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Analysis of the Applications of Sharia Principles to the Development of the Indonesian Sharia Stock Index (ISSI) in the Sharia Capital Market (Case Study of PT. Bursa Stock Indonesia Representative Office of North Sumatra)

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ABSTRACT

Purpose — *The Indonesia Sharia Stock Index is a stock index that is an indicator in the performance of the Islamic stock market consisting of all sharia stocks listed on the IDX included in the Sharia Securities List (DES) issued by OJK. The existence of ISSI is a complement to the pre-existing stock index, the Jakarta Islamic Index (JII). Issuers that join sharia shares are issuers that have passed the review test set by the Financial Services Authority (OJK) regarding the procedures set by the Fatwa DSN-MUI, namely in accordance with Islamic law. This study aims to determine the application of sharia principles on the Indonesian Sharia Stock Index and its development as reviewed from the PT Indonesia Stock Exchange North Sumatra Representative Office. This research includes qualitative research.*

Method — *The type of research is field research with the source of data used is primary data, namely data obtained from interviews and secondary data, namely in the form of stock data reports and growth rates on an annual basis obtained through the official website of the Indonesia Stock Exchange. Data collection techniques with research methods using analytical descriptive methods. The results of this research indicate that the application of sharia principles to the Indonesian Sharia Stock Index is in accordance with the DSN-MUI Fatwa Number 80 of 2011.*

Result — *Then the development of the ISSI in 2019-2023 experienced an increase and decrease, but the decrease could still be stabilized so that it could It is said that ISSI is getting better every year, with the increase in investors, number of assets and activities regarding sharia shares. This research is research that specifically discusses directly the principles of sharia in one of the products of PT Bursa Efek Indonesia with the results of a survey (interview) that is adequate to the questions asked. A search of previous research literature related to Descriptive Analysis of Sharia Stock Investment has not been found that directly discusses the principles in accordance with the DSN-MUI Fatwa and its development.*

Novelty — *Existing research discusses the level of development on other topics, for example the study of Comparative Analysis of the Indonesian Sharia Stock Index (ISSI), investment studies in the capital market, the impact of ISSI during the pandemic and so on.*

Keywords: *Sharia Principles, ISSI, Development*

INTRODUCTION

Investment is the main element in the economy. Investment is a business activity that has influences and uncertainty factors. Investing yourself is a *muamalah* activity that is highly recommended in Islam, because investing the assets you have becomes productive and can also bring benefits to other people. Currently there are 2 prevailing paradigms regarding investment. Firstly, investment is considered a desire and secondly investment is considered a need. Second, investment is considered a necessity. The explanation in these two paradigms is that if someone has excess money, this excess will tend to be invested rather than saved. However, it cannot be separated from all this that the capital market also has an important role in economic activity. Almost all countries that adopt a market system want to improve the capital market and make it a source of economic progress. One of the countries that is included in the developing country type, namely Indonesia, is very close to the capital market system to support the needs of its very large population, as evidenced by the many new companies that have emerged in Indonesia. The capital market could be an alternative for development growth in Indonesia. In fact, the capital market has become the financial nerve center in the modern economic world, moreover, the modern economy would not be able to become independent without the capital market.

According to Bruce, written in the book Capital Markets by Pandji Anoraga, one of the characteristics of developing countries is that people's savings levels are still low, so that funds for investment are insufficient.

The capital market is seen as an effective means of accelerating a country's development. This is possible because the capital market is the right vehicle to mobilize long-term funds from the public to be channeled into productive sectors. If the mobilization of public funds through financial institutions and capital markets can run well, then development funds sourced from abroad will increasingly be reduced.

The capital market is basically a market for various financial instruments or long-term securities that can be bought and sold, either in the form of debt or own capital. If viewed from a sharia perspective, the capital market is a means for mutual discussion that applies sharia principles in economic transaction activities and is free from things that are prohibited by sharia, such as elements of usury, gambling, speculation and so on which can detrimental to all parties involved. Transactions in the capital market according to sharia law are neither prohibited nor permitted as long as there are no transactions that conflict with sharia.

