

Implementation of Sukuk Investment in the Sharia Capital Market in Indonesia

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Abstract. *The purpose of this research is to know and analyze implementation of sukuk investment in the sharia capital market in Indonesia. To find out and analyze the impact implementation of sukuk investment in the sharia capital market in Indonesia. the method used by the researcher is normative legal approach and the specifications in this study include descriptive analysis. the sources and types of data in this study are secondary data obtained from literature studies. The data is analyzed qualitatively. based on the results of the research thatImplementation of Sukuk Investment in the Sharia Capital Market in Indonesiais in accordance with the provisions and fatwas, starting from the mechanism of formation, issuance, and management according to sharia principles. The assets that form the basis of Sukuk must not conflict with Sharia Principles in the Capital Market. SBSN is issued with the aim of financing the State Budget including financing project development. The proceeds from the issuance of sukuk collected from the public may not be used for projects that conflict with sharia principles, such as the construction of cigarette factory projects, financing haram products such as those containing pork, financing prostitution places. These sukuk funds should be used to finance projects that are indeed for the benefit of the people that do not violate sharia rules.The Impact of Sukuk Investment Implementation on the Sharia Capital Market in Indonesia, namelygive a positive impact to the development of capital market in Indonesia because sharia capital market can attract investors who want investment that is guaranteed to be halal. With the development of sharia capital market from year to year, it is proven that sharia capital market is increasingly in demand by both Muslim and non-Muslim investors, this can make sharia capital market contribute to economic growth in Indonesia.*

Keywords: *Implementation; Investment; Sukuk.*

1. Introduction

The Republic of Indonesia is a country of law whose economic activities are based on the principles of economic democracy. One of the principles of economic democracy is stated in Article 33 paragraph (4) of the 1945 Constitution of the Republic of Indonesia which explains that the national economy is organized on the basis of a just, sustainable, environmentally friendly, independent economy, and maintaining the integrity and unity of the national economy. Economic activities based on the principles of economic democracy are applied in national development. In national development, the capital market has an important role in driving the wheels of national development. The capital market can be used as an alternative funding for development in the business world which has a strategic role in the implementation of national development.¹

The capital market has an important role in a country that basically has similarities between one country and another. The capital market creates opportunities for companies (issuers) to satisfy the desires of shareholders, dividend policies and relatively normal security price stability. With the operation of the capital market, investors can liquidate the securities they own at any time. The capital market also creates opportunities for the community to participate in the development of an economy. In addition to saving, money can be utilized through the capital market and switched to investment, namely by buying a small portion of shares in a public company.² There are many products offered in the sharia capital market, such as sharia stocks, which are securities in the form of shares that do not conflict with sharia principles, sharia mutual funds, which are mutual funds whose principles comply with sharia principles, including their issuance assets, and sukuk, which are securities in the form of assets that comply with sharia principles in their issuance in the capital market.

Sukuk are certificates of equal value to part or all of the ownership of tangible assets to obtain results and services in the ownership of assets from certain projects or special investment activities.³ Sukuk as one of the capital market financing instruments, has been able to provide a very large influence on the growth of the capital market both for domestic and international rankings. The existence of sukuk products has given major implications for the development of index markets such as the Jakarta

¹Abdul Manan. 2009, *Legal Aspects in the Implementation of Investment in the Indonesian Sharia Capital Market*, Kencana, Jakarta, p. 2

²Sunariyah, 2011, *Introduction to Capital Market Knowledge*, sixth edition, Publishing and Printing Unit of YKPN School of Management Sciences, Yogyakarta, pp. 7-8

³ Sunariyah. 2011. *Introduction to Capital Market Knowledge*. Sixth Edition. College of Management Science. Yogyakarta p. 296

Islamic Index (JII) in Indonesia, the Labuan International Financial Exchange in Malaysia, and the Bahrain Monetary Agency (BMA) in the Middle East.⁴With the existence of the index market, it will provide valuable insight for investors in knowing capital market products more deeply and will provide enthusiasm for investors to participate in capital market activities so that the number of investors in the capital market continues to increase. This is because investors already have various alternative choices in running investments, then it will provide convenience for investors in carrying out sukuk asset liquidity.

