The president of the republic gave a directive to the finance ministry to commence formal negotiations with the International Monetary Fund (IMF), for the 17th time in history since independence (Dzawuand Ibukum, 2022). One of the key reasons for this move is to seek financial support from the IMF for sustainable debt management. Abdul Kareem et al.'s (2020) findings about the role of Sukuk as a potential alternative for the rapid economic growth of Nigeria and the functional role of attracting government and private institutional or individual investors form the basis of assessing the prospects and challenges of sukuk for the government of Ghana and the private sector. Also, the motivation for this study is the findings of Nantogmah (2017) that the implementation of Islamic banking (a variant of Islamic finance) in Ghana will be largely successful. The current study is to assess the potential benefits and challenges of sukuk for Ghana. The next section outlines the research questions for the study.

1.3 Research Questions

The general question is about how Ghana as a nation can benefit from Sukuk. The researcher asked the following specific questions to serve as a guide in finding a solution to the research problem:

1.3.1 What are the potential challenges of Sukuk implementation in Ghana?

1.3.1 What benefits can the government of Ghana derive from Sukuk?

1.3.1 What benefits can Ghanaian private sector businesses derive from Sukuk? The next section looks at the research objectives.

1.4 Research Objectives

The overall objective is to find out the potential benefits of sukuk to the Ghanaian economy. The researcher hopes to achieve the following specific objectives by the end of the research thesis:

1.4.1 To find out the potential challenges of Sukuk implementation in Ghana;

1.4.2 To find out the potential economic benefits the government of Ghana can derive from Sukuk;

1.4.3 To find out the potential economic benefits of Sukuk to the private sector businesses of Ghana. The next section elaborates on the significance of the research.

1.5 Significance of the Study

This study will provide an alternative, viable source for managing the debt stock of the government of Ghana and other economic benefits. The private sector, especially the larger corporations and, generally, the micro, small, and medium-sized enterprises (MSME's), may also be guided by the findings of this study when sourcing funding for their businesses, as Sukuk is not meant for only large-scale organizations. Also, the literature in this area is still at a young stage, especially in the Ghanaian financial space, and this study will contribute to the development of the literature.

This study will also help the BoG develop a framework for the implementation and regularization of the operation of non-interest finance institutions in Ghana. This can open doors to employment opportunities. It can also offer guidance to the BoG in getting more insight into the operations and importance of Sukuk as a non-interest-bearing investment tool. The Securities and Exchange Commission (SEC) can also use the findings of this study to strengthen and energize the securities market. The succeeding section deals with the scope and delimitation of the study.

1.6 Scope and Delimitation

The scope of this study is not about the entirety of Islamic/Non-Interest/Ethical finance but rather one of the several financing products, packages, or contracts—the sukuk—and the prospects and challenges. Also, the study is limited within the confines of Ghana, even though other African countries, especially in the West African sub-region, can benefit from the outcome of this study. The next section highlights the organization and structure of this study.

1.7 Organization of the study

The whole study is divided into chapters, and each chapter contains several sections with sub-sections to facilitate easy navigation. There are also auxiliary sections like the title page, abstract, references, and appendices. The main structure is in the form: *Chapter One: Introduction*. This chapter highlights the background, research problem, research questions, and research objectives. Also, included are the significance of the study, the scope & delimitation, and the organization of the research thesis.

Then *Chapter Two: Literature Review*. This chapter of the study consists of four major sections: conceptual review, theoretical review, review of empirical literature, and conceptual framework. The conceptual review defines and explains basic concepts and terms; the conceptual framework presents the whole study at a glance in a diagrammatic representation; the empirical literature review aspect takes a second look at previously published works in the field of study; and the theoretical review focuses on the guiding theory for the study.

Next is *Chapter Three: Methodology*. The various aspects of the methodology include the research design, target population, sample design, data collection instruments and procedures, and the data analysis methods for the whole study. This is followed by *Chapter Four: Results Analysis and Discussion*. Data discussion is done in reference to previous findings, theories and focused group discussion outcomes with the support of tabular representations. Finally, *Chapter Five: Summary of Findings, Conclusion, and Recommendations*. This chapter highlights the main findings and overall conclusion, along with recommendations for consideration based on the findings. The next section focuses on the limitations of the study.

1.8 Limitations of the study

The field of research is new, especially in the research jurisdiction. The literature and experts in this area are also limited compared to other fields of study. The cost of printing the interview guide and having an online Zoom meeting with scholars compelled the researcher to adopt the basic Zoom usage option, which provided limited time for the focus group discussion. Cost of printing of hard copies of the work also posed a challenge

to the researcher. The next chapter is chapter two of the study, which delves into the review of related literature in the research field or topic.

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CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction:

This chapter of the study consists of four major sections. The Conceptual Review, Theoretical review, Review of Empirical Literature, and Conceptual Framework. The conceptual review provides brief definitions of relevant terminologies; the theoretical review highlights the guiding theory for the study; and the empirical literature review aspect takes a second look at previously published works in the field of study. The dimensions of the review are from a global perspective, narrowing down to a local perspective. The review is done in reference to the research topic and objectives. Finally, the chapter ends with the conceptual framework, which presents the whole study at a glance in a form of diagram.

2.2 The Conceptual Review:

2.2.1 The Concept of Islamic Finance

Islamic finance, as the name implies, is basically a type of financial system that complies with Islamic laws and principles. It distinguishes itself from conventional finance from the perspective of interest. While interest is allowed and even forms the backbone of the conventional finance system, it is completely prohibited by the Islamic finance system. Islamic finance has several other names, such as interest-free finance, ethical finance, non-interest finance, participatory finance, etc. (Ethica, 2019). Another distinguishing feature between the two systems of finance is the creation of real assets in Islamic finance. In other words, Islamic finance transactions are always backed by underlying assets. The two most important sources of Islamic laws are the Quran (the divine book from Allah) and the Hadith (the sayings and practices of Prophet Muhammad).

This system of finance has several investment packages and contracts similar to those of conventional finance, such as Sukuk (non-interest bond), Mushārahah (joint partnership), Mudārahah (special partnership between financier and entrepreneur), Murābahah (cost-plus financing), Ijarah (lease contract), Salam (advance sale contract), etc. (Ethica, 2019). In terms of regulation, the Accounting and Auditing Organization for Islamic Financial

Institutions (AAOIFI) is one of the most popular global standard-setting organizations in the Islamic finance industry.

2.2.2 The Concept of Sukuk

The AAOIFI defines sukuk as ‘certificates of equal value representing undivided shares in the ownership of tangible assets, usufructs, and services or in the ownership of the assets of particular projects or special investment activity’. Sukuk is synonymous with conventional bonds. However, where in sukuk the investor earns periodic returns from a partially owned asset, in bonds the investor earns periodic returns from a debt instrument (ACCA, 2019). Sukuk can either be asset-backed (repayments and periodic returns are directly financed by the underlying asset) or asset-based (repayments and periodic returns are not directly financed by the underlying asset). It is usually issued through a special-purpose vehicle (SPV). The certificate holders receive periodic returns in the form of rentals and the sum of the capital principal at the end of the contract (ACCA, 2019). It is important to emphasize that, unlike in conventional bonds, where the coupon payments are fixed and guaranteed, the case may be different in sukuk.

Sukuk is a type of investment instrument that can be issued by both governments and corporations. Countries that have issued Sukuk include the UK, Germany, Malaysia, Japan, Nigeria, and several others. On the part of corporations, Emirates Airlines issued its first ever sukuk in 2005 for a term of seven years, amounting to \$550 million as listed on the Luxemburg Stock Exchange. Al-Maktoum, who doubles as the Chairman of Emirates Group and CEO of Emirates Airlines, touted the repayment of this contract as a reflection of the financial robustness of the company (ACCA, 2019).

2.3 Theoretical Framework

2.3.1 The Overview of Force Field Analysis

The research is guided by the theory of force field analysis credited to Kurt Lewin, which basically states that the reaction between opposing and supporting factors creates an equilibrium situation during the change process. IfM Management Technology Policy at the University of Cambridge views force field analysis as a change management tool applied to handling change processes in an organization. MasterClass, on the other hand, perceives force field analysis as a change management model that consists of factors that

propel change and factors that oppose change. This is where the idea of “unfreeze-change-refreeze” arises. People are generally resistant to change, whether positive or negative; hence, the application of the change process must be done with the utmost care. It is also important to note that the force field is not a state that is unchangeable, but rather dynamic (MasterClass, 2023).

For a successful change to take place in an organization, policymakers will have to pass through three main stages. The first stage is to withhold both the driving forces and restraining forces for change; then, the second stage follows quickly, which is the introduction of the change; and finally, the third stage is restoration of the opposing forces. The diagram is illustrated below:

Driving forces (Prospects) Change Repelling forces (challenges)

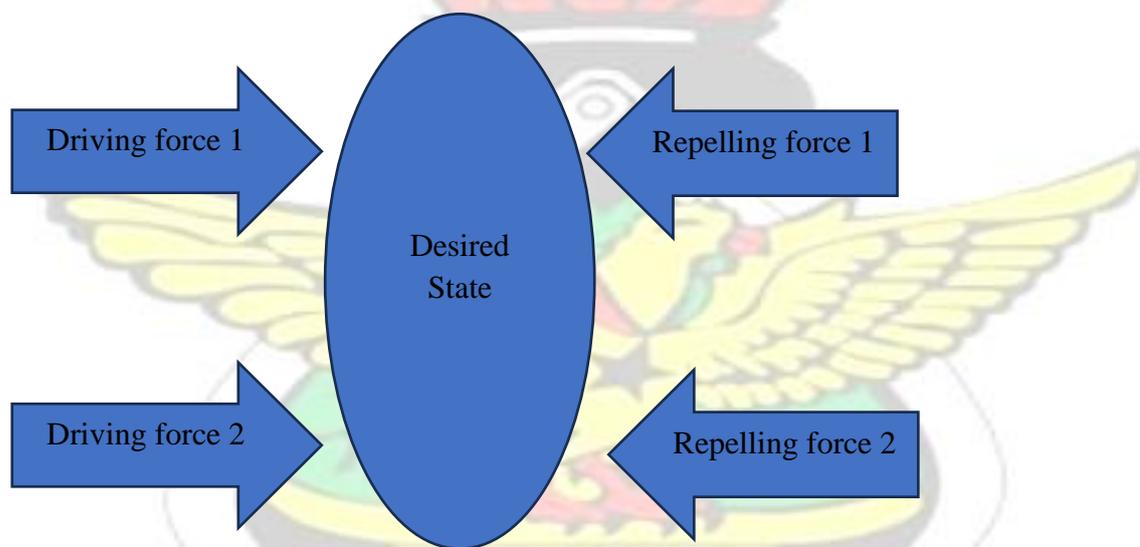


Figure 2.1: Theory of Force field Analysis

Source: Authors’ own, 2023

2.3.2 Application of Force Field Analysis in the Study

Though the theory is largely applied to organizational management strategies, it can also be applied beyond the organization. For instance, McNatt et al. (2022) apply force field analysis to analyze the facilitators and barriers to evidence-based practices in healthcare. Also, Nantogmah (2017) applies force field analysis theory in assessing the potential and challenges of Islamic Banking in Ghana. Islamic banking is a component of Islamic finance just like Sukuk, which is the current subject under discussion in the current work.

In this study, the researcher views the driving forces in the force field analyses as the factors or opportunities and benefits that the Ghanaian economy will enjoy if there are changes in the financial laws to incorporate Sukuk issuance and investment in the country, while the repelling or opposing forces are the challenges that may affect the country's ability to make these changes. The country, as a secular state with a predominantly Christian society, may experience resistance to implementing a seemingly Islamic-aligned policy. Similar resistance was witnessed in Nigeria despite the significant Muslim population in that country. However, the overwhelming potential benefits have influenced some countries to address the challenges to embrace the policy.

2.4. Review of Empirical Literature

2.4.1 Relationship between Sukuk and Bonds

Bhuiyan et al. (2019) adopt a VaR (Value-at-Risk) approach to conduct a five-year comparative study of the Sukuk market and conventional bond market, and their findings emphasize the existence of significant differences between the two markets from the perspective of the risk associated with the investments. The evidence of this difference is in all markets, whether advanced or emerging economies. However, apart from the limitation on the number of years, the period of the study is the post-global financial crisis period, which could have influenced the findings due to the level of confidence in the existing financial instruments. The work of the researchers confirms that prior to and during the crisis, there was virtually no significant difference between Sukuk and bonds; the difference started emerging after the global financial crisis.

Khartabiel et al. (2020) adopt the standard study method to monitor the stock prices of 237 Islamic bonds and 231 conventional bonds in relation to Sukuk and bond issuance announcements for a period of 12 years (2005–2017) in multiple financial markets, and report how Sukuk is now outperforming conventional bonds based on issue announcements and stock price reactions post the global financial crisis. The findings also reveal how large Sukuk issuers are ripping off enormous returns. The reverse was the story before the financial crisis. This may be the reason why Sukuk is usually over-subscribed when issued. The current study employs primary data sources of a qualitative nature in the conduct of the study instead of secondary quantitative data.

Concerning income flow, Al-Ameri (2020) relates that Sukuk and conventional bonds have certain commonalities, such as regular periodic payments of income to investors from issuers till maturity date, a less risky form of financing compared to equity financing, and the requirement for an indenture or prospectus as a prerequisite. However, the key distinguishing factor between the two is shari'ah (Islamic law) compliance, which is required in Sukuk issuance and not in bonds. Also, Sukuk are valued based on the underlying asset, while bonds are valued based on the credibility of the issuer. Bonds promise fixed, regular streams of income as well as the principal at maturity, while Sukuk income may pay variable income and not guarantee the principal payment at maturity. These are some of the few major differences between conventional bonds and Sukuk that need to be considered in an attempt to implement Sukuk in a country.

Finally, in this section, Kalilullina and Hassan (2022) conduct a comparative study between Sukuk and Conventional bonds and conclude that the similarities between the two continue to increase over time. The methodology they adopt is the use of both primary data via polls and secondary data on Sukuk standards vis-à-vis the existing market practice. The methodology the researchers employ is the interaction with market participants and the consideration of standards promulgated by standard setters to regulate the operationalization of Sukuk. This methodology is laudable as it address the research problem holistically. Again, these findings show how bond-issuing countries such as Ghana can easily implement Sukuk due to the continuous increased similarities between the investment instruments.