The development of sharia capital market products began with the issuance of Islamic mutual funds on June 25 1997, then in July 2000 the Jakarta Stock Exchange (BEJ) together with PT. Mutual Investment Management Fund (DIM) issued by the Jakarta Islam Index (JII) which aims to guide investors who want to invest their funds in a sharia manner. JII has 30 types of shares from various issuers whose business activities are in accordance with sharia principles. On May 12 2011, the Indonesian Sharia Stock Index was published by Bapepam - LK and the National Sharia Council - Indonesian Ulema Council (DSN-MUI). ISSI is all sharia shares recorded on the IDX and listed on the Sharia Securities List (DES). The Indonesian Sharia Stock Index (ISSI) is a composite index of sharia shares listed on the IDX. ISSI is an indicator of the performance of the sharia stock market listed on the IDX. ISSI constituents are all sharia shares included in the Sharia Securities List (DES) published by the OJK and listed on the main board and development board of the IDX.

In its activities, the DSN (National Sharia Council) and MUI (Indonesian Ulema Council) issued a fatwa regarding Sharia Stocks in the form of the Indonesian Sharia Stock Index (ISSI), namely Fatwa No. 80/DSN-MUI/III/2011, namely regarding Sharia Shares in the form of the Indonesian Sharia Stock Index (ISSI), explains the Application of Sharia Principles in the Equity Securities Trading Mechanism in the Regular Market of the Stock Exchange. This fatwa was issued in 2011 and was the first fatwa in the world regarding sharia stock transactions in the secondary market.

The sharia stock index has experienced developments both in quantity and quality every year. However, the growth of the sharia stock index in the capital market has quite serious challenges, where the sharia stock index as an investment instrument is a sharia-based investment which must compete with investment systems that have previously been adopted conventionally, namely bonds which are very familiar to the players. capital market which causes an increase or decrease in the index value of sharia shares. However, basically the sharia stock index actually offers an interesting concept, namely the concept of partnering and is supported by the legality of Islamic law so that in the eyes of Muslim citizens the sharia stock index is a halal product. Thus, the sharia stock index as an investment instrument has challenges and opportunities to develop. This condition also raises questions about the defense and development of the sharia stock index in the competitive capital market.

Figure 1. Sharia Stock Index Development Data for 2013-2022



Source: Indonesian Stock Exchange data (<https://www.idx.co.id>)

It can be seen from Figure 1.1 that the recording of 3 types of sharia stock indexes, namely the Indonesian Sharia Stock Index (ISSI), Jakarta Islamic Index (JII), and Jakarta Islamic Index 70 (JII70), experienced increases and decreases. The increase and decrease in ISSI shares in the last 4 years is very clearly visible

in the curve above which states that ISSI shares in 2019 to 2020 experienced a decline of -5.5%, resulting in a closing share price of around 133,900 for ISSI. This value is quite low when compared with the closing price in the previous year. However, from 2021 to 2022, at the end of the calculation, the condition of ISSI shares recovered or increased little by little until it reached 43.89%.

Currently, the implementation of sharia economics and finance which uses a partial approach to sharia financial institutions is being criticized among various figures by figures who. The criticism put forward essentially lies in the paradox that the application of sharia finance is seen as not much different from conventional finance. The development of sharia products that prioritize contracts, according to critics, is only a duplicative effort that prioritizes the formality of contracts and has not yet reached the point of realizing the substance aimed at by sharia (*maqasid al-shari'ah*) in the economic and financial fields and assumes that the development of sharia products is dominantly taking the conventional model so far.

