



Islamic Financial Analysis: A Review of Halal Investment Practices in the Capital Market

Muhammad Naufal¹, Hamanda Abiy'yu²
^{1,2}Institut Agama Islam Nurul Hakim

ABSTRACT

This study analyzes the performance of Islamic sukuk in the Indonesian capital market with a focus on price changes and yields of several existing sukuk instruments. The data used includes daily price changes and annual yields of various Islamic sukuk, including Sukuk Negara Series 001, Sukuk Tabungan Indonesia, and Sukuk Corporate X. The results show that all sukuk analyzed experienced positive price increases, with Sukuk Negara Series 001 recording the largest price increase of 5%. On the other hand, Sukuk Corporate X offers the highest yield of 7%, attractive to investors seeking higher returns. Despite variations in yields and price changes, the Islamic sukuk market in Indonesia shows positive potential to continue to grow. This study provides important insights into Islamic investment options that can be used as a reference by investors to choose sukuk instruments that suit their investment goals.

Keywords:

Islamic Finance, Islamic Sukuk, Price Change, Yield, Indonesian Capital Market, Halal Investment, Sukuk Performance



This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Corresponding Author:

Muhammad Naufal

Institut Agama Islam Nurul Hakim

Email: naufal@gmail.com

INTRODUCTION

Islamic finance is a financial system based on Islamic sharia principles, which prioritizes justice, transparency and sustainability in every financial transaction.[1]. In recent decades, the development of Islamic finance has shown a significant trend in various countries, including Indonesia, which is predominantly Muslim. One of the most prominent aspects of Islamic finance is the practice of halal investment, which focuses on selecting investment instruments that are in accordance with sharia principles, namely free from riba (interest), maysir (gambling), and gharar (uncertainty)[2][3].

The Islamic capital market, as an integral part of the Islamic financial system, is gaining popularity among Muslim investors who want to ensure that their investments are not only financially profitable, but also in accordance with religious teachings.[4]. Investment

instruments provided in the sharia capital market include sharia stocks, sukuk (sharia bonds), and sharia mutual funds. In Indonesia, the Financial Services Authority (OJK) has issued guidelines and regulations that support the development of the sharia capital market, as well as establishing sharia stock indices, such as the Jakarta Islamic Index (JII), to make it easier for investors to choose stocks that meet sharia criteria.[5].

However, although the Islamic capital market has grown rapidly, challenges in implementing and understanding halal investment practices in the capital market are still issues that need attention. Many investors do not fully understand the criteria and mechanisms of investment that are in accordance with Islamic principles, which can risk leading them to non-halal investment practices. Therefore, this study aims to analyze how halal investment practices are carried out in the Indonesian capital market, as well as the challenges and opportunities faced by investors and market players in optimizing the potential of the Islamic capital market.[6].

METHODS.

1. Islamic Finance

Islamic finance refers to a financial system that operates in accordance with the principles set out in Islamic law (sharia). Unlike conventional financial systems, which prioritize financial gain alone, Islamic finance emphasizes moral, ethical, and social values in every economic transaction. The main objective of the Islamic financial system is to create a balance between the interests of individuals and society, ensuring that every economic activity provides fair benefits to all parties involved without harming any party.[7][8].

The main basic principles of Islamic finance are the prohibition of *riba* (interest), *maysir* (gambling), and *gharar* (excessive uncertainty). *Riba*, which refers to profits obtained without any real economic activity, is considered exploitation and is prohibited in Islam. *Maysir* relates to gambling, which involves uncertainty and speculation that is detrimental. While *gharar* relates to unclear or uncertain transactions, which can cause losses to one of the parties. Therefore, Islamic finance emphasizes transparent, fair transactions, and is based on mutually beneficial ethical and social values.[9][10].