2.4.2 Benefits and Challenges of Sukuk to Governments and Corporations

Western Financial Markets

According to the introductory section of Paltrinieri et al (2019), Sukuk is no longer limited to only Eastern or Islamic countries. It has spread its tentacles from pro-Islamic nations to non-Islamic countries like the United States of America and some European countries. The likes of the United Kingdom, Luxembourg, and Germany have all issued Sukuk before with UK being the most recent issuer. These issuances are not limited to only sovereign Western nations but corporations as well, such as Nestle and others. Some research works predicts London as the future Islamic Finance hub in the European enclave. This is yet another confirmation of the findings of other researchers that Sukuk

is not the preserve of only Muslims. The current study intends to make case for the viability of Sukuk in Ghana as a secular state with developmental and debt management challenges.

Financial markets existence helps promote the trading and standardization of financial products, as Bhuiyan et al. (2019) reveal that western financial markets and rating agencies have Sukuk indices based on which appraisals can be done on instruments in these markets. Examples in Western contexts include DJIM (Doe Jones Indices Market), the oldest; Bloomberg data services; Standard & Poor's; and MSCI (Morgan Stanley Capital International), one of the most popular Islamic indices. These are evidence that the idea of Sukuk is gaining international recognition, irrespective of its name or religious affiliation. This can be attributed to the universal nature of sukuk benefits.

Asian Financial Markets

Habib (2018) empirically confirms the existence of Sukuk in Malaysia and conducts a study on the relationship between the returns of Sukuk and conventional bonds. The study focused on government securities alone, both short-term, medium-term, and long-term. It further highlights that apart from the corporate world, governments of nations are major players in Sukuk issuance. Additionally, Malaysia is not an Arab or pure-Muslim nation, yet the government has seen the need to issue Sukuk for the development of the country. It is believed that Islamic finance and its products are not solely meant for Muslims but for humanity in general due to the principles of justice and equity. This is one of the reasons why Sori et al. (2019) consider Malaysia one of the most advanced countries in terms of innovative Islamic finance products.

Kiaee and Soleimani (2019) conclude that Sukuk issuance by Iranian companies has a good impact on corporate governance. The study relies on secondary data by employing an analytical approach. The study is a confirmation of the practicability of Sukuk in Asia. Primary data could have yielded a more convincing and practical outcome, especially where primary sources are more likely to be available. For instance, Iran is on record as being one of the earliest practitioners of modern Islamic finance in the Asian enclave and is therefore advanced in that niche of modern finance.

Apart from the corporate world, governments may also employ sukuk to facilitate development, as Sori et al. (2019) highlight the advancement of Sukuk issues in Malaysia and the fact that the debt structure of the country is largely dominated by Sukuk issuance. They further employ an analytical approach to analyze 36 Sukuk of different credit ratings for a period of 15 years and conclude that Sukuk with an adverse credit rating respond negatively to market reactions, whereas Sukuk with a favourable credit rating respond positively to market reactions. This outcome of the study throws more light on how to choose the best performing Sukuk in the market, which is good for the development of financial markets.

The presence of rating agencies in the financial system is non-negotiable due to their importance. Hence, a study of this nature will help develop the Sukuk market and the Islamic finance market in general since they are still at their infancy. Risk-averse investors will always be interested in knowing the grade or credit rating of an investment before they commit funds to that instrument. More so, it guides investors to accurately determine their required rate of return; the higher the grade of an instrument, the lower the returns, and the lower the grade of an instrument, the higher the returns. This also makes the Sukuk investment more meaningful and closer to global conventional finance.

The Gulf Cooperation Council (GCC) consists of Arab countries like the Kingdom of Saudi Arabia (KSA), Kuwait, Qatar, Oman, Bahrain, and the United Arab Emirates (UAE). These six Gulf nations are well known for their global oil-producing prowess. This is the reason why Paltrinieri et al (2019) tip Malaysia and the Gulf Nations as the hub of Islamic Finance, including the sukuk market, not only in the Asian region but globally. The issue of sukuk within this area ranges from sovereign issues to corporate issues, just like in the case of the West. Globally recognized companies like Standard Chartered Bank of Malaysia, The Nakheel Group in the UAE, the Dubai Ports Authority also in the UAE, and others. Gedklia et al (2020) carefully analyze how GCC member countries can use Sukuk to mitigate both political and international shocks. The significant Muslim population in this region is an opportunity for the success of Sukuk and the practice of Islamic finance in general.

In agreement with the findings of Sori et al. (2019) with regards to Malaysia, Tan and Shafi (2021) empirically argue that there exists a long-term positive relationship between the economic growth of Malaysia and the capital market. The capital market consists of

bonds, stocks, and Sukuk. Malaysia is generally regarded as the largest issuer of Sukuk globally. The study employs autoregressive distributed lag (ARDLD) to study the rich history of Malaysia in Sukuk and the components of the capital market spanning from 1998 to 2018. However, the study concentrates on only corporate Sukuk and not government Sukuk. The Current study explores both corporate and sovereign Sukuk.

In the study of Heravi (2022), both secondary and primary data are employed to propose a framework for the implementation of sukuk issuance in Afghanistan. The study first explores the experiences of other countries, like Malaysia, and how those can be emulated to realize the issuance of Sukuk in Afghanistan. The primary data for the study is limited to only experts. This is a good approach since most people may not be aware of its existence in the first place, not to mention expressing ideas about its viability. However, scholars do not mostly engage in the practical aspect; hence, including corporate bodies or government agencies could have yielded a more accurate outcome. This is similar method the current study is aiming to use address the research problem, however via focused group discussion instead of case study.

In another breath, Ullah et al. (2022) hint via descriptive studies how the first issuance of Sukuk in Bangladesh was oversubscribed by four times and the second issue received almost double of the first subscription. They highlight further that there is a need to develop the Sukuk market infrastructure and proper regulation of the market to ensure more successes are chalked up. The emergence and growth of Shari'ah-compliant market indices on the Dhaka and Chittagong stock exchanges provide fertile ground for the issuance of Sukuk. This can be viewed as a development to the financial market in general.

Alia et al. (2022) confirm the issuance of Sukuk in the UAE and assess the factors that led to the default of Dana Gas Sukuk. The study adopts a qualitative approach, making use of secondary data to ascertain the circumstances that led to Dana's failure. Content analysis is used in the analysis of the data gathered before coming to the conclusion that there is a need for standardization and proper shari'ah (Islamic law) interpretation in the Sukuk market to help strengthen the market, attract more investors, and avoid future defaults of that magnitude. The findings point to the infancy nature of the Sukuk market and the need for global standard setters to collaborate to ensure standardization in the market.

According to Demirguc-Kunt et al. (2018), 26% of adults in Sub-Saharan Africa reported still using informal means of saving because there are no inclusive investment platforms in the region. Innovative financing methods are required to support economic expansion while also becoming self-sufficient. This planned waqf mobile sukuk could encourage a spirit of neighborhood development. Earlier studies hint on advantages like an alternative to traditional bonds that can be leveraged to finance initiatives to accelerate economic growth, reduce poverty, and fulfill other Millennium Development Goals (MDGs) in Africa.

The planned waqf mobile sukuk is intended to provide both economic and social benefits as returns on social investment. Waqf mobile sukuk can be considered the first mobile shari'ah-compliant instrument offered in Sub-Saharan Africa with a focus on waqf and social development, but notwithstanding its potential, it may not achieve its goal. There are good chances to set an example by refining the product, even when the initial trial and launch may not produce the anticipated results. Waqf mobile Sukuk is noted for attracting all categories of investors from individual to institutional investors.

Jahan et al. (2021) conclude that Sukuk will be an alternative viable and innovative investment instrument in Sub-Saharan Africa that can help promote economic and social development. They believe that Sub-Saharan Africa, serving as home for the third Muslim-dominated region, will be more interested in investing in Sukuk compared to conventional bonds. It is no doubt that the level of poverty in Sub-Saharan Africa is high; hence, if Sukuk promotes economic growth and social development, the level of poverty will equally reduce to the barest minimum. This will even enhance the achievement of the Millennium Development Goals (MDGs) in Africa. Sukuk will provide an alternative source of funding for entrepreneurs with the requisite capital to embark on viable ventures that, when successful, can provide employment opportunities for the unemployed. The governments of African countries stand the chance of benefiting in two ways: by taxing profitable businesses that flourish from Sukuk and by issuing sovereign Sukuk to help in infrastructure development. Their findings agree with earlier studies on the opportunities for Sukuk in Africa. The current study is narrowing down to the national level, specifically Ghana.

Otchere et al. (2022), in their review of empirical and theoretical literature on bonds, highlight that the African Sukuk market, though less developed and less exploited, has almost equal competitiveness compared to other emerging economies across the globe. However, they also admit the existence of some challenges that need to be attended to by policymakers if they are to benefit from the glories of Sukuk. Market integration, a comprehensive framework, and a close relationship with advanced Sukuk market players are some of the expert solutions the review proposes. The issues highlighted in the review are some of the areas the current research is aiming to address. The outcome of the current study can help provide guidance to policymakers and regulators to, for instance, consider a way forward in addressing the issue of regulatory framework, including the possible adoption of an advanced Sukuk market framework. The review also confirms the viability of Sukuk on the African continent and in Ghana in particular.

West African Financial Markets

Abdul Kareem et al. (2020) confirms the implementation of Islamic finance and the issuance of Sukuk precisely in Nigeria. The researchers employ content analysis to assess the potential opportunities and challenges upon implementation. The use of secondary data sources to carry out the work may be reasonable as Nigeria already has documented evidence to share in terms of Sukuk issuance; however, since Nigeria also has empirical experience in dealing with Sukuk, it would have been more prudent to use primary data in addition to the secondary data. The current study aims at employing primary data sources in assessing the potential opportunities of Sukuk for Ghana, which is in the same sub-region as Nigeria in the West African sub-continent.

On the other hand, Zakariyahi and Syllahi (2020) also confirm the existence and practicability of the sukuk issue in the West African sub-region, specifically in Côte d'Ivoire. They adopt analytical and explanatory methods based on secondary data sources to examine the Sukuk prospectus with the aim of ascertaining the extent of Sukuk compliance with the principles of Islamic law. These kinds of research and similar ones in the West African sub-region and the African continent in general are encouraged by scholars as they contribute to the advocacy of Sukuk in that jurisdiction. However, the study ignored primary data sources such as beneficiaries and potential beneficiaries of Sukuk. This is the aspect the current study is emphasizing, as this will help promote and

educate key stakeholders on some of the benefits of Sukuk to the development of nations and corporations.

Finally, Nigeria is one of the West African nations that are advanced in benefiting from Sukuk; at least the country as a whole has witnessed three issues with Sukuk so far. According to Abubakar and Baba (2020), the Nigerian government has issued two Sukuk and another one was issued by Osun State. Nigeria has the largest economy in the sub-region, followed by Ghana, per the Investment Monitor (2021). There is the need for Ghana to also put in place policies to regulate Sukuk issues and investments. However, Nigeria's progress may be attributed to her huge Muslim population, whereas Ghana has a significant but minority Muslim population, even though the benefits of sukuk do not discriminate on religious grounds.

General Benefits and Challenges of Sukuk

Several studies have confirmed the need for a regulatory framework for the issuance of Sukuk in order to serve as guidance to governments on the management of sovereign debts irrespective of the religious affiliation of the country. Bhuiyan et al. (2018) believe that proper understanding of the movement of global Sukuk market indices and that of bond indices will promote sound portfolio management strategies for portfolio managers. These findings show how portfolios can be diversified with Sukuk, and other studies like Haque et al. (2018), reveal how they are less volatile and more rewarding compared to conventional bonds. In terms of cost of issuance, Haque et al. (2018) find that long-term Sukuk is more costly to issue compared to conventional bonds, while the reverse turns out to be true when it comes to short-term issuance. Short-term Sukuk cost less to issue compared to conventional bonds. This requires a strategic balance of portfolios in order to mitigate these additional costs on the part of issuers.

Ahmed et al. (2018) qualitatively analyze the determinants of the legitimacy of Sukuk and find a positive relationship between Sukuk legitimacy and determinants such as price, caliber of structure, quality auditing, risk, and documentation. In addition, the findings reveal how the Shariah Supervisory Board (SSB) significantly influences the relationship. The study is empirically conducted; however, the findings may lack generalization over the entire industry since the sampling technique used to obtain the number of respondents is non-probability in nature and may produce a biased response. The current study uses

both semi-structured questionnaires and focused group discussion to address the research problem. Nevertheless, the study has contributed to the literature and has also demonstrated that quality measures in Sukuk issuance will help boost demand for Sukuk from the perspective of both investors and issuers, be they public or corporate.

Bhuiyan et al. (2019), in their five-year comparative study of the Sukuk market and conventional bond market using VaR, insist on the role of Sukuk in diversifying investment portfolios. This is an opportunity for risk-averse investors as well as corporations and governments that aim to enhance their credit ratings. Moreover, the study highlights the universal nature of Sukuk in terms of benefits for both advanced and emerging economies. This aspect of the findings seems to agree with earlier studies in arguing about the general growth prospects of Sukuk irrespective of the setting in which they are issued or invested, though with some challenges that need to be addressed.

Zain et al. (2019) identify five types of Sukuk in the market for the last ten years: social impact Sukuk (SIS), socially responsible investment sukuk (SRI), green Sukuk (GS), waqf Sukuk (WQS), and wakālah Sukuk (WS). They believe the innovations in Sukuk will make it more competitive than conventional bonds. However, caution needs to be taken in the innovation process in order not to engage in creating non shari'ah-compliant Sukuk. The study relies on secondary data to arrive at these findings. It is believed that the advancement of technology has an impact on almost every sector of the global economy, including the Sukuk market and the Islamic financial market in general. An example is the emergence of fintech. Sukuk innovations will continue to provide extra investment alternatives for both the corporate world and governments.

Shawaqfeh (2019), concerning the role Sukuk can play in solving the developmental needs of governments, concludes that the use of Sukuk to finance public expenditure in non-Muslim countries like Germany is ample evidence of the validity of Sukuk as a developmental financing tool. Also, the increase in interest in dealing in Sukuk by both financial institutions and banks of Muslim and non-Muslim origin confirms the legitimacy of Sukuk. The researcher adopts both a descriptive and empirical approach to address the research problem, where the descriptive approach is employed to deal with the theoretical aspect of the subject while the empirical approach focuses on the applied aspect. A recommendation is made for researchers to consider studying the economic

benefits of Sukuk, which later researchers such as Abdul Kareem et al. (2020) have explored, including the current study.