The existence of this problem is a continuation that influences the existence of current investment developments. Although, as explained above, there are characteristics in making sharia investments, especially sharia stock indexes, in the form of suitability for an investment product based on the principles of Islamic teachings issued by the National Sharia Council (DSN) under the Indonesian Ulema Council (MUI). An institution tasked with exploring, reviewing and formulating the values and principles of Islamic law (sharia) to serve as guidelines for transaction activities in sharia financial institutions, as well as supervising their implementation and implementation.

METHOD

The type of research that the author uses is field research, namely research that is directly related to the object being studied. In this research, the approach used by researchers is a qualitative approach which produces descriptions in the form of written or spoken words of people and observable behavior. The method used in this research is a descriptive method with a qualitative approach, namely the data collected is first compiled, classified, then analyzed so that it will provide clear information regarding the Analysis of the Application of Sharia Principles to the Development of the Indonesian Sharia Stock Index (ISSI) in Sharia Capital Market (Case Study of the Indonesian Stock Exchange, North Sumatra Representative Office).

Sample collection used a non-probability collection technique, namely purposive sampling. Purposive sampling is a sampling technique used by researchers if the researcher has certain considerations in taking samples or determining samples for certain purposes. The samples/objects that are the data source are Mr. Ferdinan Sihombing and 6 (six) Investors/Customers from the Economic Driving Organization (FoSSEI).

Table 1. Informants

NO	NAME	POSITION	AMOUNT
1	Ferdinan Sihombing	Trainer PT Indonesia Stock Exchange K.P North Sumatra	1
2	Rio Chaniado Anggara	Customer	1
3	Ambo Endeng	Customer	1
4	Arya Dwiki Putra	Customer	1
5	Azmi Awaluddin	Customer	1
6	Farah Amalia	Customer	1

7	Azizah Khoirotun Nisa	Customer	1
Total			7

The data collection techniques in this research consist of: (1) Documentation techniques, namely documented secondary data collection techniques obtained from companies and existing literature; and (2) Observation is a data collection technique that not only measures respondents' attitudes (interviews or questionnaires) but can also be used to record various phenomena that occur (situations and conditions). This technique is used when research is aimed at studying human behavior, work processes, natural phenomena and is carried out on a small number of respondents. There is relevant information that can help researchers compare the results of their research, including:

Table 2. Relevant Information

No	Nama Peneliti	Title	Results	Similarities and differences
1	(Nasrulloh & Nurhaeti, 2022)	Capital Market Mechanism or Sharia Securities Trading (DSN-MUI Fatwa)	This research obtained results that the sharia securities trading mechanism on the Indonesian Stock Exchange as a whole was implemented in accordance with the DSN-MUI Fatwa. This matter can be seen from the criteria indicators for issuing sharia securities shares, securities trading mechanisms, types and prohibited transactions. However, it still has shortcomings, namely the lack of information provided by brokers so that customers get wrong information such as regarding fees and contracts created is more likely to be intended for brokers (companies)	<i>Similarities</i> , the application of sharia principles to sharia products on the Indonesian Stock Exchange is overall carried out in accordance with the DSN-MUI Fatwa. in the Islamic capital market. The application of sharia law in stock implementation is still not strong, as evidenced by the fact that the level of understanding of literacy and community inclusion is still low, which has an impact on the low desire of the public to utilize products and services in the sharia capital market. The development of the contract in its execution is required to be in accordance with applicable sharia principles. <i>Difference</i> : The data source in this research is secondary data with a normative approach. The focus of this research is on the application of all products on the Indonesian Stock Exchange
2	(Sari D, 2022)	Descriptive Analysis of Sharia Stock	The results of this research show that young people in Indonesia already have a	<i>Similarities</i> , analyzing the level of public awareness in investing in sharia shares.