Investment is an important part of financial planning. Therefore, before making an investment, of course, what we must do is how to manage finances or more precisely manage our income well and efficiently. Investments have various goals according to the type of investment. For example, pension fund investments aim to get a certain amount of funds in old age or retirement.⁵If the investment is made by an individual, the goal is to collect money to buy a house or land in the future and to fund children's future education.⁶

The capital market is one of the important elements and as a benchmark for the economic progress of countries. One of the characteristics of advanced industrial countries and new industrial countries is the existence of a capital market that grows and develops well and effectively. With the existence of asymmetric information, investors often base it on signals given by the company, one of which is the phenomenon that occurs in the sharia bond process. One of them is the default of sharia bonds that occurred in several companies in Indonesia.⁷

Law Number 8 of 1995 concerning Capital Markets is the legal basis and form of legal certainty for related parties in carrying out activities in the capital market sector. Capital market developers also realize the need for the potential for collecting funds from Muslims. This is Bapepam (currently OJK) launching the sharia capital market in 2003 as well as a memorandum of understanding (MOU) with DSN-MUI (abbreviation of the National Sharia Council and the Indonesian Ulema Council). DSN also signed a Memorandum of Understanding with PT. Danareksa Investment Management which then inaugurated the Jakarta Islamic Index (JII) for sharia purposes. Until now, 30 types of shares have been recorded as being traded on JII.

⁴Nazaruddin Abdul Wahid, 2010, *Sukuk Understanding & Dissecting Bonds in Islamic Banking*, AR-RUZZ MEDIA, Yogyakarta, p. 234

⁵Rico Nur Ilham 2020. [Investment management \(fake investment versus legal investment\)](#) CV Jejak (Jejak Publisher). Sukabumi, p. 29.

⁶Nurlaily, Ferina 2020. [Investment Management Basics](#). Brawijaya University Press. Malang, pp. 15–16.

⁷Devy, Happy Sister 2015, *Market Reaction to the Default Announcement of Sharia Bonds in Indonesia*. Undergraduate thesis, Faculty of Economics, Unissula.

Meanwhile, the Financial Services Authority's assistance to the sharia capital market is listed in the 2020-2024 Sharia Capital Market Road Map which was recently issued in the middle of this year. The Road Map strategy includes 4 main priorities. Among them are improving sharia capital market products, strengthening and improving sharia capital market infrastructure, developing individual potential in understanding and processing data when conducting literacy and designing to form and advance an open area regarding the sharia capital market, and finally strengthening synergy with related parties.⁸

The Islamic capital market is an activity related to securities trading that implements sharia principles in every transaction activity and is free from anything that is not allowed, such as usury, gambling, assumptions that are not based on reality and so on. The implementation of Islamic principles is directed at traded instruments or sharia securities and the DSN MUI fatwa that determines the form of the transaction so that there is no need for separate securities trading.⁹

The variety of alternative investment products provided makes investment have many places that can be used to secure existing funds. Even the system of fund rotation in investment activities from one place to another can be carried out quickly without any time or place restrictions.¹⁰

The aim of this research is to find out and analyze implementation of sukuk investment in the sharia capital market in Indonesia. To find out and analyze the impact implementation of sukuk investment in the sharia capital market in Indonesia.

2. Research methods

The method used by the researcher is normative legal approach and the specifications in this study include descriptive analysis. the sources and types of data in this study are secondary data obtained from literature studies. The data is analyzed qualitatively.

3. Result and Discussion

3.1. Implementation of Sukuk Investment in the Sharia Capital Market in Indonesia

The development of Sharia Investment in Indonesia. The economic crisis in Indonesia in 1998 provided an illustration of how the conventional financial sector based on the interest system was very vulnerable to the crisis, while the sharia financial sector, although at that time its number was still

⁸ Hanum Kusuma Dewi, "This is the Development of the Sharia Capital Market". <https://www.bareksa.com/berita/pasarmodal/>

⁹Sri Nurhayati and Wasilah, 2013, Sharia Accounting in Indonesia, Salemba Empat, Jakarta, p. 348

¹⁰Taufik Hidayat, 2011, Smart Book of Sharia Investment, Mediakita, Jakarta, p. 23

minimal, at least was able to show a high level of resistance to the crisis and was able to successfully get through it.

Global Development of Sharia Investment The development of financial markets in developed countries has indeed become a unique experience for academics, namely the more modern the economic civilization of a society, the greater the role of the capital market will be accompanied by the decreasing role of commercial banking in mobilizing their funds to the productive sector. It is easy to understand that the more educated society will increasingly dislike investing their funds in commercial banks because of the reasons for the relatively small returns, even though the risk is also small. By entering the capital market, they enter a more challenging area that encourages the use of analytical capabilities of Sharia Investment that they already have, while promising better returns. This phenomenon is increasing the role of the capital market accompanied by a decreasing role of commercial banking.