Corporate governance issues are global topical issues since international giants, also known as ‘too big to collapse’ companies, have run into bankruptcy and takeover shackles due to the practice of bad corporate governance. Enron and WorldCom are still fresh in the realm of the corporate world. Ghana also had its fair share of bad corporate governance in the recent financial sector clean-up exercise. Kiaee and Soleimani (2019) report the existence of a positive relationship between the issuance of Sukuk and corporate governance issues. The researchers distinguished between investors and borrowers points of view on resourcing corporate governance-quality corporations before arriving at this conclusion. The study is largely based on secondary data. However, it has established and highlighted the benefits of Sukuk to corporations. The study specifically considers Murābahah Sukuk and Ijārah Sukuk.

The implications of the findings of Bhuiyan et al. (2019) portray a very promising future for Sukuk and the Islamic financial market at large. Sukuk has the potential to attract more investors due to its high returns and lower risks compared to conventional bonds. This emerging future of the Sukuk is in direct opposition to conventional bonds. For instance, Frimpong, (2021) argue that the higher the risk of an investment instrument, the higher the returns. This serves as risk compensation to investors. Conversely, the lower the risk of a conventional bond, the lower the returns. With this feature of high returns with lower risk, Sukuk may help serve as a tool to encourage savings among the citizenry and boost financial inclusion.

Azhgaliyeva et al. (2020) report on how the majority of green bonds in the Association of Southeast Asian Nations (ASEAN) are used to finance energy-related projects and conduct a review of the issuance and policies concerning green bonds. The findings reveal that, though there is effective promotion of green bond issuance, it does not necessarily mean that renewable energy and energy efficiency are promoted. A recommendation is made to simplify the criteria for investment and domestication of green bonds to promote energy-related projects locally. The review brings to light how green Sukuk can be used to raise more funds and promote energy generation in less developed and middle-income countries such as Ghana. Proceeds from green Sukuk can be used to service the existing debts of debt-ridden countries and redeem their global credit image.

For instance, Abubakar and Baba (2020) analytically and descriptively study the experience of Nigeria in the Sukuk market and find that Sukuk has made an enormous contribution to nation-building. The findings further reveal how ordinary citizens of Nigeria confirm the swift completion of Sukuk-backed road construction without actually knowing the real source of financing. Furthermore, potential benefits like economic development, financial inclusion, monetary supply control, improved infrastructure, and diversification are associated with the issuance of Sukuk. This study is the application of the recommendation of Shawaqfeh (2019).

Uddin et al. (2020) conducted a cross-country study of 364 companies issuing international Eurobonds and Sukuk and concluded that Sukuk is a viable alternative source of finance for corporations with high liquidity risk. This may be a sigh of relief for corporations since poor-credit-rated companies can access funds from the conventional bond markets at a higher-than-normal average rate of interest or may even be disqualified. In the Ghanaian context, Eurobonds are usually issued by governments instead of corporations.

Despite the numerous benefits of Sukuk, there are also challenges related to its issuance. Abdul Kareem et al. (2020) note that Sukuk can promote economic development, but reveal religious misunderstanding as a barrier to the realization of its maximum benefits. They recommend more sensitization as the way forward for the advancement of Sukuk. This observation may not be peculiar to only Nigeria but to other non-Islamic and secular states as well. This could also be the reason why Ghana is yet to make any significant success in the realm of Islamic finance in general. Gatsi (2020), Maccido (2020), and several other researchers tip advocacy, sensitization, and wider public engagements as the best consideration for Ghana, for now as far as Islamic finance regularization in Ghana is considered.

Kafi and Mu (2020) investigate the impact of the absence of Sukuk in Iran, whose Islamic banking structure is rated as 100% shari'ah-compliant. They conclude that Iran is losing opportunities such as the attraction of foreign inflows, an enriched banking system, production growth, and improved public welfare. Though the opportunities highlighted are real, according to other researchers, the big question is why Iran, whose banking sector is touted to be 100% Islamic, is not showing interest in a purported Shariah-compliant investment instrument like Sukuk? These could be a result of the kind of regulatory

framework Iran is operating with. These challenges may be addressed if there is unanimous global standardization on the regulation of Islamic finance operations, including Sukuk.

Rahman et al. (2020) reviewed about 232 peer-reviewed papers using VOS (Visualization of Similarities) viewer software with the aim of exploring Sukuk literature to serve as a guideline for future studies. The findings show Sukuk can be classified based on its nature, comprehensiveness, and determinants. The study further highlights that the majority of Sukuk research is collaborative between Malaysia, Australia, and the USA. The progress of an investment instrument partly depends on the extent of research carried out on it to ensure its future improvements based on research recommendations. Raman et al. (2020) point to the low amount of research on Sukuk, a problem the current study is partly contributing to solve. There is an urgent need for more publications on Sukuk to enhance its development.

Zakariyahi and Syllahi (2020), in their study of the extent of Sukuk in Côte d'Ivoire, highlight the peculiar challenges of Sukuk in relation to the environment in which they are issued. They adopt Islamic jurisprudential and scholarly thinking to analyze the challenges. The methods of data collection and evaluation are analytical and explanatory. The findings reveal that, indeed, there is a risk to investors' capital guarantees upon maturity. However, these kinds of challenges are expected, especially in countries that are new to the issuance of Sukuk. Appropriate risk mitigating or management products can be used to manage such risks. The methodology adopted targets secondary data sources, while the current study adopts primary sources of data. Moreover, the current study focuses heavily on the benefits that governments and corporations stand to gain from Sukuk.

Al-Ameri (2020) conducts a four-year study and finds that Sukuk is safer to issue than conventional bonds; it also promises investors steady income flow and also helps in diversifying an investment portfolio. More so, governments and corporations can rely on Sukuk to fund major developmental projects. The researcher adopts a positivist approach in the gathering and analysis of secondary sources of data. In the same vein, Gedklia et al. (2020) also believe that Sukuk can enhance financial inclusion, economic development, and alternative investment strategies. They further believe that adopting the different models of Sukuk, such as sovereign and corporate Sukuk can be a game changer

for emerging economies, especially those endowed with abundant natural resources. This is another confirmation of the economic benefits of Sukuk.

Khartabiel et al. (2020) find a positive reaction from market participants to the announcement of Sukuk after the global financial crisis. The study further confirms how the tables have turned in favor of large Sukuk issuers in terms of higher abnormal returns compared to the pre-financial crisis period. The study adopts standard study methodology to monitor the stock prices of 237 Islamic bonds and 231 conventional bonds in relation to Sukuk and bond issuance announcements for a period of 12 years (2005–2017) in multiple financial markets. This period spans the pre-crisis era, the crisis era, and the post-crisis era. The outcome of the study shows how Sukuk and Islamic finance in general are now taking centre stage in global finance.

Again, investors are eagerly yearning for alternative investment avenues with less risk. The use of derivatives and other strategies to hedge against risk is common in the financial system. Derivative instruments like forwards, futures, options, and others are normally employed to engage in risk transfers. According to Zayed et al. (2021), the Sukuk market indices can provide an opportunity to hedge against future risk through a short or long position.

Oumaima and Haf (2021) believe international support can help Africa in terms of economic empowerment and infrastructure such as power plants, road construction, water supply, and sanitation systems, just like the World Bank's commitment to support the issuance of vaccine Sukuk. They review the evidence of Sukuk in Southeast Asian countries like Indonesia and Malaysia. This study is theoretical in nature. Nevertheless, if religious sentiments are sacrificed, African countries can equally benefit from their Sukuk success stories. Practical applications largely depend on theory, and this study can serve as a guide to the regulation of Sukuk issuance in Africa. The current study is trying to achieve similar objectives, however, through an empirical research approach.

According to Tan and Shafi (2021), even though there is evidence of corporate Sukuk contributing to economic growth, it is not viable as compared to stocks in terms of positive economic impact. They highlight the need for more public education on the benefits of Sukuk to the corporate world. Awareness creation is not only a challenge for Sukuk but for Islamic finance in general. As a new area of finance with religious

undertone, more need to be done in terms of education to demystify the notion that Sukuk or Islamic finance is meant for only Muslims. This is one of the biggest impediments to the growth of the sector.

Similarly, Adelpo et al. (2021) adopt the theory of symbolic interactionism and an interpretative research approach to examine the relationship between religious beliefs and public accountability via the issuance of sukuk and conclude that there are opposing symbolic meanings expressed by respondents in their media comments. The existence of religious undertones in the issuance of Sukuk and Islamic finance practice in general continues to be a challenge to the progress of the field. This is one of the major reasons why Nigeria had to switch from the nomenclature of Islamic finance to that of non-interest banking Maccido (2021). The study is a confirmation of some of the inherent challenges of Sukuk issuance, especially in secular or multi-faith religious countries like Ghana. Current study also adopts the interpretivism approach.

Hamza (2021) stresses how a modified version of Sukuk with the aid of block chain technology can be used to make Sukuk more accessible to the investing public and markets through swift transaction processing at a lower cost and transparency. The modification of Sukuk to take advantage of block chain technology is a sign of the future prospects of Sukuk as an investment security. Smart Sukuk can be used by corporations as well as governments to solicit more funds from the public to engage in developmental projects. This study's outcomes seem to conform to current reality due to the current level of technological advancement. Sukuk can promote economic growth and has the potential to reduce poverty and unemployment. This is according to the findings of Heravi (2022). These findings agree with those of other researchers such as Hamza (2021) and Gedklia et al. (2020). The primary data source, however, excludes other important key stakeholder groups that contribute to the economic growth of a nation. These units include business units, the government, and households.

Kalilullina and Hassan (2022) posit that the quality of Sukuk keeps dwindling on the financial market compared to its original form. They argue that low-quality Sukuk dominate the current financial markets and further warn of high default risks. The findings of the study are in line with other researchers' concerning the existence of challenges in the Islamic finance industry in general. One of the major challenges is the existence of different standard bodies instead of a harmonized body to avoid confusion in practice.

The two most popular bodies are the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the General Council for Islamic Banks and Financial Institutions (CIBAFI), an affiliate of the Islamic Development Bank (IsDB) headquartered in Bahrain. However, efforts are underway to harmonize the practice of Islamic finance. This is a process; there is a need for more time and engagement. For instance, the largest conventional accounting standard-setting body, the International Accounting Standards Board (IASB), is still working to include other jurisdictions, such as the United States of America.

Otchere et al. (2022) conduct a review of empirical and theoretical literature and confirm the existence of benefits and challenges in the issuance of Sukuk. This confirms earlier studies' findings about the existence of challenges and opportunities in the issuance of Sukuk. This work looks at both the practical and conceptual aspects of Sukuk issuance and can provide a guide for policymakers who intend to issue Sukuk for the first time. Seasoned issuers of Sukuk can also use the findings of this study for improvement.

In the financial market context, Ullah et al. (2022) hint in their descriptive study that Sukuk can enhance liquidity in the market that can be used for other equally beneficial ventures. This is a result of the oversubscription that normally characterizes the issuance of Sukuk. The methodology is good for research about Sukuk in countries that have commenced the trading of Sukuk, but this methodology may not be appropriate for the prospects of Sukuk in countries that are yet to issue even a single Sukuk, like Ghana. This is why the current study adopts an explorative type to answering the research questions.

Sial et al. (2022) confirm the findings of previous researchers using a different methodology on how Sukuk can be used as a tool for portfolio management through diversification. The findings of the study emphasize these benefits in emerging economies. Further, Sukuk is considered a good hedging tool. The study adopts a quantile regression model in the analysis of the data gathered on Sukuk indices and Sukuk bond prices, mainly from the London Sukuk, Kuala Lumpur sukuk, and Abu Dhabi Sukuk. Evidence of a co-moment is found between the global emerging market index and Sukuk bond price returns.

However, the four-year data gathered and analyzed to arrive at their conclusion can be a criticism of the findings. The data period could have been at least ten years per similar

studies to enhance more convincing findings and conclusions. Finally, the success and sustainability of an investment instrument depend on its credibility as well as the extent of supervision in the market. As a new area of finance, the Sukuk market is challenged by the lack of uniform standardization in the market, coupled with improper Islamic law interpretation. This is evident in the findings of Alia et al. (2022) in the UAE.

2.5 Conceptual Framework:

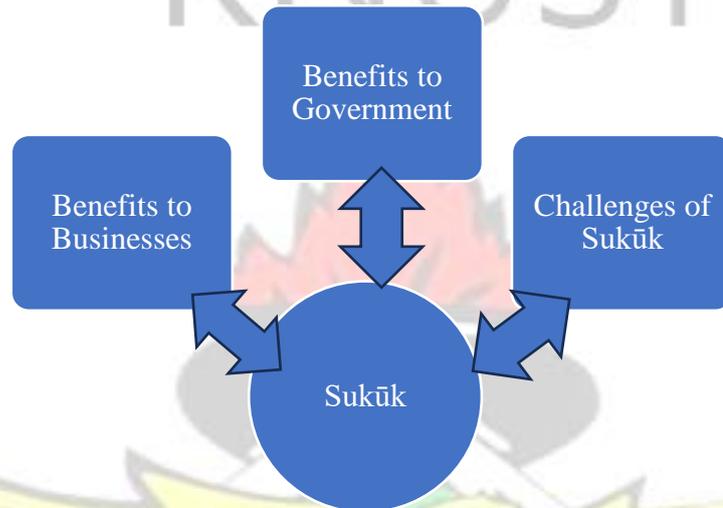


Figure2.2: Prospects and Challenges of Sukūk.

Source: author's own, 2022

Benefits to Businesses: MSME's and large-scale businesses can benefit from issuing/investing in Sukūk. Literature has proven how corporations have benefited from Sukuk in the form of liquidity support. Equally, governments can benefit by taxing the profits of Sukuk-issuing businesses and can also leverage on growing businesses to reduce unemployment rate. Operational and regulatory challenges may affect the full realization of these benefits.

Benefits to Government: Government can benefit from issuing/investing in Sukūk. Businesses can invest in Sukuk issued by government just like how government can invest in Sukuk issued by corporations as a form of liquidity support. However, challenges inherent in Sukuk may be a hindrance to the maximum realization of these benefits.

Challenges of Sukūk: There are potential road blocks for Sukuk implementation in non-Muslim settings. Businesses and the sovereign government may have to surmount some challenges before a successful implementation of Sukuk. Inversely, there will be challenges to be addressed after successful Sukuk implementation by businesses and government.

CHAPTER THREE

3.0 METHODOLOGY

3.1 Introduction:

This is a qualitative study and this part of the study focuses on a detailed explanation of the approach that is adopted by the researcher to find answers to the research questions. Research methodology is the scientific way of systematically resolving a research problem with the aid of research methods and techniques (Mishra and Alok, 2022). This helps in the assessment of the authenticity of the whole study. Strong research findings are backed by a good methodology. The various aspects of the methodology adopted in this study include the research design, target population, sample design, data collection instruments and procedures, and the data analysis methods for the whole study.