Islamic finance encompasses a range of investment instruments and financial products designed to comply with Islamic principles. One of the most well-known instruments is Islamic stocks, which only cover companies whose business activities are in accordance with Islamic principles.[11]. Companies involved in the production of illicit goods (such as alcohol or pork-based products) do not meet this criteria and their shares cannot be traded on the Islamic stock market. In addition, sukuk or Islamic bonds are instruments used to finance infrastructure or business projects in a manner that is in accordance with Islamic law, namely without paying interest but based on profit sharing.[12].

In addition, there are also other financial products such as sharia mutual funds and sharia insurance. Sharia mutual funds invest funds in instruments that are in accordance with sharia principles, while sharia insurance (*takaful*) operates on the principle of mutual assistance between participants, without any elements of usury or speculation. Thus, sharia financial products not only provide financial benefits, but also ensure that economic activities carried out are in accordance with religious teachings.[13].

Indonesia, as a country with a Muslim majority population, has shown significant commitment to the development of Islamic finance. The Indonesian government, through various policies and regulations, supports the growth of this sector. The Financial Services

Authority (OJK) has issued various guidelines to strengthen the Islamic financial system, including the issuance of Islamic stock indices and regulations that encourage financial institutions to provide Islamic products that are in accordance with market needs.[14].

Along with the development of technology and globalization, Islamic finance in Indonesia has also begun to transform by introducing various innovations, such as Islamic fintech and Islamic-based digital banking. This opens up new opportunities for the public to access Islamic financial products more easily and quickly. However, the biggest challenge in developing Islamic finance in Indonesia is increasing public understanding and awareness of Islamic finance, so that they can be wiser in choosing products and instruments that are in accordance with Islamic principles.[15].

2. Research Stages

1. **Identifying the Research Problem (Identification of Research Problems)** At this stage, the researcher identifies the problem to be researched. This involves understanding the context of the research and determining areas that have gaps or need to be explored further. In research on Islamic finance, for example, the problem that can be researched is the analysis of halal investment practices in the capital market.
2. **Reviewing the Literature (Tinjauan Sastra)** This stage involves collecting, reviewing, and analyzing literature that is relevant to the research topic. This literature can be in the form of books, journals, articles, reports, and previous studies that provide a deeper understanding of existing theories and findings in the field. At this stage, the researcher will look for references that can help in building a theoretical framework and formulating hypotheses.
3. **Formulating Hypotheses Based on the results of the literature review**, researchers formulate hypotheses that will be tested in the study. This hypothesis is a statement that proposes a relationship between the variables in the study. For example, a hypothesis in Islamic finance research can focus on the influence of halal investment on the performance of the Islamic capital market.
4. **Designing the Research Methodology (Mendesain Metodologi Penelitian)** At this stage, the researcher designs how the research will be carried out. The method used can be qualitative or quantitative research, depending on the purpose of the research. The researcher also chooses data collection techniques (e.g., surveys, interviews, observations), and selects relevant samples and populations. Here, the researcher also needs to determine research instruments, such as questionnaires or interview guidelines.
5. **Data Collection** This stage involves collecting data from predetermined sources. Researchers will collect primary or secondary data needed to test the hypothesis. In Islamic finance research, data can be collected through investor surveys or analysis of Islamic capital market data to see investment trends and patterns.
6. **Data Analysis** After the data is collected, the researcher analyzes it to test the hypothesis that has been formulated. At this stage, the data is analyzed using statistical methods or qualitative analysis techniques, depending on the research design. The results of this analysis are used to draw conclusions or find patterns that are relevant to the research topic.
7. **Interpreting the Results (Menginterpretasikan Hasil)** At this stage, the researcher interprets the results of the data analysis, explains the main findings, and compares them with the proposed hypothesis. The researcher will discuss whether the results support or reject the hypothesis, and compare the research results with existing literature.
8. **Conclusion and Recommendations** After the results are analyzed and interpreted, the researcher draws conclusions based on the findings obtained. In addition, the researcher also provides practical or theoretical recommendations that can help develop knowledge

or practices related to the research topic. For example, in the context of Islamic finance, recommendations can focus on policies to increase the implementation of halal investment in the capital market.