The development of the sharia capital market has gone through various processes and stages, which ultimately gave birth to various sharia investment products and an increase in the number of companies listed on the sharia securities list.

The development of sukuk in Indonesia is driven by private sector initiatives. It began with the issuance of mudharabah sukuk in 2002 by Indosat with a value of 175 billion. The development of corporate sukuk in Indonesia is generally initiated by underwriters, not by the sukuk issuing corporation itself. This occurs due to a lack of understanding of the advantages and disadvantages of sukuk.¹¹

Growth the economy in the current era of rapid development, this encourages humans to think more progressively in creating an innovative economy in order to meet the needs of life both in primary and secondary needs by generating maximum profit in the business world. In order to respond to the increasingly rapid economic development, innovative and creative are the main points demanded by every society in the world, in Indonesia itself the development of the sharia economy has also experienced quite rapid progress. The momentum of the development of the sharia economy has existed since 1992 since the establishment of Bank-Bank Muamalat, and from time to time more and more other sharia financial institutions have emerged in the investment sector.¹²

PadIn this advanced era, there are already many companies or investors who utilize the money market and capital market to be used as a seed for

¹¹ https://www.kompasiana.com/siti49231/61c3d94e06310e7be949c965/perkembangan-investasi-syariah-di-pasar-modal-indonesia-dan-global?page=2&page_images=1

¹² Tira Nur Fitria, 2016, Contribution of Islamic Economics in National Economic Development", Scientific Journal of Islamic Economics, Vol 2, no.3, pp. 29-40

financing or funding in capitalizing the efforts of business people, not only micro, small and medium enterprises but even to go international. Likewise, people who feel they have excess money or in other words surplus funds, increasingly encourage their interest in investing through the capital market or money market.¹³

SSukuk as a sharia security is confirmed in DSN Fatwa No: 32 / DSN-MUI / IX / 2002, that Sharia bonds are a long-term security product based on Sharia values and it is mandatory for issuers to pay income to Sharia bondholders in the form of profit sharing and repay bonds when they mature ". Furthermore, as a financial instrument, sukuk is related to several things, namely:¹⁴

- a. Securities
- b. Investment participation
- c. *Underlying assets*
- d. Coupons become profit sharing
- e. Sharia and non-sharia segmentation
- f. Issuer criteria for Jakarta Islamic Index (JII)
- g. Recorded as an investment account

Comparison of the contract and the profits obtained are in accordance with the definition that the issuer must pay income to the holder of Islamic bonds in the form of profit sharing, margin or fee. Profit sharing is identical to the mudarabah contract, fee is identical to the ijarah contract, while margin is identical to the murabahah contract. However, for the latter, there is no regulatory mechanism from either the capital market authority or the National Sharia Council regarding the use of the murabahah contract in Islamic bond products. In terms of the certainty of the profits obtained, it is also different, Islamic mudarabah bonds tend to use the term indicative/expected return which is floating and depends on the performance of the income shared, while Islamic ijarah bonds tend to have a fixed return depending on the rental value paid by the Islamic bond issuer.¹⁵

Implementation of Sukuk Investment in the Sharia Capital Market in Indonesians in accordance with the provisions and fatwas, starting from the mechanism of formation, issuance, and management according to sharia principles. The assets that form the basis of Sukuk must not conflict with

¹³ Yenni Samri Juliati Nasution, 2015, "The Role of Capital Markets in the State Economy", Human Falah, Vol.2, No. 1, pp. 95-112

¹⁴ Lastuti Abubakar and Tri Handayani. 2017. Kesia "Legal Infrastructure in Sukuk Issuance as a Financing and Investment Instrument to Encourage the Growth of the Indonesian Sharia Capital Market", Jurnal Jurisprudence Vol. 7 No. 1 Surakarta

¹⁵ Isfandiar, Ali Amin. 2009, "Muamalah Contracts in the Sharia Capital Market." Journal of Islamic Law, Vol. 7, No. 1 p. 100

Sharia Principles in the Capital Market. SBSN is issued with the aim of financing the State Budget including financing project development. The proceeds from the issuance of sukuk collected from the public may not be used for projects that conflict with sharia principles, such as the construction of cigarette factory projects, financing haram products such as those containing pork, financing prostitution places. These sukuk funds should be used to finance projects that are indeed for the benefit of the people that do not violate sharia rules.

