



Contribution of Islamic Capital Market to National Capital Market

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ABSTRACT

Investing in the Islamic capital market has two objectives, namely by continuing to search for the world but not leaving the hereafter, namely by maintaining the satisfaction because it has been screened and supervised by OJK, DSN MUI. This study uses qualitative research methods, using secondary data, the analysis is carried out at the time of collecting data and when the data has been collected so as to get a solution and draw conclusions. The results obtained show that there is a high contribution from the Islamic capital market to the development of the national capital market through developments in Islamic capital market instruments such as Islamic stocks, corporate sukuk and state Islamic securities as well as through Islamic mutual funds which provide positive values for the development of the national capital market.

Keywords: *Islamic Stocks, Islamic Mutual Funds, Sukuk*

INTRODUCTION

The economy is one of the life support of a country that can show the welfare of its people, but not infrequently with the improvement of people's welfare causes inequalities in socio-economic. Therefore in Islam it is recommended not to enrich oneself, live simply and share with others. Economic activities or muamalah activities are highly recommended in Islam to avoid these things, one of which is with sharia-compliant investments. In Islam, economic activity can encourage income equality so that the creation of economic prosperity in society is characterized by the growth of Sharia business activities in Indonesia by producing products, how to obtain them and the mechanism of their use in accordance with Islamic sharia (Hidayat, 2019).

One of the activities is with investment because with investment we can develop our money to get profits, with investment we try to strive for the future, as well as an improvement in financial circumstances. Investments can be made with various kinds for example by buying land, gold, property and what is rife in the last ten years is investment in the capital market. Since the launch of the Islamic capital market as a supporter of the national capital market ten years ago, it is still considered only as a complement, still do not know the direction and purpose and how to expand in the future. It has become a homework for stakeholders to improve the Islamic capital market, various obstacles are faced and can gradually be overcome even ten years later can become the best Islamic capital market in the world. Economic improvement in products in the Islamic capital market contributes in Indonesia (Nurafiati, 2019).

The function of the Islamic capital market as an intermediation is a liaison of parties who need and have funds to be invested for those in need will issue securities while the party who has funds or investors will buy securities that will be sold on the Islamic capital market as the organizer of the intermediation function (Abdalloh, 2018). Currently the Islamic capital market is one of the alternatives for investments that have enormous potential, the development from year to year has proven that the Islamic capital market is a safe and profitable place for investors.

Islamic capital markets have several products that can be used as an alternative for people to invest by withholding funds to achieve profits in the future but as Muslims investment does not abandon the principles of Sharia set out in Al Qut'an and sunnah which explains what can and cannot be done in investing (Pardiansyah, 2017). Investment is one of the muamalah activities that are in accordance with sharia is prohibited from doing things such as riba, gharar, tadbis, rishwah, darar, maysir and so on..

The Islamic capital market only appeared in the 1990s long before there was a conventional capital market but the development is very encouraging from year to year, has had global achievements, with the Islamic capital market with all its activities such as transaction volume, the number of investors will show the development of all the company's business activities are going well. The purpose of this research is intended how the contribution of Islamic capital markets to the national capital market as a whole will affect development in Indonesia.

METHOD

Methodology uses qualitative through the researcher's own instrument (human instrument) so that it can be adjusted to various circumstances (Zuchdi Darmiyati Afifah, 2019) the technique of collecting data using secondary data, namely data obtained from the analysis of document data such as scientific journals, books, thesis, financial statements and statistical data that support this research, so that at the end get a solution and draw conclusions.

RESULT AND DISCUSSION

Result

- Sharia Shares

The product of the strongest Islamic capital market is Islamic stocks, it seems that the development is beyond expectations when all industries become red but in the Islamic capital market industry as such as it does not apply, despite the pandemic in Indonesia in early 2020 but the data says that the pandemic does not have a big effect on the indistribution of the Islamic capital market, one of the proofs is that many industries are conducting IPOs (Initial Public Offering) in the Capital

Market Islamic stocks. Continue to grow in the midst of a pandemic. Ipo in early 2020 until October there are already issuers listed on the exchange to ipo as many as 46 and as many as 35 are issuers that issue Sharia shares, the number of shares listed on the exchange there are about 709 shares of which as many as 451 classified as Sharia shares (IDX Islamic, n.d.).