		Investment at PT. Indonesian Stock Sharia: Religiosity, Subjective Norms, Sharia Financial Literacy, Awareness, Attitudes and Intentions	high level of religiosity regarding sharia shares, young people in Indonesia already have a favorable attitude regarding sharia shares, have a high level of subjective norms regarding sharia shares, have high awareness regarding shares. sharia, and have a high level of financial literacy regarding sharia shares.	Data collection was carried out by distributing questionnaires and interviews directly with PT to ensure the validity of the data obtained. <i>The difference</i> is that this research tends to use descriptive quantitative. The focus of research is at the level of young people who have levels of religiosity, subjective norms, sharia financial literacy, awareness, attitudes and intentions
3	(Yoga, 2022)	The Role of Isomorphism in Hedging Decisions Value of Currency Exchange Rate Risk Non-Financial Companies Yang Listed on the Stock Index Indonesian Sharia (ISSI) 2012-2019 period	This research obtained results that the variables coercive isomorphism, mimetic isomorphism and normative isomorphism significant positive effect on hedging decisions on value risk exchange currency.	<i>Similarities</i> , the implementation of sharia capital market products which are intended as sharia investments that focus on stock index products Indonesian Sharia (ISSI). <i>The difference</i> is that this type of research is a normative approach or library research. The focus of this research is on the Isomorphism Theory which is used in decisions to protect value on the currency exchange rate risk of non-financial companies that listed on the Stock Index Indonesian Sharia (ISSI). Isomorphism theory is a process that encourages one unit in a matter populations to resemble other units in dealing with environmental conditions the same one
4	Aryanti Muhtar Kusuma, Bayu Tri Cahya, Rizki Fauriza Dewi Agustina, (2020) (Kusuma et.al, 2022)	Comparative Test of Indonesian Sharia Stock Index Movements (ISSI) and Jakarta Islamic Index (JII) during the pre-	The research results show that there is the difference between the movements of the ISSI and JII stock indices significantly in the period before and after the period Covid-19 vaccination in Indonesia. This is because the period before the Covid-19 vaccination was held	<i>Similarities</i> , Increase and decrease in ISSI in a situation. It is proven that during Covid-19 in 2020, the decline in ISSI was clearly visible compared to before Covid-19 or in 2019, and began to increase slightly until 2022 or in the post-vaccination or program period.

		vaccination period And Post Covid-19 Vaccination in Indonesia	considered to be a period that shows movement the sharia stock index is the lowest due to panic by investors due to the pandemic Covid-19. Most investors start selling lots shares in the pre-vaccination period and this causing sharia share prices on the IDX to decline. However, in the post-vaccination or program period Covid-19 vaccination begins to be promoted in Indonesia, Sharia stock index movements are starting to experience The increase was due to investor panic due to Covid-19 which began to decrease.	covid-19 vaccination. <i>The difference</i> is that this research is quantitative research with data validity using the SPSS application. The focus of this research is on the level of movement of the sharia stock index before and after Covid-19
5	(Citradewi, 2021)	Comparative Analysis of the Indonesian Sharia Stock Index (ISSI) Before and During the Implementation of the Policy for Implementing Activity Restrictions Community (PPKM) in Indonesia	The results this research state that there was an increase in the sharia stock index during the implementation of the policy PPKM and there are significant differences between sharia stock indices before and during the implementation of the PPKM policy.	<i>Similarities</i> , Analysis of the implementation of ISSI in accordance with sharia principles and improvements in ISSI every year. <i>The difference</i> is that this research is secondary data with a normative approach. The focus of this research is calculating the index level in a situation, namely during the PPKM policy.
6	(Aprilian, 2020)	The Effect of Implementing Green Accounting Regarding Company	The results of this research show that the green variable accounting has a positive and significant effect on performance	<i>Similarities</i> , This research study is on the application of sharia principles to sharia products, namely ISSI, in companies. <i>The difference</i> is that this research is secondary data