3.2 Research Design:

3.2.1 Research Philosophy: Research philosophy is the set of underlying beliefs that guide researchers as they go about their studies. It communicates how the researcher views the world in relation to its constituents (Tamminen and Poucher, 2020). The study uses the interpretivism philosophy of research as a qualitative study, which requires the subjective interpretation of the researcher to gain more insight about the perceptions of respondents. Alharahsheh and Pius (2020) confirm that interpretivism aids researchers in gaining a deeper understanding of experiences and perceptions in a given social context.

3.2.2 Research Type: The study uses an explorative type of research design. The design is adopted since the subject area is relatively new in the realm of academics and in the context of research, Ghana. Moreover, it will help uncover hidden perspectives on the topic. Exploratory research is viewed as the lifeblood of research, without which research will be needless (Swedberg, 2020). This type of design is more flexible and can accommodate different perspectives on the research problem. Zain and Nur (2020) adopt an exploratory research strategy to study the use of Sukuk for the development of waqf (endowment) properties in Malaysia.

3.2.3 Research Strategy: Clark and Causer (2020) explain research strategy as a predetermined, systematic way to carry out research with flexibility on the part of the

researcher to cater for unexpected developments. Despite the existence of several research strategies in academia, the researcher employs an inductive approach since the study is exploratory in order to find a solution to the research problem. Awwad et al. (2023) employ an analytical and inductive strategy to study the challenges and obstacles of issuing Islamic Sukuk in Palestine.

3.2.4 Time Horizon: The researcher makes use of cross-sectional data collection from experts due to the institutional time lines set for the studies and the nature of the data collection strategy (focus group discussion and semi-structured questionnaires). Focus group discussion involves the discussion of subject matter with all respondents at the same time on a single platform. Questionnaires are administered within the same period and responses taken within short period of time. A cross-sectional study is one where the researcher investigates and measures study subjects at a single point in time (Wang and Cheng, 2020). Bin-Nashwan and Muneeza (2023) use cross-sectional research data collection to study investment decisions in digital Sukuk in the era of COVID-19.

Ontological and Epistemological View Points

The ontological and epistemological opinions of the researcher provide guidance in choosing the appropriate research paradigm. While ontology highlights on what reality is, epistemology deals with how to study the reality. The researcher believes that there are several perspectives as far Sukuk implementation in Ghana is concerned hence the adoption of the interpretivism philosophy which advocates that knowledge should be interpreted to discover the underlying meaning. This is supported by the constructivists' ontological and epistemological stance POWTOOOOn (2018).

3.3 Target Population:

Population for a research work is generally defined by researchers as all members that qualify to be included in a study. The population of this study is composed of experts in Islamic finance, finance in general, and related fields. The population also includes practitioners. The respondents are recruited in Ghana and Nigeria since Islamic finance experts are limited in Ghana. Keshminder, Abdullah, and Mardi (2022) sampled from a target population of practitioners and experts in Islamic finance.

The target population for the semi-structured questionnaires is based on their familiarity with or advocacy for Islamic finance implementation in Ghana, while the focus group discussion experts are targeted as a result of their knowledgeable background or their promotion and publications in Islamic finance materialization in Ghana. ICAG has a publication on Islamic finance and its products in the 2019 student journal and has incorporated Islamic finance into their current syllabus for financial management. The institute also runs diploma and certificate courses in Islamic finance. MUDI has developed investment products that comply with the basic principles of Islamic finance, and IFRIG is a research and advocacy institution for Islamic finance in Ghana.

3.4 Sampling Design

Mishra and Alok (2022) describe sampling design in their *Handbook of Research Methodology* as a plan for how to get representative research objects from the universe's population due to the impractical nature of dealing with the whole population, especially when it is extremely large. Researchers can either adopt probability sampling designs, which are largely objective approach, or non-probability sampling designs, which are largely subjective approaches. The sampling design for this study consists of a detailed description of the sampling frame, the sampling technique, and the sample size.

3.4.1 Sampling Frame: This refers to the boundaries within which a sample can be drawn from the target population (Creswell and Clark, 2017). The sample frame for experts and practitioners includes the Institute of Chartered Accountants of Ghana (ICAG), Islamic Finance Research Ghana (IFRIG), and Muslim Ummah Development Initiative Ghana (MUDIG). These institutions consist of experts who have adequate knowledge about the subject under study. ICAG has introduced Islamic finance in their 2019–2024 syllabus of financial management and has also published an Islamic finance article in the 2019 student journal.

IFRIG, on the other hand, has successfully conducted international Islamic finance conferences in 2020, 2021, and 2022, respectively, as well as monthly webinars via the online. It is the leading registered organization advocating for IBF adoption in Ghana. Public Universities are higher learning institutions that offer courses in finance and related programs. Finally, MUDI Ghana is an institution that practicalises IBF by designing investment products that are compliant with IBF principles.

3.4.2 Sampling Technique: The researcher employs purposive, convenient, and snowball sampling techniques in obtaining the sample of respondents. The participants in the sample were selected based on their knowledge, availability, and willingness to participate. Thomas (2022) believes that despite the bias nature of purposive sampling, it provides the best results for qualitative studies in the social sciences compared to random sampling. The researcher contacts a few participants personally and the majority of them via phone call or WhatsApp to inform them about the topic of the study prior to the data collection. Some of the contacted participants also recommended others for possible recruitment. Some of whom confirmed their availability, while others gave an excuse for their inability to participate, especially in the focus group discussion.

3.4.3 Sample Size: Kothari and Gang (2014) observe that sampling is an exact plan for obtaining a sample from a target population. Larger sample implies larger representation and the vice versa. A sample size of 35, including an error margin of five respondents, is targeted to respond to the semi-structured questionnaires. Pannell (2023) considers a sample of at least 30 to be statistically large enough for large sample statistics since the t-distribution and normal curve are practically equal for the purpose of hypothesis testing. Eight experts, including an error margin of two, are recruited for a focus group discussion on the topic. Hennink and Kaiser (2022) find that empirical data studies approach saturation within the range of four to eight for focus group discussions and nine to seventeen for interviews.

3.5 Data Collection Instruments and Procedures:

This study relies on qualitative data that is obtained from primary sources. The data collection instruments employed in obtaining the primary data for this study are both semi-structured questionnaires and a focused group discussion guide via an online medium. The semi-structured questionnaires consist of both closed-ended (Yes/No and 5-point Likert questions) and open-ended questions to pave the way for unanticipated responses as explorative research, and to get an insight of respondents as a qualitative study. The questionnaire is designed in reference to previous tools in similar research work, such as Nantogmah (2017), and guidance from experienced players in the area of research. Keshminder et al. (2022) use qualitative study to understand the performance and challenges of Sukuk in Malaysia by measuring opinions. Open-ended questions

enable researchers to obtain more insight from respondents just like face-face interview. It can also be termed as interview on paper.

The questionnaires are administered via Google Forms for respondents to respond at their convenience due to the tight schedule nature of participants and to minimize travel costs for the researcher since participants are located in different geographical regions within and outside the country (Thunberg and Arnell, 2022). The tool is designed in a manner that will not allow one respondent to respond more than once. The link to the form is shared on the personal WhatsApp contacts of respondents, followed by constant reminders haven sought their permission to participate in the research two weeks earlier. Opara et al. (2023) advance the idea that web-based qualitative data collection with the aid of Google Docs offer future prospects for qualitative research.

Also, Gundumogula and Gundumogula (2020) support the use of focus group discussion to augment other methods for detailed discussion. The researcher first contacts the experts about their availability and willingness to take part in the discussion at a specific date and time. Adjustments are made to the date and time to make sure it includes the majority of the participants. The discussion is held online via Zoom. The link to the platform is shared among the experts' private contacts on WhatsApp a week before the stipulated date and a reminder follows one day before the session. A focus group discussion guide is then administered to experts one at a time for about an hour and five minutes, coupled with recording and taking notes by the researcher, who also serves as the moderator for the session (Ole Miss, 2016). This was recorded in two different sessions due to the use of free Zoom version. The opinions expressed by experts are later transcribed via the recorded session, ready for analysis. The data collection tools are shown in the appendices.

To ensure the validity and reliability of data collection instruments, a pilot test is conducted to identify the weaknesses in the instruments and the resolution of those weaknesses to ensure that the instruments are reliable. One of the data sources is chosen for the pilot test prior to the main data collection. Respondents are informed about the intent of the exercise and encouraged to give feedback for improvement. This enabled the researcher to strengthen the validity and reliability of the instruments. Results of Cronbach Alpha reported an internal consistency index of 0.7 (Appendix 6), which falls within the acceptable range for reliability tests (Knowledge Base, 2023).

For ethical reasons, respondents in this study are assured of the utmost confidentiality in their responses and opinions expressed in the study. They are also informed about the purpose of the study, which is academic. Moreover, personal details of participants such as names, income levels, date of birth, place of birth, height, complexion, etc. are not included in the demographic study questions. The researcher also complies with all the ethical guidelines prescribed by the KNUST thesis handbook. This enables respondents to be honest in their responses without any fear or bias. This helps in obtaining reliable data to strengthen the research findings. Respondents are coded for the purpose of data analysis and discussion.

3.5.1 Qualitative Study Emphasis and Procedure

This study is a qualitative study as it measures the opinions of experts in the field of research. Unlike quantitative research that relies on numerical data, qualitative research relies on non-numerical data. This study aims to explore the prospects and potential challenges of Sukuk implementation in Ghana through the process of naturalistic inquiry that seeks an in-depth understanding from experts' opinions. FGD is employed in this study via online medium to host experts at the same time to contribute to questions posed in the discussion moderated by the researcher. The session is recorded alongside notes taking to be able to gather every detail about the discussion. The FGD guide is developed under the supervision of an experienced research fellow in the field of Islamic finance.

Justification for Adopting FGD

There are other competing qualitative research methods that could have been adopted in the conduct of the study, such as interview method and case study method. However, FGD is chosen by the researcher over the other competing methods because of the time frame at the disposal of the researcher to complete the study. FGD helps in generating quick and rich data as participants with diverse viewpoints are hosted at the same time unlike interview. This method also offers opportunity for the researcher to interact with the research objects unlike case study method. Finally, the method is adopted due to the cost-effective nature of the method.

Procedure of FGD

The FGD is done to augment closed-ended and open-ended questions posed earlier to another group of experts to express their views through Google forms. This enabled the researcher to explore the problem in different angles as a qualitative study. The link to the Google forms is first circulated to respondents followed by a follow-up reminder that yielded a high response rate. These questions were modified version of Nantogmah (2017). Being qualitative research, an experienced social researcher and a psychological researcher should have been consulted to make sure the set of questions in both data collection tools are not the caliber that heart the sentiments of people. However, due to resources and accessibility constraint, experienced IBF researchers are consulted instead.

3.6 Data Analysis Methods

The Statistical Package for Social Sciences (SSPS) 20.0 is used in the analysis of the data obtained from the questionnaires. Nantogmah (2017) also uses SPSS version 16 in his study. Data are represented in tables with frequencies and percentages for easy understanding. This is followed by a written analysis and discussion with reference to existing literature and theories. While focused group discussions are transcribed and analyzed thematically alongside open-ended questionnaire data results, Islam and Aldaihani (2022) report that thematic analysis involves six-step processes after transcription, which include data familiarization, data coding, searching for themes using codes, theme review, labeling and definition of themes, and finally drafting the report. Thematic analysis is the most widely used analysis method in qualitative data Kiger and Varpio (2020); Islam and Aldaihani (2022). Regression analysis is done to significantly enhance the research study.

CHAPTER FOUR

4.0 RESULTS, ANALYSIS, AND DISCUSSION

4.1 Introduction

This part of the study is to present, examine and make meaning out of the data gathered from the primary sources. The two different data collection tools used to collect data from respondents are presented in tables, interpreted, and linked to literature and theory. The analysis of questionnaire data is done under the themes demography, Awareness, potentials of Sukuk, Challenges of sukuk. Moreover, data is analyzed with reference to the research objectives in order to establish a link between the research objectives and the data analysis. This will help to make more meaningful the final outcome of the whole study. Generally, the response rate of the questionnaires is excellent as 30 respondents, representing 85.7 percent of targeted 35 respondents, responded to the questionnaire.

Qualitative analysis is performed on the focus group data and an open-ended questionnaire in reference to the research objectives. The researcher adopts a thematic approach in presenting and analyzing the open-ended aspects of the semi-structured questionnaire and focus group discussion. The responses of the respondents are coded as follows: SSQR: semi-structured questionnaire respondent, and FGDR: focus group discussion respondent. This is done to ensure the confidentiality of the research work, as promised by the researcher to the respondents. This encouraged the respondents to be open and honest in their responses. The responses are presented and discussed based on the research objectives of the study. The major themes for the purpose of this study are

1. Challenges of sukuk implementation
2. Benefits of Sukuk to the government
3. Benefits of Sukuk to Corporations

The following sub-themes emerged under the above-mentioned major themes. Challenges of sukuk implementation: *Lack of framework, Arabic terminologies and Low awareness* Benefits of Sukuk to the government: *Infrastructure funding, Employment, Debt management, Attraction of investors, Financial inclusion, and other benefits*. Finally, Benefits of Sukuk to corporations: *Expansion, Production plans, Alternative sources of funding, and other benefits*. The codes are used to develop the themes for the

identification of the most repeated themes. The researcher considers 5-6 frequency of a response under a given theme as *typical*, a frequency of 4 as *general*, a frequency of 3 as *average*, and a frequency of 1-2 as *rare*.

4.2 Demography

Table4.1: Demography

Demographics	Variables	Frequency	Valid Percent	Cumulative Percent
Gender	Male	28.0	93.3	93.3
	Female	2.0	6.7	100.0
	Total	30.0	100.0	
Religion	Islam	27.0	90.0	90.0
	Christianity	3.0	10.0	100.0
	Traditional	0.0	0.0	
	Other	0.0	0.0	
	Total	30.0	100.0	
Specialization	Finance	10.0	33.3	33.3
	Economics	8.0	26.7	60.0
	Accounting	4.0	13.3	73.3
	Other	8.0	26.7	100.0
	Total	30.0	100.0	
Professionalism	ICAG	14.0	46.7	46.7
	ACCA	3.0	10.0	56.7
	CIMA	2.0	6.7	63.4
	Other	11.0	36.70	100.0
	Total	30.0	100.0	
Academic	PhD	3.0	10.0	10.0
	M. Phil	1.0	3.3	13.3
	MBA	7.0	23.3	36.6
	MSc	10.0	33.3	69.9
	Other	9.0	30.0	100.0
	Total	30.0	100.0	

Source: Field data, 2022

From Table 4.1, the majority 28 respondents are males, representing 93.3 percent, while the remaining 2 are females, representing 6.7 percent. This shows the low level of female education at the higher levels in Ghana. Also, 27 of respondents, representing 90 percent are Muslims, and the remaining three, representing 10 percent, are Christians. None of the respondents belong to any other religion. This indicates the dominance of the Abrahamic religions in the country, which are the proponents of non-interest finance. This agrees with the assertion of Gatsi (2020). However, the 2021 population census shows Christianity as the dominant religion in Ghana. The majority of Muslim respondents could be attributed to the purposive nature of the sampling technique or the

research area being related to Islam. Another important consideration is that most Muslims and Christians still adhere to some traditional practices.

