

## Essay on Theoretical Modeling of the Wealth Effect of Sukuk

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**Abstract :** Contrary to the existing literature generally focusing on the role played by Sukuk in enhancing investors' and shareholders' wealth, this paper sheds some light on the Sukuk wealth effect across all economic agents: households, government, and investors by implementing a two-period life-cycle model with overlapping generations to show whether Sukuk is net wealth. The main findings are threefold: i) the effect of a change in Sukuk issuances on the consumers' utility level will be different from one generation to another, ii) an increase in taxes due to the increase in Sukuk and rents is covered by transfers made by the members of generation 1 in the form of inheritance, and iii) the existence of a positive relationship between the asset prices representative of Sukuk and the real activity.

**Keywords :** Sukuk, households, investors, overlapping generations model, wealth, modeling

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