- Writing the Research Report The final stage is to compile a research report that covers all parts of the research from the introduction, literature review, methodology, analysis results, to conclusions and recommendations. This report must be compiled systematically and clearly, with an emphasis on data clarity and the validity of the research results.

3. Analysis

Table1 Sukuk (Sharia Bonds) Performance Analysis

Sukuk	Opening Price (IDR)	Closing Price (IDR)	Price changes (%)	Yield (%)	Time Period (Years)
Government Sukuk Series 001	1000000	1050000	5	6	5
Indonesian Savings Bonds	2000000	2100000	5	5.5	3
Retail Sukuk 007	500000	510000	2	4.75	2
Corporate Bond X	1200000	1250000	4.17	7	4

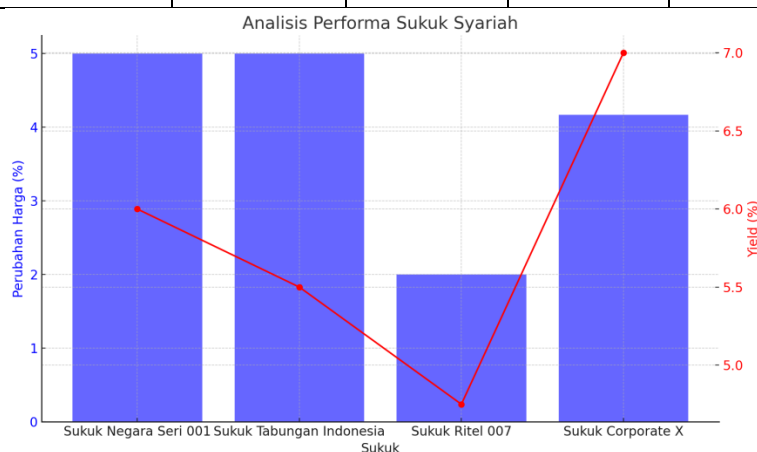


Figure 1 Analysis Chart

This graph shows the relationship between price changes and yields for different Islamic sukuk. Overall, all sukuk experienced price increases, with the Sovereign Sukuk Series 001 recording the largest increase (5%), while Corporate Sukuk X offered the highest yield (7%). Despite the variation in price changes and yields, these two metrics provide important insights for investors in selecting sukuk that suit their investment objectives, whether focusing on potential price increases or on stable and higher yields.

RESULTS AND DISCUSSION

Based on the analysis of the performance data of Islamic sukuk that has been conducted, it can be seen that all analyzed sukuk instruments showed positive price changes during the observed period. Sukuk Negara Series 001 experienced the largest price increase of 5%, reflecting high market interest in this sukuk, possibly due to the trust and security factors offered by the government instrument. On the other hand, Sukuk Corporate X offers the highest yield of 7%, which is attractive to investors seeking higher returns, although the risks associated with private companies tend to be greater compared to government sukuk. Meanwhile, Sukuk Ritel 007 provides a lower yield (4.75%) but with more controlled risk, making it a more conservative choice for investors who are more focused on stability..

Conclusion

Based on the analysis conducted, the sharia sukuk market in Indonesia showed positive performance, with most sukuk experiencing price increases and offering varying yields. Sukuk Negara Series 001 recorded a significant price increase, while Sukuk Corporate X offered the highest yield, which could attract investors with a higher risk profile. For the next steps, it is important for the government, financial institutions, and investors to improve understanding of sharia sukuk, develop more varied products, and improve market infrastructure to facilitate the growth of this sector. With these steps, the sharia sukuk market in Indonesia has the potential to develop further and become a more attractive investment option for the public.