From table 4.1 above, 22 of the respondents, representing 73.3 percent, are either specialists in finance or accounting, or economics. While the remaining eight, representing 6.7 percent, are specialized in other fields. This can be used to determine the qualifications of respondents to respond to the questionnaire. In terms of the professionalism of the respondents, 19 (representing 63.3 percent of the respondents) are professionals in finance-related professional bodies such as ICAG, ACCA, and CIMA. The remaining 11, representing 36.7 percent either belongs to other professions or are non-professionals. These dynamics can be partly attributed to the sources of data collection.

Finally, from the above table 4.1 the academic background of respondents shows that 3 representing 10 percent attain doctoral level education, majority 18 representing 60 percent attain masters level education and the remaining 9 representing 30 percent attain below post graduate. Some of the respondents attain Master of Philosophy degree (3.3 percent), yet others attain Master of Business Administration degree (23.3 percent), and others a Master of Science degree (33.3 percent). This is an indication that the majority of the respondents are highly educated.

4.3 Relationship between Conventional Bonds and Sukuk

Table4.2: Both Bonds and Sukuk can be issued or invested by corporations.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	20.0	20.0	20.0
	2	14	46.7	47.0	67.0
	3	8	26.7	27.0	94.0
	4	2	6.7	7.0	100.0
Total		30	100.0	100.0	

Source: Field data, 2022

NB: 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly Disagree.

Table 4.2 illustrates the response of respondents to the statement that the corporate world can issue or invest in sukuk, where 20 of the respondents' representing 67 percent either agree or strongly agree to the statement, 8 respondents representing 27 percent are neutral,

and only 2 representing 7 percent disagree. This confirms the findings of several studies that sukuk and bonds can be employed by organizations, governments, and financial institutions, as in Shawaqfeh (2019). Most studies even tip corporations as the highest issuers of sukuk. Also, Uddin et al.'s (2020) findings reveal that Sukuk are mostly issued by distressed firms and stipulate that the issuance of sukuk does not improve financial performance in any way. The crux of the matter is whether sukuk provide financing to corporations, which is obviously confirmed. This will be an opportunities for the Ghanaian industries to find alternative sources of funding at a relatively cheaper rate.

Table4.3: Both Bonds and Sukuk can be issued or invested by governments.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	23.3	23.0	24.0
	2	14	46.7	47.0	70.0
	3	9	30.0	30.0	100.0
Total		30	100.0	100.0	

Source: Field data, 2022

NB: 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly Disagree.

From Table 4.3 above, 21 of the respondents, representing 70 percent, accept that sukuk and bonds can be used by governments to manage their financial affairs. None of the respondents disagree or strongly disagree, and a significant nine, representing 30 percent of respondents, are neutral. This gives credence to the fact that Sukuk and bonds aspire to serve the same purpose while adopting different approaches. Al-Ameri (2020) confirms that Sukuk and bonds are employed by both governments and corporations to fund developmental projects, and further adds that holders are provided liquidity through trade on the secondary markets. Some researchers predict the future popularity of Sukuk in sovereign nations such as the UK and Germany. Japan and Indonesia scout for alternative sources to fund significant budget deficits and diversify their debt portfolios.

The Ghanaian government can equally benefit from sukuk from these perspectives as well as other perspectives, like the findings of Azhgaliyeva et al. (2020), which indicate that more than half of green Sukuk in ASEAN (Association of South East Asian Nations) is issued by governments to finance renewable energy, energy efficiency projects, and the like. Ghana, which has abundant sunlight and other natural resources, can also benefit in this regard. This was argued by one of the respondents in the open-ended question on

other benefits of sukuk. Innovative Sukuk, such as mobile waqf Sukuk, can be issued by the government of Ghana through SPVs to raise funds for social projects such as hospitals, community water projects, community sanitation projects, entertainment centers, etc., as proposed by Jahan et al. (2021).

4.4 Objective One: Challenges of Sukuk

Table 4.4: Sukuk's Religious Undertone

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	22	73.3	73.0	73.0
d	2	8	26.7	27.0	100.0
	Total	30	100.0	100.0	

Source: Field data, 2022 **NB: 1 = yes, and 2 = No**

In Table 4.4 above, 22 of the respondents, representing 73 percent, believe in the presence of a religious undertone in sukuk issuance and Islamic Banking and Finance in general, while 8 respondents, representing 27 percent, believe otherwise. This may be the reason why some countries, such as Nigeria, adopt the term non-interest finance instead of Islamic finance. However, despite that religious tag, some non-Muslim countries like the UK, Germany, China, and Japan make use of sukuk for developmental projects (Kafi and Mullick, 2020). Abdul Kareem et al. (2020) agree that the perceived religious bias of Sukuk may undermine their flourishing. Clearly, this is in line with the repelling forces in theory of force field analysis propounded by Kurt Lewin. In other words, these are the factors that are to be frozen before change can be executed with regards to Sukuk issuance in Ghana.

Table 4.5: Do you think the Arabic terminologies may be a hindrance to the understanding of the concept of Sukuk in Ghana?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	22	73.3	73.0	73.0
	2	8	26.7	27.0	100.0
	Total	30	100.0	100.0	

Source: Field data, 2022 **NB: 1 = Yes, and 2 = No**

In the Table 4.5 above, 22 of the respondents, representing 73 percent, believe the Arabic terminologies used in Sukuk issuance and Islamic Banking and Finance in general could be a hindrance to Sukuk implementation in Ghana. The remaining 13 respondents, representing 27 percent of the respondents, believe otherwise. For example, the use of

non-interest bonds or ethical bonds can be more easily understood by non-experts than the term Sukuk. Ghana is largely an Anglophone country; hence, many Ghanaians are not familiar with Arabic. Moreover, some non-Muslim investors may not feel comfortable dealing with Sukuk due to the strong relationship between the Arabic language and the Islamic religion. Religious undertones are a major challenge, as confirmed by Abdul Kareem et al. (2020) and Adelpo et al. (2021). Gatsi (2021) also admonish that the success of Islamic finance in Ghana will partly depend on the tone down of religious propagation in the course of advocacy. Apparently once again, this can also be regarded as a repelling force in Kurt Lewin's theory of force field analysis. This factor also needs to be eliminated or managed before change can be executed with regards to Sukuk implementation in Ghana.

Table4.6: Please, is the current financial regulatory environment favorable to the issuance of Sukuk in Ghana?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	46.7	47.0	47.0
	2	16	53.3	53.0	100.0
Total		30	100.0	100.0	

Source: Field data, 2022**NB: 1 = Yes, and 2 = No**

From the table above, it shows that 14 respondents, representing 52 percent of respondents, opine that the current financial regulations are not favourable to the issuance of Sukuk in Ghana, while the remaining 16 respondents, representing 48 percent, believe otherwise. The existence of legal and regulatory challenges is not peculiar to only countries without Sukuk experience; even those with advanced experience still need to work on some regulatory challenges, per the findings of other works. Oumaima and Haf (2021) precisely indicate that, according to Prof. McMillan, the absence of widely accepted legal opinion on Sukuk make them extremely difficult to rate by rating agencies. Thus, Ghana as a country has to work on the regulatory issues as suggested by some respondents and focused group discussion panelists to be able to start benefiting from the fruits of Sukuk. This can also be viewed as a repelling factor in the theory of force field analysis.

FGD and Open-Ended Questions Results, Analysis, and Discussion

Table 4.7: Potential Challenges of Sukuk in Ghana

THEMES	FREQUENCY
Lack of Framework FGDR 2: <i>Lack of acceptable framework (regulatory, accounting, taxation, and Shariah)</i> FGDG 4: <i>We should work on our regulatory framework.</i> FGDR 5: <i>I will emphasize a very good regulatory framework, like other participants, since sukuk can be very complex.</i>	Averagely Rare
Low awareness Level FGDR 4: <i>Sukuk needs continuous advocacy until the government buys into the idea.</i>	

Source: Field data, 2022

NB: The researcher considers 5-6 frequency of a response under a given theme as *typical*, a frequency of 4 as *general*, a frequency of 3 as *average*, and a frequency of 1-2 as *rare*.

From the Table 4.7 above, respondents averagely think that one of the potential challenges that Ghana can face in Sukuk implementation is the absence of a comprehensive framework for the issuance and investment of sukuk. This means three responses agree to this opinion. For example, one of the respondents explained that

"The main challenge is the lack of an acceptable framework for the implementation of Sukuk. Ghana has not yet cold-heartedly accepted Islamic finance; hence, it lacks the appropriate framework for the operationalization of most Islamic finance products. Without the appropriate regulatory framework, tax framework, Shariah framework, and supervisory framework, there will be a big challenge in introducing sukuk".

This challenge of Sukuk is not only restricted to new issuers or prospective issuers; even experienced issuers also face the challenge of standardization, as revealed in the findings of Oumaima and Haf (2021). The outcome also agrees with the results of this study, which solicits respondents' views about the success of Sukuk without a legal, regulatory, or accounting framework. The absence of a framework will make investors hesitant to invest. In the light of social conflict theory, the country need investments of all forms that can help the economy of Ghana but lacks the necessary structures to access the investors.

In terms of awareness, the respondents rarely view it as a challenge to Sukuk implementation in Ghana. This implies only one respondent mentioned this assertion. This may be attributed to the recent rise in advocacy about Islamic finance in general in

the country by leading institutions such as ICAG and IFRIG. The Kwame Nkrumah University of Science and Technology has also organized some short courses and seminars to train or enlighten interested members of society. In the focus group discussion, a participant recounted that

"Sukuk will be very beneficial to the economy of Ghana; hence, key stakeholders should support the agenda. ICAG has revised their syllabus to incorporate Islamic finance and has also introduced diploma and certificate courses in that regard".

However, this does not mean there is no need to increase awareness level, because awareness is a major challenge not only for non-Islamic countries, as revealed by Jahan et al. (2021), and a deficiency of low awareness level is hampering the development of Islamic financial markets in the MENA zones. This implies that it could be worse in the case of non-Islamic countries like Ghana, the United Kingdom, Germany, and several others. This has made low awareness one of the opposing factors to change process in theory of force field analysis.

4.5 Objective Two: To find out the potential benefits the government of Ghana can derive from sukuk

Table 4.8: Can the government restructure its debt profile with Sukuk if regularized in Ghana?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	80.0	80.0	80.0
	2	6	20.0	20.0	100.0
Total		30	100.0	100.0	

Source: Field data, 2022

NB: 1 = yes, and 2 = No

Table 4.8 above shows that 24 respondents, representing 80 percent believe that sukuk can help the government in debt restructuring, while the remaining 6 respondents, representing 20 percent of respondents, believe otherwise. Almost every government is indebted in one way or another, which normally includes conventional bond issuance. Gatsi (2021) and IFRIG (2023) advance that, though Islamic finance is not a panacea to solve all the debt problems of Ghana, Sukuk can be used as an alternative to restructure the debt composition with minimal interest payments.

Analysis of the FGD and open-ended questionnaire also indicate that majority of responses agree to the debt management ability of sukuk. One of the current economic

variables in Ghana today that needs special attention is the debt structure. The IMF program requires the government to restructure both domestic and external debts. This was initially met with fierce resistance by investors as it resulted to reduction in their investments popularly termed as “hair cut”. Hence debt management can be viewed as one of the propelling factors in force field analysis theory that pushes for the change of laws to accommodate Sukuk in Ghana.

Table 4.9: Can Sukuk be used by the monetary committee of the BoG as a tool to control monetary supply and, by extension, to control inflation?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	25	83.0	83.0	83.0
	2	5	17.0	17.0	100.0
Total		30	100.0	100.0	

Source: Field data, 2022

NB: 1 = yes and 2 = No

In Tale 4.9 above, as to whether Sukuk can be used as one of the instruments to control inflation through monetary supply, 25 respondents, representing 83 percent of the respondents, confirmed yes, and the remaining 5 respondents, representing 17 percent, opined otherwise. This is an indication of one of the functions of Sukuk issuance. Sukuk can be issued to galvanize stray money in the system that could fuel inflation. Kafi and Mullick (2020) believe the Iranian government, through the central bank, can use Sukuk as a new financing strategy to attract stray capital within the economy.

Inflation is normally fuelled by the existence of stray capital in circulation. These can be absorbed if Sukuk, such as smart Sukuk, are issued by the government. Similarly, Innovative waqf sukuk, as proposed by Jahan et al. (2021), can be used to attract institutional and individual investors who might not even possess bank accounts to invest via mobile phones, which might not necessarily be smart phones. This can also help rope in idle funds in circulation and, by extension, control inflation. However, the Prospect Theory proposes that given two types of investments, potential rational investors will generally opt for the package that is less susceptible to loss compared to the package that promises gain (Battie, 2022).

Table 4.10: Will Sukuk issuance and investment help broaden the financial system of Ghana?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	30	100.0	100.0	100.0

Source: Field data, 2022**NB:** 1 = yes, and 2 = No

Table 4.10 illustrates how Sukuk can impact the financial system of Ghana. All respondents agree that Sukuk can help widen and develop the financial landscape of the Ghanaian financial system. The current financial system in Ghana is not complete since it does not take care of the Islamic financial market niche. Shawaqfeh (2019) view that the opting for Sukuk by governments to finance public projects is a radical change that completes the financial system architecture since the Islamic Financial Market completes it. Broadening of the financial space creates the opportunity of well developed financial system with several alternative investment products.

Also, it is believed that Sukuk has the potential to provide more easy funds in the financial market. Similarly, Uddin et al. (2020) indicate that Sukuk can potentially take a position in a broader international financial market despite its Islamic origin. DMON (2023) indicates how its sovereign Sukuk listing will diversify the financial offerings available to investors, enhance their liquidity, and promote price discovery. Broadening of the financial arena of Ghana can be viewed as one of the propelling factors in the theory of force field analysis that is not frozen during the change process but rather allowed to move freely.