Sharia shares consist of various sectors based on Sharia stock data at the end of 2019, divided into 9 sectors consisting of 445 Shariah shares and as many as 435 included in the Sharia Securities List or DES (OJK, 2020a) based on number 35 / POJK.04 / 2017 concerning criteria and issuance of sharia Securities List (DES), the list of industries is;

Table 1. Development of Sharia Capital Market Industry Sector

No	Industrial Sector	Prosentase
1	Trade, Services and Investment	28,09 %
2	Property, Real Estate and Construction Sectors	15,06 %
3	Infrastructure, Utilities and Transportation Sectors	12,81 %
4	Basic and Chemical Sectors	11,91 %
5	Consumer Goods Industry Sector	9,89 %
6	Agricultural Sector	0,67 %
7	Mining Sector	7,87 %
8	Financial Sector	0,90 %
9	Industrial Sector	7,64 %

Source: financial services authority

The importance of establishing sharia principles is very important this is to ensure that issuers pass the screening system test with tests on core business by filtering business activities that are prohibited according to the substance and the product itself in addition to having to pass the financial asset test (Mugi, 2020) while it can be seen from the development of its Sharia stock index such as the Jakarta Islamic Index (JII 30), Jakarta Islamic Index (JII 70) and Indonesian Sharia Stock Index (ISSI), here are the developments of sharia stock index (Financial Services Authority, 2020) as a new JII.70 note formed in May 2020.

Table 2. Sharia Stock Index Growth 2015-2019

Information		2015	2016	2017	2018	2019	Perkembangan 2015-2019
Sharia Stock Index	JII. 30	603,35	694,13	759,07	685,22	698,09	15,70 %
	JII. 70	-	-	-	227,55	233,98	2,56 %
	ISSI	145,06	172,08	189,86	184	187,73	29,42 %

Source : Ojk 2015-2019

- Sukuk

One form of sukuk is the state sukuk or commonly referred to as SBSN which aims to help state financing and state spending and to help the completion of government projects using sharia principles but must have land and building assets (President of the Republic of Indonesia, 2008). In an effort to help government projects, in 2020 there were 728 projects assisted in financing through SBSN spread across various provinces in Indonesia (Kemenkeu, 2020).

Sukuk is part of islamic capital market instruments, for that the contract uses sharia-compliant contracts such as ijarah contracts, wakalah contracts and mudharabah contracts:

Table 3. Sukuk Deployment Based On Contracts

Contract	Issuance Value (in trillions of rupiah)	Number of series	Proporsi Akad
Ijarah	16,62	96	67,1 %
Mudharabah	11,76	41	28,67 %
Wakalah	1,45	6	4,19 %

Source: OJK 2019 Proportion of Contracts

Another type of sukuk is a corporation which is one type of sukuk or investment measuring instrument made by the company to seek funding in the community. Related to regulation, fatwas on sukuk include fatwa No: 41 / DSN-MUI / III / 2004 concerning Sharia Bonds ijarah ; No: 32/DSN-MUI/IX/2002 on Sharia Bonds; No: 59/DSN-MUI/V/2007 concerning Mudharabah Convertible Sharia Bonds, the use of contracts commonly done in Indonesia using ijarah (rental rent) and mudharabah (revenue sharing) sometimes many say that sukuk is the same as bonds because the system is almost the same but what distinguishes it is that sukuk is a letter of ownership of the underlying asset, the company that issued the sukuk must have an underlying asset, the company must have a team of Sharia experts to maintain its wisdom, business activities financed by sukuk in accordance with sharia principles where currently there are 23 companies with 123 issuances of koporasi sukuk with a value of Rp. 24, 93 trillion (Bareksa, 2019).