REFERENCES

- [1] MAR Hakim, "Analysis of the Influence of Islamic Financial Literacy on the Decision to Open a Sharia Bank Account (Study on Islamic Students in Malang City)," *J. Ilm.*, vol. 8, 2020.
- [2] A. Wijanarko and L. Rachmawati, "THE INFLUENCE OF ISLAMIC FINANCIAL LITERACY, ISLAMIC BRANDING, AND RELIGIOSITY ON STUDENTS' DECISIONS IN CHOOSING ISLAMIC FINANCIAL SERVICES," *J. Econ. and Islamic Business*, vol. 3, no. 1, 2020.
- [3] S. Zahro and MT Hapsari, "The Influence of Sharia Financial Planning, Sharia Financial Literacy, Financial Behavior and Income on Investment Interest," *J. Mirai Management.*, vol. 8, no. 2, 2023.
- [4] A. Dahniaty, "Non-Bank Islamic Financial Institutions (Islamic Pawnshops and Islamic Microfinance Institutions)," *Thesis*, 2021.
- [5] MR Adiyanto and ASD Purnomo, "The Impact of the Level of Sharia Financial Literacy on Interest in Using Sharia Financial Products," *J. Adm. Kant.*, vol. 9, no. 1, 2021.
- [6] Norcholis, "Sharia Principles in the Settlement of Sharia Economic Disputes in Religious Courts," *Company J. Econ Family. Sharia*, vol. 4, no. 1, 2021, doi: 10.25299/syarikat.2021.vol4(1).8471.
- [7] F. Bakhtiar, A. Mulia, and U. Islam Negeri Alauddin Makassar, "The Influence of Islamic Financial Literacy on Islamic Financial Inclusion Through Islamic Financial Technology as an Intervening Variable," *YUME J. Management.*, vol. 4, no. 3, 2021.
- [8] AW Nasution and AW Nasution, "ANALYSIS OF FACTORS OF AWARENESS OF ISLAMIC FINANCIAL LITERACY OF ISLAMIC FINANCE AND BANKING STUDENTS," *Equilib. J. Econ. Sharia*, vol. 7, no. 1, 2019, doi: 10.21043/equilibrium.v7i1.4258.
- [9] QSA Zahra and E. Nurhasanah, "Analysis of the Level of Islamic Financial Literacy of MSMEs in Tasikmalaya," *EKSISBANK Sharia Economics and Banking Business.*, vol. 7, no. 1, 2023, doi: 10.37726/ee.v7i1.816.
- [10] G. Gustati, D. Rahmiati, and RE Sulastrri, "SHARIAH FINANCIAL LITERACY AS A MODERATION OF RELIGIOSITY IN INFLUENCES INTEREST IN USING SHARIAH FINANCIAL PRODUCTS," *J. Accounting. Finance. and Business*, vol. 16, no. 1, 2023, doi: 10.35143/jakb.v16i1.5946.
- [11] AFH Hasibuan, NP Deli, Y. Hudiya, and Amelia, "Analysis of Islamic Financial Reports and Their Functions in Islamic Banking," *Ecobankers J. Econ. Bank.*, vol. 4, no. 2, 2023.
- [12] S. Hilal, A. Fitri, and L. Ermawati, "The Influence of Islamic Financial Literacy on the Performance of Islamic Cooperatives in Indonesia," *J. Accounting and Tax*, vol. 23, no. 03, 2022.
- [13] SH Ruwaidah, "The Influence of Sharia Financial Literacy and Shariah Governance on Students' Decisions in Using Sharia Banking Services," *Muhasabatuna J. Sharia Accounting*, vol. 2, no. 1, 2020, doi: 10.54471/muhasabatuna.v2i1.706.
- [14] U. Faruq, *Islamic Financial Management*. 2021.
- [15] F. Menne, "Innovation and Sharia Financial Literacy for MSMEs," *jessica*, vol. 6, no. 1, 2023, doi: 10.36778/jesya.v6i1.1213.