Table 4.11: Sukuk can contribute to managing the exchange rate.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	23.3	23.0	24.0
	2	13	43.3	43.0	66.0
	3	6	20.0	20.0	86.0
	4	2	6.7	7.0	93.0
	5	2	6.7	7.0	100.0
Total		30	100.0	100.0	

Source: Field data, 2022

NB: 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree.

Table 4.11 measures respondents' views on the ability of sukuk to enhance exchange rate management. Respondents numbering 20, representing 66 percent, either agree or strongly agree that Sukuk can be helpful in this regard; only eight percent disagree or strongly disagree; and the remaining 24 percent are neutral. Sukuk issuance (Salam sukuk) can help farmers increase food production to satisfy local consumption and export. This may help to reduce food importation, such as rice and sugar, to help reduce the high demand for major foreign currencies, especially the dollar, euro, pounds, etc.

Al-Ameri (2020) establishes a relationship between the price of conventional bonds, Sukuk, the exchange rate, and the Libor rate. Exchange rate is one of the topical issues in Ghana that even politicians constantly use to assess the performance of both past and incumbent governments. The debate between the two major political parties in Ghana now argues on the bases of who managed the depreciation of the cedi very well than the other but not on the basis of who has stopped the cedi from depreciating against the major currencies. The potential of sukuk in the control of exchange can be regarded as one of the propelling factors in the theory of force field analysis.

Table 4.12: Sukuk issuance can help boost the national GDP

	Frequency	Percent	Valid Percent	Cumulative Percent
1	9	30.0	30.0	30.0
2	15	50.0	50.0	80.0
3	6	20.0	20.0	100.0
Total	30	100.0	100.0	

Source: Field data, 2022

NB: 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree.

In Table 4.12 above, 24 respondents, representing 80 percent of the respondents, agree or strongly agree that sukuk has the tendency to boost the national GDP; none disagree or strongly disagree; and 6 respondents, representing 20 percent of the respondents, are neutral. This confirms the findings of similar studies about the positive impact of sukuk on GDP. For instance, Ahmed et al. (2018) agree that the outcome of their study, 'Determinants of Sukuk Legitimacy', can help in the sustainable growth and development of the real economy.

This is yet another propelling factor in the theory of force field analysis. Ghana will be in dire need for this opportunity as the GDP growth rate is now challenged by the Russia-

Ukraine conflict and the Covid 19 pandemic. According to the World Bank report Ghana's GDP for the year 2022 was 3.2 which is a reduction from 5.4 in 2021. This implies the Ghanaian economy needs more room for improvement in terms of GDP growth. A country like Malaysia has even issued Covid sukuk to help support the economy.

Table 4.13: Will Sukuk help the Bank of Ghana (BoG) increase the rate of financial inclusion?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	27	90.0	90.0	90.0
	2	3	10.0	10.0	100.0
Total	30	30	100.0	100.0	

Source: Field data, 2022

NB: 1 = Yes, and 2 = No

The World Bank Group (2021) defined financial inclusion as "individuals and businesses having access to useful and affordable financial products and services that meet their needs—transactions, payments, savings, credit, and insurance—deliverable in a responsible and sustainable way". Table 4.13 above shows that 27 respondents, representing 90 percent of the respondents, believe that Sukuk can help widen the financial inclusion net, while the remaining 3 respondents, representing 10 percent of the respondents, believe otherwise.

A substantial number of people either do not trust the current financial system or, for religious, ethical, or other reasons, shun it. Sukuk as a multi-purpose investment tool may attract such people to invest in Sukuk. Jahan et al. (2021) propose that mobile waqf Sukuk can be used to attract institutional and individual investors who might not even possess bank accounts to invest via mobile phones, which might not necessarily be smart phones. This form of Sukuk can be designed in collaboration with the BoG, SEC, service providers, and other relevant stakeholders. Financial inclusion is also one of the topical concerns of BoG to capture the unbanked society in Ghana; hence this is also a propelling factor in the theory of force field analysis.

Table 4.14: Sukuk can attract foreign investors to Ghana.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	13	43.3	43.0	43.0
	2	13	43.3	43.0	86.0
	3	4	13.3	13.0	100.0
	Total	30	100.0	100.0	

Source: Field data, 2022

NB: 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree.

Table 4.14 measures the ability of Sukuk to attract foreign investors to Ghana. The results show that 26 respondents, representing 86 percent of the respondents, either agree or strongly agree that Sukuk can help attract foreign investors, while only 4 respondents, representing 13 percent, are neutral in their responses. The Gulf Corporation Council (GCC) is largely interested in investments that are not interest-based for religious reasons. Also, GCC countries are seasoned in crude oil trading activities, and Ghana, as an emerging oil producer with other natural resources such as gold, diamonds, bauxite, aluminum, timber, cocoa, etc., can use Sukuk to attract investors from this part of the world.

Shawaqfeh (2019) observes that the issuance of sukuk, especially in Malaysia, has attracted indigenous Middle Eastern countries to subscribe. This may be some of the reasons why Malaysia is far more advanced economically than Ghana, even though they gained colonial independence around the same period. Further, European banks, institutions, and even sovereign governments are attracted to the investment in sukuk. This is what the Rational Expectation Theory tries to explain; that investor will invest in ventures that are future rewarding based on their logic (Battie, 2022).

FGD and Open-Ended Questions Results, Analysis, and Discussion

Table 4.15: Economic Benefits of Sukuk to the Government

THEMES	FREQUENCY
Infrastructure	Typical
FGDR 3: <i>Sukuk can help in building road infrastructure</i>	
FGDR 5: <i>Ghana can use sukuk to resolve the huge railway infrastructure deficit if we are serious.</i>	
SSQR 1: <i>Sovereign sukuk issuance could be used to address public finance shortfalls, with particular reference to the heavy housing infrastructure.</i>	
SSQR 7: <i>Raise funding for infrastructure development.</i>	Averagely
SSQR 11: <i>Raise funding for infrastructure development.</i>	
Employment	
SSQR 6: <i>Help get rid of riba (interest) and help alleviate poverty.</i>	Typical
SSQR 10: <i>Reducing the unemployment rate and arm robbery</i>	
SSQR 10: <i>Provision of employment</i>	
Debt Management:	
FGDR 3: <i>Sukuk can help close funding gaps in the various sectors of the economy.</i>	
SSQR 1: <i>Sovereign sukuk issuance could be used to address public finance shortfalls.</i>	
SSQR 5: <i>Easy access to capital and less stressful repayment</i>	
SSQR 8: <i>SUKUK can enhance the borrowing capacity of Ghana, and SUKUK can also help reduce Ghana's indebtedness since there's no interest payment.</i>	General
SSQR 12: <i>SUKUK can enhance Ghana's borrowing capacity</i>	
SSQR 13: <i>SUKUK can also help reduce Ghana's indebtedness since there's no interest payment.</i>	
SSQR 14: <i>Sources of funding for government and corporations</i>	
Attraction of Investors:	General
FGDR 4: <i>Sukuk issued under an acceptable framework can boost local and international investor confidence.</i>	
FGDR 5: <i>Sukuk is in high demand among the investor population.</i>	

FGDR 5: *The coupon-payment nature of sukuk can attract even non-Muslims.*

SSQR 2: *Sukuk offers alternative investment avenues for those who need ethical products.*

General

Financial Inclusion:

FGDR 5: *Sukuk will be an opportunity to promote financial inclusion.*

FGDR 5: *The coupon-payment nature of sukuk can attract even non-Muslims.*

SSQR 2: *Broaden the financial landscape and offer alternative investment avenues for those who need ethical products.*

SSQR 2: *Broaden the financial landscape and offer alternative investment avenues for those who need ethical products.*

Other Benefits:

FGDR 2: *The government has a lot of benefits from sukuk.*

FGDR 5: *Sukuk for Agric, Energy, and Aquaculture Development*

SSQR 1: *Then also, Sovereign green SUKUKs could be used to raise funds for investing in agricultural sector development-related infrastructure such as multi-purpose irrigation, dams, roads, agro-industrial parks, renewable energy, climate change mitigation-related projects, etc.*

SSQR 3: *It brings fairness.*

Source: Field Data, 2023

NB: The researcher considers 5-6 frequency of a response under a given theme as *typical*, a frequency of 4 as *general*, a frequency of 3 as *average*, and a frequency of 1-2 as *rare*.

From Table 4.15 above, the respondents typically agree about the benefits of Sukuk to the government of Ghana as far as the funding of infrastructure development is concerned. This implies that two FGDR and three SSQR totaling five responses agree to this assertion. For instance, one of the participants recounts that,

"The benefits of sukuk are so immense. For instance, sukuk can help in building road infrastructure, energy, and aquaculture. We need to scale up, and that is where sukuk can be leveraged. Sukuk can help the government develop infrastructure and agriculture. Nigeria has used sukuk to address various road sector infrastructures".

In agreement with the respondent, the DMON (2023) has indicates that more than 75 roads and bridges have been constructed and rehabilitated across the length and breadth of Nigeria from the proceeds of Sukuk since 2017. In most of these Sukuk, there were oversubscriptions, which show the willingness of investors to invest in Sukuk. This also implies that railway infrastructure, road infrastructure, hospitals, schools, aviation, and other physical infrastructure deficits can be financed through Sukuk.

Azhgaliyeva et al. (2020) indicate that more than half of green Sukuk in ASEAN (Association of South East Asian Nations) are issued by governments to finance renewable energy, energy efficiency projects, and the like. Ghana, which has abundant sunlight and other natural resources, can also benefit in this regard. Innovative Sukuk, such as mobile waqf Sukuk, can also be issued by the government of Ghana through SPVs to raise funds for social projects such as hospitals, community water projects, community sanitation projects, entertainment centers, etc., as proposed by Jahan et al. (2021). The theory of force field believes that infrastructure funding can propel Ghana to change the relevant laws to accommodate a new phenomenon which is Sukuk issuance/investment.

Also, from the table 4.15 above, respondents averagely view that Sukuk will assist the government in terms of providing job opportunities to reduce the unemployment rate in the country. This means three of the SSQR mentioned this in their open-ended response. One of the respondents clearly states in response to the question of Sukuk's potential benefits to the government of Ghana "Help get rid of riba (interest) and help alleviate poverty". Al Madani et al. (2020) find that the benefits of Sukuk are non-discriminatory; individuals, institutions, and the country as a whole stand a chance of benefiting from Sukuk. This shows the ability of Sukuk to provide employment to individuals to improve their economic livelihood (Oumaima and Haf, 2021). Poverty alleviation is desired by all, government and the citizenry. Hence Sukuk ability to alleviate poverty is sufficient enough to be a propelling factor as in theory of force field analysis to call for change in financial sector regulations to favor Sukuk adoption in Ghana.

Additionally, the table 4.15 above communicates that respondent typically view Sukuk as a debt management tool for the government of Ghana. This implies more than five respondents mentioned debt management as a potential benefit of Sukuk. The responses varied from the ability of Sukuk to provide a cheap source of funding to flexible terms of payment, an increase in borrowing capacity, and a reduction in debt stock. The country is

currently facing a high level of debt, which has compelled it to return to the IMF to seek sustainable debt management support. Though the government initially promised Ghana beyond aid, the theory of efficient market hypothesis (EMH) has compelled the government to negotiate with the IMF for the 17th time in history. In the focus group discussion, one of the participants states that:

"Sukuk is really good for Ghana, and we should continue to write and advocate about the relevance of sukuk in Ghana. I am giving a quick example of the significance of Sukuk in Malaysia, where Covid-Sukuk was issued to help the country come out of the challenge instead of Covid tax in the case of Ghana".

Yet another respondent in the open-ended questions indicates that "Sukuk will enhance the borrowing capacity of the government". Gatsi (2021) and IFRIG (2023) agree that Sukuk can be used as an alternative to restructure the debt composition with minimal interest payments. The DMON (2023) has indicated in a release on August 3, 2023, that it will be listing N130 Billion in sovereign Sukuk on the Nigerian Exchange Group and the FMDQ Securities Exchange as part of managing sovereign debt. Ghana is currently trying different approaches of debt renegotiations in order to fulfill IMF's terms and conditions. This indicates the extent to which the country is battling with debt management. The overwhelming agreement of respondents on Sukuk as a debt management tool makes it one of the propelling factors of force field analysis theory.

Furthermore, the table 4.15 above shows that respondents generally agree that one of the benefits of Sukuk to the economy of Ghana is the widening of financial inclusion in the country. This means four respondents tip financial inclusion as potential benefit of Sukuk in Ghana. This is one of the main policies of the BoG, which aims at roping in the unbanked portion of society. The current happenings in the financial space in Ghana have further deteriorated investor confidence. One of the participants in the focus group discussion stated that

"Sukuk is in high demand among the investor population. Sukuk will be an opportunity to promote financial inclusion. There are many people who keep their money in dollars because there are no halal investments in Ghana. However, this can be dangerous since paper money can depreciate if not used to add value. Treasury bills, fixed deposits, and other forms of investment today have lost their attractiveness to investors. Others have made the decision not to invest in government bonds due to their experiences".

Jahan et al. (2021) propose that mobile waqf Sukuk can be used to attract institutional and individual investors without the need for bank accounts or smart phones. Gedklia et

al. (2020) also find Sukuk to be a financial inclusion tool that can be used to attract ethical or non-interest-related investors who keep their funds away from conventional investment products largely dominated by interest-related products. In relation to force field theory, financial inclusion can generally be classified among the propelling factors.

The table 4.15 also shows that respondents generally opine that one of the potential contributions of Sukuk to the government of Ghana is its ability to attract both domestic and foreign investors to invest in the economy. This also means four respondents ascribe to this view. A respondent in the focus group discussion indicates that "We should work on our regulatory framework, such as tax issues, to boost local and international investor confidence. What law will address disagreements when they arise?" Another response from the open-ended questions states that "Sukuk offers alternative investment avenues for those who need ethical products". Malaysia has used sukuk to attract investments from the oil-rich Gulf nations (Shawaqfeh, 2019). North American based corporate- Air Lease Corporation (ALC) has issued a historic Sukuk to the value of US\$600 million for five years arranged by a Middle Eastern Bank ABC based in Bahrain (Bank ABC, 2023). This ability inherent in Sukuk issuance/investment agrees with the theory of Efficient Market Hypothesis.

Finally, the respondents generally believe that Sukuk can benefit the government of Ghana in several other miscellaneous ways, such as Agriculture investment, Aquaculture investment, and energy sector investment, through the issuance of green Sukuk. General, as explained before means four respondents. Sukuk also promotes ethical investments and fairness. For instance, a respondent indicates that,

"Then also Sovereign green SUKUKs could be used to raise funds for investing in agricultural sector development-related infrastructure such as multi-purpose irrigation, dams, roads, agro-industrial parks, renewable energy, climate change mitigation-related projects, etc".