		<p>Performance Judging From Maqashid Syariah Index (Study of Mining Companies Listed in the Index Indonesian Sharia Shares (ISSI) 2016-2020)</p>	<p>The company is reviewed from the Maqashid Syariah Index on the company mining listed on the Indonesian Sharia Stock Index (ISSI) 2016-2020. The better the level of green implementation accounting as evidenced by the assignment of environmental costs in The company's operational activities show an increase on the performance of the Maqashid Syariah Index in companies mining listed on the Indonesian Sharia Stock Index (ISSI) for 2016-2020.</p>	<p>with a normative approach. The focus of this research is the green variable accounting (green accounting or what is called environmental accounting) and the <i>Maqashid Syariah</i> Index namely an objective measure of Islamic bank performance. The focus point is on one company, namely a mining company registered with ISSI.</p>
7	(Hadiroh, 2020)	<p>Comparative Fatwa of the National Sharia Council of the Assembly Indonesian Ulema with Egyptian Darul Ifta About Margin Transactions in the Capital Market</p>	<p>The research results obtained show differences starting from the format fatwa to legal injunctions on margin transactions in the capital market. The DSN-MUI fatwa Number 135/DSN-MUI/X/2003 concerning shares does not yet regulate margin transaction law, but in the DSN-MUI Fatwa Number 80/DSN-MUI/III/2011 which discusses sharia principles in trading mechanisms in The stock exchange states that margin transactions are an example of usury is a prohibited transaction on the stock exchange. Meanwhile, Egypt's Darul Ifta has fatwa that margin transactions are legal and in accordance with principles sharia. The differences in fatwa results from the two institutions are based on the background behind different institutions and the discovery of legal regulations on margin transactions</p>	<p><i>Similarities</i>, This research study is on the application of sharia principles to sharia products in the capital market in accordance with the DSN-MUI Fatwa. <i>Differences</i>: The data source in this research is library research methodology with comparative analysis and Content analysis. The focus of this research is on the comparison of the DSN-MUI Fatwa regarding margin transactions in the capital market.</p>

			in the capital market.	
8	(Syahbudi & Barus, 2019)	Creating a Sharia Investment Aware Society (Medan City Community Perception Study)	The results of this research show that the perception of the people of Medan City towards sharia investment is quite good. Where is the community can welcome the presence of sharia financial institutions. People feel that sharia investment products have many varieties, are clearly halal, and have benefits obtained is adjusted to the contract carried out and the profit sharing system is carried out regularly open. The reason the people of Medan City invest in sharia products is that it is safer, definitely halal, trustworthy and religious requirements.	<i>Similarities</i> , Analyzing the level of public investment in sharia products. <i>The difference</i> is that this research method is a descriptive statistical analysis method with primary data in the form of a questionnaire. The focus of this research is on the awareness of the people of Medan city in investing in sharia products as a whole.
9	(Handayani, 2018)	Sharia Capital Market as a Sharia Investment Means (Case Study of PT Indonesia Stock Exchange Office Medan Representative	The sharia capital market is experiencing rapid progress which can be seen from returns which are getting better every year and the number of investors who choose sharia shares as a means of sharia investment is increasing. The sharia stock trading system has a trading system that complies with the sharia system called the Sharia Online Trading System (SOTS)	<i>Similarities</i> , implementation of sharia investment in the sharia capital market in accordance with established sharia principles. The development of sharia investment progresses every year. The type of data taken is based on secondary and primary data (interviews). <i>The difference</i> is, the research focus is on the sharia investment products included in it; Sharia stocks, mutual funds and sukuk (Sharia bonds), which are not just one focus point for the development of one investment product.
10	(Yuwana 2018)	Legal Analysis of Sharia Stock	The results of this research show that some investment statuses in companies	<i>Similarities</i> , implementation of investment, improvement

		Investment in Issuers Excluded from the Indonesian Sharia Stock Index (ISSI) in Az-Zari'ah's Review	excluded from ISSI are permitted and some are prohibited. If a company is expelled because the business turns into a prohibited business, then the investment is prohibited. If a company is expelled because it exceeds financial ratios or is late in submitting financial reports, then it can be seen from the potential for re-entry in the next sharia share screening, if there is potential then the law could be halal or haram. If a company is expelled because it is late in reporting financial reports, then the law is that it can be halal or haram, according to the background.	and development of sharia investment in accordance with the laws enforced therein. Stock screening is carried out to review whether or not a company is eligible to be registered with ISSI. <i>Differences</i> , Types of library research with a normative approach. The research focus of the az zari'ah review is something that is a medium and a way to reach obedience or disobedience..
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RESULT AND DISCUSSION