Table 4. Growth of Outstanding Corporate Sukuk

Year	Circulating Sukuk Value (in trillions)	Total Value of Sukuk and Outstanding Bonds (in trillions)	Market Share Sukuk
2015	9,90	250,60	3,95 %
2016	11,88	313,45	3,79 %
2017	15,74	395,81	3,98 %
2018	21,30	422,85	5,04 %
2019	29,83	457,02	6,53 %
Pertumbuhan	201,31	82,37 %	65,22 %

Source: OJK 2019

The development of corporate sukuk circulating in the Islamic capital market contributes very positively to the national capital market this is evidenced by the growth of corporate sukuk every year even if viewed from 2015 to 2019 grew by about 65.22% with large growth indicating that the public's interest in investing in corporate sukuk is very large.

According to research conducted by Fathima that sukuk has privileges compared to other effects in the Islamic capital market, namely sukuk has underlying assets, issued by companies that intend to expand or expand for business development, when there is an economic crisis sukuk tends to be positive this shows that sukuk has little risk compared to other instruments such as bonds (Salsabilla & Mauluddi, 2017). With such advantages, sukuk is not only an investment choice for Muslims but has become an investment choice for non-Muslims as well.

- **Sharia Mutual Fund**

Islamic mutual funds are one of the favorite investments of the community today, based on the roadmap of the Islamic capital market 2020-2024 (Financial Services Authority, 2020) here are mutual funds that develop in Shariah as a contribution to the national capital market :



Figure 1. Development of Sharia Mutual Funds

Table 5. Development of the Number of Sharia Mutual Funds in 2015-2019

Year	Number of Types of Sharia Mutual Funds	Total Value of Sharia Mutual Funds (in trillions)
2015	93	11,02
2016	136	14,91
2017	182	28,31
2018	224	34,49
2019	265	53,74

Source: OJK 2019

The development of Islamic mutual funds is very encouraging, this shows that the enthusiasm of investors in Indonesia is high, not only that overseas investors have begun to invest in Indonesia through Islamic mutual funds. Indonesia has issued Sharia mutual funds based on foreign securities as well as protected Islamic mutual funds, becoming Islamic mutual funds that are in great demand by local and international investors, which is the starting point for the development of Islamic mutual funds can be seen from the total value of mutual funds that increased sharply in 2016 with 14.91 trillion to 28.31 trillion in 2018. In general, the development of Islamic mutual funds for five years from 2015-2019 is seen from the total value of mutual funds as much as 42.72 trillion.

Table 6. Sharia Mutual Fund Development Based on Sharia Mutual Fund Types 2015-2019

Types of Sharia Mutual Funds (RD Syariah)	Development of Sharia Mutual Funds
Money Market	1,91 %
Fixed Income	11,34 %
Stock	10,79 %
Mixture	11,66 %
Protected	45,67 %
Sukuk	4,6 %
ETF	0,06 %
Foreign Effects	13,54 %
Index	0,36 %

Source: OJK 2019

Islamic mutual funds based on net asset value (NAB) equal to 2019 reached Rp. 53.74 trillion or increased by 387.66%. Meanwhile, the comparison of the number of Islamic mutual funds compared to conventional mutual funds; the number of Islamic mutual funds as many as 265 and conventional mutual funds 1,919, a comparison based on NAB; Islamic mutual funds 53.74 trillion and conventional mutual funds amounted to 488.46 trillion (Financial Services Authority, 2020). According to research conducted by Nana in 2015 to 2017, the types of Islamic mutual funds, namely stocks, fixed income, mixed Islamic funds and money markets where the highest performance is Islamic stock mutual funds (Sepdiana, 2019).

Discussion

Before getting to know the Islamic capital market we first know the stock exchanges located in Jakarta (BEJ) and Surabaya (BES) which were then merged or used as one with the name of the Indonesian capital market, then in 2017 began to issue Islamic mutual funds for the first time and developed until now then the Islamic capital market appeared. Here are the Islamic capital markets in Indonesia from every year (OJK, 2017):