Fitrah and Soemitra (2022) agree with this revelation based on their findings that green Sukuk can be used to enhance the achievement of Sustainable Development Goals (SDGs) through investment in the energy sector, conservation of the natural environment and resources, advocacy for the use of renewable energy, and the reduction of greenhouse gas emissions. The Ghanaian government can use Sukuk, especially green Sukuk, to promote the flagship program planting for Food and Jobs (PFJ) and can also leverage it

to fight against illegal mining, which destroys forests and water bodies. The benefits attached to the miscellaneous benefits afore mentioned also agree with the force field theory.

4.6. Objective Three: To find out the benefits of Sukuk to the private sector businesses of Ghana

Table 4.16: Do you think businesses can have an alternative source of funding from Sukuk?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	27	90.0	90.0	90.0
	2	3	10.0	10.0	100.0
	Total	30	100.0	100.0	

Source: Field data, 2022**NB: 1 = yes, and 2 = no**

From Table 4.16 above, 27 respondents, representing 90 percent of respondents, agree that Sukuk can serve as an alternative source of funding for businesses, while the remaining 3 respondents, representing 10 percent of the respondents, believe otherwise. This implies that Sukuk could be used by businesses to complement their existing funding avenues and offer more funding options. Likewise, potential investors can also solicit funds from Sukuk for their start-ups. Hamza (2021) concludes that the employment of block chain technology in Sukuk issuance will make available more sources of funding to businesses, irrespective of their size.

Corporate bonds are usually issued by large organizations; however, with smart Sukuk, large-scale as well as micro, small, and medium enterprises can have access to a cheap and ethical source of finance. Jahan et al. (2021) also tip waqf Sukuk as an alternative source of funding for social and economic benefits in Sub-Saharan Africa. This flexible feature of Sukuk makes it attractive not only to Muslim investors but to every rational investor, irrespective of religious coloration, this is in accordance with the Rational Expectations Theory (RET) as opined by Beattie (2022).

Sukuk, apart from being an alternative source of finance, can also be an alternative source of investment or savings for business organizations. Sial et al. (2022) find that individual as well as institutional investors can employ Sukuk to diversify their respective portfolios. This is what Oumaima and Haf (2021) believe to be an alternative finance strategy for the alleviation of poverty and economic empowerment for individuals and businesses.

The availability of several alternatives makes the supply of funds higher and hence cheaper cost. The flourishing of businesses can create more jobs for people to take on and earn income to meet their basic needs.

FGD and Open-Ended Questions Results, Analysis, and Discussion

Table 4.17: Economic Benefits of Sukuk to Corporations

THEMES	FREQUENCY
Expansion: FGDR 4: <i>Corporations can issue corporate sukuk to finance expansion.</i>	Rare
Production plan: FGDR 4: <i>Corporations can issue sukuk to expand production.</i>	Typical
Alternative funding source: FGDR 4: <i>Corporations can issue corporate sukuk to finance any of their projects.</i> SSQR 4: <i>A source of Finance for businesses</i> SSQR 5: <i>Easy access to capital and less stressful repayment</i> SSQR 9: <i>Its issuance does not affect the control of ownership by corporations.</i> SSQR 14: <i>Sources of funding for government and corporations</i>	
Other Benefits: FGDR 4: <i>Corporations have a lot of benefits from sukuk.</i>	Rare

Source: Field data, 2022

NB: The researcher considers 5-6 frequency of a response under a given theme as *typical*, a frequency of 4 as *general*, a frequency of 3 as *average*, and a frequency of 1-2 as *rare*.

From Table 4.17 above, respondents typically agree that Sukuk will serve as an alternative source of funding for corporations in Ghana. Four open ended questions respondents and another one FGD respondent subscribe to the view that Sukuk can serve as an alternative source of funding for corporations. This opportunity is not limited to only large corporations but equally possible for MSMEs depending on the way it has been structured, as hinted by one of the participants in the focus group discussion:

"Sukuk is a wonderful tool that we should strategically plan to leverage. Sukuk can benefit every aspect of society, depending on how it is adopted, Governments and corporations, including MSMEs. We should take the risk and take the lead for the regulations to follow. Government and private sectors can benefit from sukuk".

This revelation conforms to the findings of Sial et al (2022), and Oumaima and Haf (2021) and the Prospects Theory (PT) as viewed by Beattie (2022). With regards to larger corporations benefiting from Sukuk, a North American based corporate- Air Lease Corporation (ALC) has issued a historic Sukuk to the value of US\$600 million for five years arranged by a Middle Eastern Bank ABC based in Bahrain (Bank ABC, 2023).

Other rare economic benefits that corporations can derive from sukuk are expansion opportunities, an increase in production plans, and other benefits. This means there is one response each for the aforementioned benefits. A response from the focus group discussion states that "Corporations can issue corporate Sukuk to finance expansion or any of their projects". However, Laila et al. (2021) find that firm size, leverage ratio, security structure, and date of maturity are important bases for rating Sukuk in the Sukuk market, while profitability and liquidity ratios are neutral to sukuk ratings. In the realm of Interpretivism theory, these dynamics could be an indication of the presence of other hidden prospects of Sukuk yet to be discover or waiting for Sukuk implementation to manifest itself to the government and the financial world in general terms.

4.7 Regression Analysis

This section of the study aims at holding the variable *Sukuk implementation in Ghana is a threat* as dependent variable and analyzing same against some of the independent variables that point to potential benefits of Sukuk such as *attract foreign investors, reduction of unemployment, management of foreign exchange and boost in national GDP*. The regression results are reported in three different tables under the headings *Model Summary, ANOVA and Regression Coefficients*. Finally, the regression equation is derived based on the results. This is an advanced data analysis conducted with aid of SPSS V.20.

Table 4.18: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.627 ^a	.394	.220	3.250

Source: Field data, 2022

Table 4.18 briefly shows the regression model representing the parameters R value, R square value, adjusted R square value and standard error. The parameters highlight that 39.4% change of the dependent variable (Sukuk is a threat to the existing financial architecture) is explained by the independent variables (Sukuk attract foreign investors, Sukuk can help reduce unemployment, Sukuk can help manage foreign exchange rate and Sukuk can help boost GDP), while 22.0% of the change is explained by the error margin and other factors.

Table 4.19: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	95.931	4	23.983	2.271	.113 ^b
Residual	147.858	14	10.561		
Total	243.789	18			

Source: Field data, 2022

Table 4.19 involves the examination of variation within the variables. According to the results, the F-statistics for the regression model is estimated at 2.271 at a significance level of 0.113. Hence the model is statistically insignificant since $0.113 > 0.005$ at 5% significant level. This can be interpreted as the changes in the independent variables do not exactly correspond to the change in dependent variable. Any changes can be attributable to chance. The benefits of Sukuk cannot be a threat to the financial architecture of Ghana.

Table 4.20: Regression Coefficients

Model	Unstandardized		Standardized	t	Sig.
	Coefficients				
	B	Std. Error	Beta		
(Constant)	10.733	2.635		4.074	.001
Sukuk attract foreign investors	2.959	1.629	.825	1.817	.091
Sukuk can reduce unemployment	-1.532	1.241	-.457	-1.234	.238
Sukuk can help manage foreign exchange	-1.453	.593	-.577	-2.452	.028
Sukuk can help boost national GDP	-2.544	1.528	-.493	-1.665	.118

Source: Field data, 2022

Table 4.20 above illustrates the coefficients of the independent variables in the regression model. The regression constant is 10.773 with a p-value of 0.001. *Sukuk can attract foreign investors* has a coefficient of 2.959 and a p-value of 0.091. *Sukuk can help reduce unemployment* has -1.532 coefficient and a p-value of 0.238. *Sukuk can help manage foreign exchange* also has a coefficient of -1.453 and p-value of 0.28. Finally, *Sukuk can help boost national GDP* has recorded a coefficient of -2.544 and a p-value of 0.118. This shows how most of the independent variables inversely relate to the dependent variable. Hence, the regression equation for the model is:

$Y = 10.773 + 2.959X_1 - 1.532X_2 - 1.453X_3 - 2.544X_4$. The next chapter is the summary, conclusion and recommendations.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.0 Introduction:

This is the last chapter of this study. It is sub-sectioned into a summary of the main findings, conclusions, and recommendations. The summary of the main findings is related to the specific research objectives; the conclusions are the key takeaways from the study in reference to the research questions; and finally, the recommendations consist of valuable suggestions or proposals for policy makers or key stakeholder groups for implementation to the benefit of the Ghanaian economy. Also, some important recommendations are suggested for future researchers in a similar study.

5.1 Summary of Main Findings:

In this section, the main findings of the study are highlighted. The overall objective of this study is to find out the potential benefits of Sukuk to the Ghanaian economy. Consequently, the following specific objectives of the research thesis stated earlier in the introductory part are reflected in the main findings of the study: (1) to find out the potential challenges of Sukuk implementation in Ghana; (2) to find out the potential economic benefits the government of Ghana can derive from Sukuk; and (3) to find out the potential economic benefits of Sukuk to the private sector businesses of Ghana.

5.1.1 Demography

The study reveals the dominance of the Abrahamic religions in the Ghana, which are the proponents of non-interest finance. This agrees with the assertion of Gatsi (2020). Though the 2021 population census shows Christianity as the dominant religion in Ghana, majority of respondents in this study are Muslims which can be attributed to the non-probability nature of the sampling technique. Respondents are largely professionals in finance and related fields. The results further reveals that majority of the respondents in the study are highly educated.

5.1.2 Relationship between Bonds and Sukuk

The results confirm that Sukuk and bonds can be employed by corporation and governments to resolve similar funding gaps as in Shawaqfeh (2019). Most studies such

as Uddin et al.'s (2020) even tip corporations as the highest issuers of sukuk. Also, Sukuk and bonds aspire to serve the same purpose while adopting different approaches. Al-Ameri (2020) confirms that Sukuk and bonds are employed by both governments and corporations to fund developmental projects, and further adds that holders are provided liquidity through trading on the secondary markets. These are some of the reasons why Sukuk is becoming popular in non-core Islamic finance jurisdictions such as UK, Germany and Japan.

5.1.3 Potential challenges of Sukuk implementation in Ghana

The study reveals that there are several challenges that may hamper the implementation of Sukuk in Ghana or challenges that may emerge if Sukuk is implemented. These challenges include religious coloration as perceived by Abdul Kareem et al. (2020) and Gatsi (2021), Arabic terminologies as hinted by Adelpo et al. (2021) and Abdul Kareem et al. (2020), an unfavorable regulatory environment, a lack of an accounting framework as in the findings of Oumaima and Haf (2021), and low awareness in agreement with the findings of Jahan et al. (2021). These findings reflect the opinions of the majority of the respondents to the research questionnaires and the outcome of the focus group discussion. These obstacles are part of the repelling forces in the theory of force field analysis that government and corporations can face or need to address in Sukuk implementation.

5.1.4 Potential economic benefits of Sukuk to the government of Ghana

This study also assesses the potential economic benefits of Sukuk issuance for the government of Ghana. Outcomes of data analysis from the questionnaires and focus group discussions reveal that the government can reap the following benefits: contribution to efficient debt management supported by Gatsi (2021) and IFRIG (2023), inflation control tool in agreement with Kafi and Mullick (2020), broadening of the financial system in agreement with Uddin et al. (2020), contribution to national GDP which agrees with Ahmed et al. (2018), contribution to efficient management of the exchange rate regime as in Ahmed et al. (2018), attraction of foreign investors as in Shawaqfeh (2019), and finally widening of the financial inclusion net. Gedklia et al. (2020) view Sukuk as financial inclusion tool. Other potential economic benefits include decrease in unemployment, and funding of infrastructure development supported by DMON (2023) and Al Madani et al. (2020). These benefits are part of the propelling forces in the theory

of force field analysis and opportunities that government can tap/create from Sukuk implementation.

5.1.5 Potential economic benefits of Sukuk to private sector businesses in Ghana

The last objective is to find out the prospects of Sukuk for private-sector businesses. The data collected and analyzed in this research thesis brings to light the following potential economic benefits of Sukuk for private sector businesses: an alternative source of viable capital funding for MSMEs, easy access to finance, and a less stressful payment mode for borrowers. These findings are supported by Sial et al (2022) and Bank ABC (2023). These benefits are part of the propelling forces in the theory of force field analysis and opportunities that businesses can tap/create from Sukuk implementation. The results reveal that unlike conventional bonds, which are mostly issued by large organizations, Sukuk can be structured for both large and MSMEs to be issued like mobile waqf Sukuk proposed by Jahan et al. (2021). The study also reveals that there is fairness in payment terms for Sukuk.

5.1 Conclusions

The general question is what the Ghanaian economy can benefit from Sukuk as an investment instrument? The conclusions drawn by the researcher seek to answer the following specific questions, which serve as a guide in finding a solution to the research problem as stated in the introductory part: (1) what are the potential challenges of Sukuk implementation in Ghana? (2) What benefits can the government of Ghana derive from Sukuk? (3) What benefits can Ghanaian private sector businesses derive from Sukuk? The following conclusions can be derived from the findings:

The demographics show that even though Sukuk (a product of Islamic finance) can be originally traced to all Abrahamic religions, more Muslims are interested in Sukuk/Islamic finance implementation in Ghana as compared to their majority Christians counterparts. It must also be emphasized that some Muslims and Christians still adhere to their traditional practices. Also, Respondents are highly educated experts hence their qualification to be recruited for the study. In terms of gender dynamics, it can be concluded that males are more highly educated than their female counterparts in Ghana.

Conventional bonds and Sukuk are the same in substance but differ in form or structure. This implies that conventional bonds which have been used over the past years by successive governments to finance developmental projects in Ghana can be augmented with Sukuk since they all serve the same purposes. Sukuk can be viewed as an alternative way of financing to traditional ways of finance that can be utilized to finance corporations and governments. However, Sukuk can be structured to be issued by MSMEs, unlike conventional bonds which are largely issued by multilateral or corporate giants.

Low levels of awareness, religious undertones, Arabic terminologies, and a lack of regulatory and accounting frameworks are potential challenges that Ghana will have to deal with if she is to fully benefit from the issuance of Sukuk in the country. These challenges are common to most countries that are not core Islamic finance jurisdictions. Countries such as Nigeria also face similar challenges but have been able to issue Sukuk for the fourth time while managing the challenges. This shows that these challenges are not expected to be eliminated completely before a novice country can benefit from the issuance of sukuk.