3.2. Impact of Sukuk Investment Implementation on the Sharia Capital Market in Indonesia

The financial sector as financing that plays a role in the real sector can be done through Sharia capital market instruments and Sharia banking financing. According to the Islamic Financial Services Board (IFSB) in general the Sharia capital market consists of three main sectors of the Sharia equity market, namely Sharia stocks, sukuk, and Sharia mutual funds. In a study conducted by Sari, et al. found that Sharia stocks, sukuk, and Sharia mutual funds themselves have a long-term relationship to economic growth in Indonesia.¹⁶ According to statistical reports published by the Financial Services Authority (OJK), it shows positive developments for sharia capital market instruments such as sharia stocks, sharia bonds (sukuk) and sharia mutual funds. Similar to the sharia capital market through data published by OJK, the development of sharia commercial banks from 2014 to 2019 also shows a positive upward trend every year.

Sharia principles in capital market activities not only eliminate the practice of interest because it is similar to usury, but also avoid transactions that conflict with sharia principles, namely Insider trading. These activities can distance the ideal sharia capital market. Good coordination is needed between Bapepam-LK, DSN-MUI, and BEI in the process of enforcing sharia principles as a supporter of capital market stability. Insider trading is a dangerous and detrimental action for the capital market, insider trading itself can also be interpreted as "collusion". The Financial Services Authority (OJK) must be active in mobilizing forces to prevent criminal acts in the capital market.¹⁷

Sukuk holders do not participate in the management of the project they finance, nor do they have the right to receive the company's original profits

¹⁶Sari, Novita, Syamsurijal AK, Marlina Widiyanti., 2018. The Impact of Islamic Capital Market Development on Economic Growth: The Case of Indonesia. *Journal of Smart Economic Growth*. Vol. 3, No. 2.

¹⁷ Agata, Hairiza 2015 Sharia-Based Performance Accountability to Prevent Insider Trading in Capital Market. Undergraduate thesis, Faculty of Economics Unissula.

at the time of liquidation or dissolution. They are merely lenders to the project.¹⁸

The Impact of Sukuk Investment Implementation on the Sharia Capital Market in Indonesia, namely give a positive impact to the development of capital market in Indonesia because sharia capital market can attract investors who want investment that is guaranteed to be halal. With the development of sharia capital market from year to year, it is proven that sharia capital market is increasingly in demand by both Muslim and non-Muslim investors, this can make sharia capital market contribute to economic growth in Indonesia.

The development of the Islamic capital market, which continues to show improvement from year to year, has had a positive impact on economic growth. This is in accordance with Schumpeter's theory of economic growth which states that economic development is caused by the main factor, namely the innovation process and the actors are investors or entrepreneurs. The economic progress of a society can only be implemented with innovation by entrepreneurs. With this innovation and driven by the desire to make a profit, new capital investment will be made. This new investment will increase economic activity. People's income will increase and consumption levels will increase. This increase will encourage other companies to produce more goods and make new capital investments.

4. Conclusion

Based on the discussion and presentation of the results of this study, it can be explained that the Implementation of Sukuk Investment in the Sharia Capital Market in Indonesia is in accordance with the provisions and fatwas, starting from the mechanism of formation, issuance, and management according to sharia principles. The assets that form the basis of Sukuk must not conflict with Sharia Principles in the Capital Market. SBSN is issued with the aim of financing the State Budget including financing project development. The proceeds from the issuance of sukuk collected from the public may not be used for projects that conflict with sharia principles, such as the construction of cigarette factory projects, financing haram products such as those containing pork, financing prostitution places. These sukuk funds should be used to finance projects that are indeed for the benefit of the people that do not violate sharia rules. The Impact of Sukuk Investment Implementation on the Sharia Capital Market in Indonesia, namely give a positive impact to the development of capital market in Indonesia because sharia capital market can attract investors who want investment that is guaranteed to be halal. With the development of sharia capital market from

¹⁸Leily Hamida, The Effect of Liquidity and Leverage on Sukuk Yield with Sukuk Rating as an Intervening Variable (Study on Non-Financial Companies on the Indonesia Stock Exchange), Sultan Agung Islamic University, Semarang

year to year, it is proven that sharia capital market is increasingly in demand by both Muslim and non-Muslim investors, this can make sharia capital market contribute to economic growth in Indonesia.

The suggestion from this research is that the government is expected to explain concretely how sukuk is done so that the Muslim community is not hesitant and afraid if they want to invest in Sharia Bonds/Sukuk. Sharia bonds which are now developing rapidly in Indonesia are the first step so that the technologies that are now widely circulated can be felt by the community. Lack of access and education makes many people less interested and do not know about sharia bonds and what the current technological developments are. The government is expected to mobilize financial institutions to educate the public.

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