- On July 3, 1997; Issuance of Islamic mutual funds by PT. Danareksa Investment Management.
- On July 3, 2000; PT. Danareksa Investment along with the Jakarta Stock Exchange (currently the Indonesia Stock Exchange) launched the Jakarta Islamic Index (JII).
- Fatwa number 20/DSN-MUI/IV/2001, National Sharia council of the Indonesian Ulema Council (DSN MUI) on April 18, 2001; issued a fatwa on implementation guidelines in investments for Islamic mutual funds.
- In early September 2002; PT. PT. Indosat Tbk issues Sharia bond products with mudharabah contracts.
- On March 14, 2003; MoU is based on DSN MUI and Bapepam to develop Islamic capital markets.
- May 7, 2008; Law No. 9 of 2008 was passed by SBSN
- On August 26, 2008; issuance of State Sharia Securities (SBSN) for the first time with ifr series 0001 and IFR 0002.

Islamic capital market development is very influential on the state of Indonesia in general or if viewed in terms of fundamental analysis in other words the news that occurs in Indonesia will affect the rise and fall of all elements of investment in the Islamic capital market such as the fields of economics, finance or banking, consumption, property, tourism, industry and others. If the world is very influential with the current situation, namely where the whole world is experiencing the corona virus pandemic or better known as COVID 19 then likewise with Indonesia, almost all industry lines are influential as well with the policies that accompany it.

The capital market industry has also experienced an influence with the COVID 19 pandemic both in terms of investor growth development, transaction volume, stock price fluctuations and others. There have been several policies that have changed since the COVID 19 pandemic entered Indonesia, namely in early 2020, namely the Indonesian capital market and Islamic capital market conducting Auto Rejection (IDX Islamic, 2020a) which was carried out to reduce pressure on the Indonesian capital market as well as to prevent the decline of the Composite Stock Price Index (JCI), then conduct trading halt (IDX Islamic, 2020b) or temporarily freeze trading on the Indonesian stock exchange, make changes to trading hours (idx news/press release, 2020).

Meanwhile, there are several policies carried out by the Islamic capital market specifically when COVID 19 affects Islamic capital market policies specifically to relax the time of obligation to adjust the composition of mutual fund portfolios in the form of Collective Investment Contracts (KIK); utilizing an electronic payment system using a virtual account for the purchase of mutual funds electronically, especially through mutual fund securities selling agents (APERD); program to use crowdfunding platform as a means of issuing sukuk with a small issuance value that can be utilized by MSMEs to restart their business after the pandemic (OJK, 2020b).

The success of the Islamic capital market today is not a success obtained instantly, there needs to be a big and long struggle with all obstacles for all elements in the Islamic capital market. Currently, the

total assets of the Islamic capital market reached Rp. 4,569.01 trillion at the end of December 2019 (OJK, 2020c) with the following details :

- Sharia shares ; Rp. 3,744.82 trillion (81.96%).
- Islamic mutual funds; Rp. 53.74 trillion (1.18%).
- Corporate Sukuk; Rp. 770.45 trillion (16.86%).

However, the situation is still experiencing a less stable state because the economic situation is still affected by the COVID 19 pandemic but does not seem to have much impact on the capital market syariah. According to Bambang Prijambodo from KNEKS, the capital market industry is one of the industries that is immune from the impact of the pandemic seen from the Composite Stock Price Index (JCI) has experienced its lowest point in the last 5 years at the level of 3,938 but then increased again at the position of 4,910 with net sales reaching Rp.637.2 billion as of June 19, 2020; comparison of sukuk and bonds based on Indonesia Composite Index data that the sukuk market fell 2.5% while bonds fell by 4.46% ; net asset value of mutual funds (mixed and fixed income) in February 2020 rose and fell by 1% in March 2020 but for conventional net asset value fell by more than 10% (Prijambodo, 2020).

CONCLUSION

The Islamic capital market continues to grow where it is currently an important component in the national and global financial system because it is supported by parties who prioritize justice for all parties. The contribution of the Islamic capital market is already very large in the national capital market, this is evidenced by there are still companies that conduct IPOs (Initial Public Offering) as many as 46 companies where 35 companies issue shari'a shares, the development of corporate sukuk grew by about 65.22% over the last 5 years while the development of Islamic mutual funds based on the value of net assets (NAB) until 2019 reached 387, 66 %.

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