The views expressed by respondents in this study largely indicate that, despite the challenges highlighted by the study, the government of Ghana stands the chance of reaping several benefits, such as an opportunity for diversifying the debt portfolio, means of controlling inflation, broadening of the financial space, prudent management of the exchange rate, national GDP enhancement, attraction of foreign investors, and widening of the financial inclusion net. Other benefits include improvements in public infrastructure, investment in Agriculture, poverty alleviation, and investment in the energy sector via green Sukuk.

Finally, corporations can also benefit from Sukuk in several dimensions, such as an alternative source of funding to support the expansion of businesses, an alternative source of investment for businesses, minimizing the rate of corporate loan defaults, and boosting the confidence of businesses in the financial space. Another outstanding future of Sukuk is that they can be structured to finance both large organizations and MSMEs. Corporations can also make income by investing surpluses in Sukuk. Additionally, Sukuk can also be an opportunity for ethical investors (institutions and individuals) to channel their resources. Sukuk will ultimately help create employment opportunities as businesses grow and expand.

5.2 Recommendations

5.2.1 Academia

The outcome of the research indicates that the Ghanaian government and businesses stand a chance of benefiting from Sukuk; however, there are several challenges that need to be addressed if these benefits can be fully realized. First of all, there is a need for more education on Sukuk since the awareness level is still low. The governments should engage experts to educate key government officials (BoG staff, MoF staff, MoTI staff, etc.) and private sector businesses on the operations of Sukuk and Islamic finance in general. Courses should be mounted at the higher learning institutions on IBF; workshops can also be organized by universities for business studies lecturers to update their knowledge on the principles of Sukuk and IBF since awareness levels among scholars are low as compared to bonds. IFRIG and ICAG can be of help in this regard.

5.2.2 Policy Makers

The government of Ghana can also consider how it can use Sukuk issuance at the domestic or international level to help reduce the country's ballooning debt. It is possible for countries without any solid Islamic finance regulations to benefit from Sukuk, provided the basic principles of Sukuk are adhered to. This will be easy at the international stage; domestic issuance may require the adoption of a legal framework from another neighboring West African country, such as Nigeria, which has issued Sukuk for the fourth time and is also geographically, socially, and economically similar to Ghana.

For instance, Salam Sukuk (a forward funding contract for agricultural produce) can help the government's planting for food and jobs agenda. The unemployed youth who wish to go into farming but lack the needed capital can benefit from *Salam* sukuk. Existing farmers can also access *Salam* Sukuk to expand production. This can help boost production to meet local demand and for export. This can also help reduce the importation of some food items, which puts more pressure on the dollar and causes the depreciation of the cedi. Finally, the government of Ghana should also consider becoming a member of the Islamic Development Bank (IsDB) in order to benefit from funding to support the aforesaid activities and other missed opportunities that other West African nations are currently enjoying due to their membership with the IsDB.

5.2.3 Industrial Players

More importantly, the legislative arm of government also needs to be engaged in collaboration with other industrial key stakeholder groups, including the executive arm of government, to have an honest discussion and a clear understanding of how Sukuk operates and the need to formulate a solid and unambiguous legal and regulatory framework for the smooth take-off of Sukuk issuance and investments. Ghanaian corporations can pilot by investing in international Sukuk to gain better appreciation of how Sukuk work in practice.

Finally, the recommendations for the implementation of Sukuk in Ghana can be described as the *top-bottom* approach. However, a *bottom-top* approach can also be adopted by proponents of Sukuk in Ghana, where individuals form corporative societies to help one another and non-members through the application of the basic principles of Sukuk within the laws of Ghana. Perhaps if it works well, it can serve as evidence for the viability of Sukuk and even motivate regulators to expedite action on the formal acceptance of Sukuk in Ghana. Financial innovations normally take precedence over regulations. Deeniyyaat Micro Finance Institute (DMFI) is a Tamale based institution that has adopted this approach on a pilot base.

5.2.5 Recommendation for Future Researchers

The researcher recommends that future researchers focus on the benefits of Sukuk to large corporations by sampling a number of these corporations as a data source since, in practice, they have the capacity to issue conventional bonds apart from the government. Current studies largely target experts' views. Also, a comparative study can be done on bond-issuing governments and companies and Sukuk-issuing governments and companies to understand the relationship between Sukuk and bonds on quantitative grounds. Again, since the respondents in this study are predominantly Muslims, a study targeting non-Muslim experts on the same topic is highly recommended. Also, since the current study adopts semi-structured questionnaires and focused group discussion, future researchers can use the case study method to study the same problem. Finally, it is recommended that future researchers should look into the prospects and challenges of Takāful (non-interest insurance) in Ghana.

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APPENDICES

Appendix 1: Data Collection Tool – Semi-Structured Questionnaire:

QUESTIONNAIRE ON PROSPECTS AND CHALLENGES OF SUKŪK (NON-INTEREST BONDS) IMPLEMENTATION IN GHANA

NB: This is for the purpose of advance academic thesis at the Kwame Nkrumah University of Science and Technology School of Business (KNUST - KSB), and you are assured of utmost confidentiality in your responses. Please you may WhatsApp/call +233247900784 for further contribution(s)/inquiries.

PART A: DEMOGRAPHY (Please tick the appropriate column)

1. Gender: **Male** [] **Female** []
2. Religion: **Islam**[] **Christianity**[] **Traditional**[] **Other**[]
3. Area of Expertise: **Finance** [] **Accounting** [] **Economics** [] **Other** []
4. Highest Academic Qualification: **PhD** [] **MPhil** [] **MSc.** [] **MBA** [] **Other** []
5. Professional Qualification: **ICAG** [] **ACCA** [] **CIBG** [] **CIMA** [] **Other** []
6. Profession: **Lecturer** [] **Analyst** [] **Practitioner** [] **Other** []

PART B: AWARENESS OF SUKUK IN GHANA

7. Please have you read/heard about Bonds before?
Yes [] **No** []
8. Please have you read/heard about Sukuk before?
Yes [] **No** []
9. Please are you conversant with the basic principles of Sukuk?
Yes [] **No** []
10. How will you rate the advocacy level of Sukuk or Islamic Banking/Finance in Ghana?
High [] **Medium** [] **Low** [] **Very Low** []

PART C: RELATIONSHIP BETWEEN SUKUK AND BONDS

(Strongly Agree = **SA**, Agree = **A**, Neutral = **N**, Disagree = **DA** and Strongly Disagree = **SD**)

S/N	STATEMENTS	SA	A	N	D	SD
11.	Sukuk pay variable regular income to holders.					
12.	Bonds pay fixed regular income to holders.					
13.	Sukuk must be asset based or backed.					
14.	Bonds may not be asset backed.					
15.	Bonds are only debt instruments.					
16.	Sukuk are both debt and equity instruments.					
17.	Both Sukuk and Bonds pay back the principal to holders/investors.					
18.	Both Bonds and Sukuk can be issued or invested by corporations.					
19.	Both Bonds and Sukuk can be issued or invested by governments.					
20.	Sukuk and Bonds are the same in substance but different in form.					

PART D: POTENTIALS OF SUKUK IN GHANA (Please tick)

1. Can the government restructure its debt profile with Sukuk if regularized in Ghana?
Yes [] **No** []
2. Do you think businesses can have an alternative source of funding from Sukuk?
Yes [] **No** []
3. Will Sukuk issuance/investment help broaden the financial system of Ghana?
Yes [] **No** []
4. Can Sukuk be used by the monetary committee of BoG as a tool to control monetary supply and by extension to control inflation?
Yes [] **No** []
5. Will Sukuk help the Bank of Ghana (BoG) to increase the rate of financial inclusion?
Yes [] **No** []
6. Please in brief, kindly add (if any) other two (2) potential benefits of Sukuk in Ghana:
(a)
(b)

PART E: POTENTIAL CHALLENGES OF SUKUK IN GHANA (Please tick)

7. Please is there a religious undertone in the concept of Sukuk?
Yes [] **No** []
8. Do you think the Arabic terminologies may be a hindrance to the understanding of the concept of Sukuk in Ghana?
Yes [] **No** []
9. Please is the current financial regulatory environment favorable to the issuance of Sukuk in Ghana?
Yes [] **No** []
10. If “NO”, briefly suggest any two (2) expert solutions:
(a)
(b)

PART F. GENERAL OPINION ABOUT THE SUCCESS OF SUKUK IN GHANA

(Strongly Agree = **SA**, Agree = **A**, Neutral = **N**, Disagree = **DA** and Strongly Disagree = **SD**)

S/N	STATEMENTS	SA	A	N	D	SD
21	Sukuk is a threat to the existing financial architecture.					
22	Sukuk can contribute in managing exchange rate.					
23	Sukuk can help government to manage unemployment.					
24	Sukuk issuance can help boost the national GDP.					
25	Sukuk can attract foreign investors to Ghana.					



Appendix 2: Focused Group Discussion Guide:

TOPIC: PROSPECTS AND CHALLENGES OF SUKUK IMPLEMENTATION IN GHANA

Objectives of the Study:

1.4.1 To find out the potential challenges of Sukūk implementation in Ghana.

1.4.2 To find out the potential economic benefits government of Ghana can derive from Sukūk.

1.4.3 To find out the potential economic benefits of Sukūk to the private sector businesses of Ghana.

Discussion Guide

1. Please what is Sukuk in brief and its relationship with conventional bonds in terms of differences and similarities? (5 minutes)
2. What are some of the likely challenges of Sukuk implementation in Ghana? (5 minutes)
3. What are some suggested solutions to the challenges? (5 minutes)
4. In what ways can the government of Ghana benefit from sukuk? (5 minutes).
5. What are some of the potential benefits of Sukuk implementation in Ghana to corporations? (5 minutes)
6. Can individuals also benefit from Sukuk implementation vis-a-vis the recent domestic debt exchange brouhaha? (5 minutes)
7. Please your last comments. (2 minutes each)
8. Appreciation message
9. Closing prayer

Suggested Date and Time: 06/03/2023 @ 8:00 pm

Mode of Discussion: Online via Zoom.

Moderator: Mr. Abdul-Somed Ibrahim, CA/Researcher

Appendix 3: Focused Group Discussion Transcript

OUTPUT

Joining and welcoming of participants to the platform. The participants are coded as: FGDR 2, FGDR 1, FGDR 3, FGDR 6, FGDR 5 and FGDR 4.

Introduction:

Participants were introduced by the researcher and highlighted on the topic of the research.

Question and Answer Session:

FGDR 1: *Thank you for the opportunity, there are more knowledgeable persons on the platform, hence I will be brief in my response.*

Sukuk is an Islamic bond that is in line with the Islamic law. It should be Shariah compliant. It is a product that has been developed as an alternative to conventional bonds. Generally conventional bonds are not permissible due to the interest component under the Islamic law. Such a product is developed in such a way that It is developed in such a way that it complies with the Islamic principles which pay profits instead of interests.

FGDR 1: *Sukuk will be very beneficial to economy of Ghana hence key stakeholders should support the agenda. ICAG has revised their syllabus to incorporate Islamic fiancé and has also introduced diploma and certificate courses in that regard. Sukuk will help build the globally economy as a portion of Islamic finance.*

FGDR 2: *The main challenge is the lack of acceptable framework for the implementation of Sukuk. Ghana has not yet cold-heartedly accepted Islamic finance hence lacks the appropriate framework for the operationalization of most of Islamic finance products. Without the appropriate regulatory framework, tax framework, Shariah framework, and supervisory framework there will be a big challenge in introducing sukuk. Be as it may, it does not mean that Ghana cannot introduced sukuk, but investors are likely to be very weary due to the lack of Shariah aspect supporting sukuk introduction. I think I missed the accounting framework, because double taxation is major concern as far sukuk is concerned.*

FGDR 2: *Sukuk is a wonderful tool that we should strategically plan to leverage. Sukuk can benefit every aspect of the society depending on how it is adopted. Governments and corporations including MSMEs (can benefit). We should take the risk and take the lead for the regulation to follow. Government and private sector can benefit from sukuk.*

FGDR 3: *The benefits of sukuk are so immense. For instance, sukuk can help in building road infrastructure, energy and aqua culture. We need to scale up, and that is where sukuk can be leverage. Sukuk can help the government to develop infrastructure and agriculture. Sukuk can also address the funding gaps for the import driven national economy. So, Ghana government has a lot benefit in terms of funding gaps in the various sectors of the economy. Nigeria has a sukuk company (SPV), and has even issued a domestic sukuk before. Nigeria has used sukuk to address various road sector infrastructures.*

FGDR 4: *I believe corporations means big entities but not MSMEs because they have the ability to issue sukuk. Corporations can issue sukuk to expand production. It can also help in managing the debt structure. We should be concerned about how Ghana as a whole can benefit. Corporations can issue corporate sukuk to finance expansion or any of their projects.*

FGDR 4: *Sukuk is really good for Ghana and we should continue to write and advocate about the relevance of sukuk in Ghana. I am giving a quick example of significance of Sukuk in Malaysia where Covid-Sukuk was issued to help the country come out from the challenge instead of Covid tax in the case of Ghana. We should work about our regulatory framework such as tax issues should be addressed to boost local and international investor confidence. What law will address disagreements when they arise? Conclusively Sukuk is very good for the country and we should continue to advocate until the government buy to the idea.*

FGDR 5: *Sukuk is in high demand in the investor population. Sukuk will be an opportunity to promote financial inclusion. There are many people who keep their moneys in dollars because there are no halal investments in Ghana. However, this can be dangerous since paper money can depreciate if not used to produce value to add more to it. Treasury bills, fixed deposit and other forms of investments today have lost attractiveness to investors. Others have made the decision not to invest in government bonds due to their experiences. People, both Muslims and non-Muslims call on IFRIG day in day out enquiring about*

Shariah compliant investment options. Coupon payment nature of sukuk can attract even non-Muslims. Ghana is not different from Nigeria which is currently benefiting from sukuk. Even non-Muslims in Nigeria invest in sukuk. A huge segment of Ghanaian population is unbanked. This is exasperated by the current happenings. We are working with Nigerians to see how we can invest in their sukuk but there a lot of legal restrictions.

FGDR 5: I will emphasize on very good regulatory framework like other participants since sukuk can be very complex. Financial advisors will use policy framework to advice their clients. Policy makers should be engaged in the discussion. Ghana can use Sukuk to resolve the huge infrastructure deficit if we are serious. For instance, Sukuk can be used to finance a railway project from Accra all the way to the North. Enough of the advocacy, there should be practice.

Conclusion:

Participants were appreciated for their participation followed by closing supplications.

Appendix 4: Cronbach Alpha Results

Reliability Statistics

Cronbach Alpha	Cronbach Alpha Based on Standardized Items	N of Items
.671	.671	12