Result

The implementation of the Indonesian Sharia Stock Index (ISSI) listed on the Indonesian Stock Exchange KP North Sumatra is in accordance with Sharia Principles

The Indonesian Sharia Stock Index (ISSI) is an index containing all sharia shares which was formed in 2011. Since November 2007, Bapepam & LK (now OJK) has issued a List of Sharia Securities (DES) which contains a list of Sharia shares in Indonesia. With the DES, it will be easier for the public to find out what shares are included in Sharia shares because DES is the only reference regarding the list of Sharia shares in Indonesia. The existence of the DES was then followed up by the BEI by launching the Indonesian Sharia Stock Index (ISSI) on May 12 2011.

The Indonesian Sharia Stock Index is an indicator of the performance of the sharia stock market listed on the Indonesia Stock Exchange (BEI). This index contains sharia stocks that do not conflict with sharia principles in the capital market. The DSN-MUI Fatwa has created provisions that must be obeyed by the Indonesian Stock Exchange, namely in Fatwa No. 80/DSN-MUI/III/2011, namely regarding Sharia Stocks in the form of the Indonesian Sharia Stock Index (ISSI) in order to realize the suitability of the Sharia capital market as a sharia investment vehicle.

Based on an interview with Mr. Ferdinan Sihombing, as a Trainer at PT Bursa Efek KP. North Sumatra, he said: The aim of establishing ISSI by OJK in collaboration with DSN-MUI and BEI is to make it easier for investors to invest in accordance with sharia principles. By selecting all existing shares, which shares are sharia and which are not sharia (Sihombing, 2023).

Based on an interview with Mr. Ferdinan Sihombing, as a Trainer at PT Bursa Efek KP. North Sumatra he said: Securities that carry out ISSI sharia stock product trading definitely have conformity standards issued by DSN-MUI, because at the center, namely the OJK, has created a platform for them, only securities selected by the OJK means they have been licensed according to the overall conformity standards (Sihombing, 2023).

Nowadays, ISSI has become an investment vehicle that many Muslim communities have started to look at as an investment vehicle that is considered feasible and safe, giving Muslim communities the confidence to invest their assets. In reality, currently sharia investment is not only being looked at by Muslim customers, but also by non-Muslim customers. It is proven that non-Muslim customers in the form of domestic

investors and foreign investors are not only looking at but also participating in the sharia-based capital market. Because the Indonesian Stock Exchange also conducts hearings and outreach related to the sharia capital market (education by holding seminars or webinars every month) which is no less significant than the conventional capital market. This can be seen from the increase in the number of issuers included in the sharia share group every year.

Based on an interview with Mr. Ferdinan Sihombing, as a Trainer at PT Bursa Efek KP. North Sumatra he said: First, literacy, namely notification to the public that there are industries under OJK supervision apart from banking and non-bank finance, namely the capital market. The capital market is legal and under the supervision of the OJK, so it can be an investment. Second, education (development division) for the community in order to teach people how to invest through products on the Indonesia Stock Exchange by holding seminars in regions, for example in Sumatra so that they are more literate or inclusive in practice and also to encourage companies in the region. Sumatra for the Initial Public Offering (IPO), namely the initial public offering of shares (Sihombing, 2023).

Based on an interview with Brother Rio Chaniado Anggara, as a customer/investor from the Economic Driving Organization, he said: The education provided by the Indonesian Stock Exchange is sufficient to provide understanding to investors, but literacy is still weak. However, the Indonesian Stock Exchange's efforts to always provide interesting, good and innovative education can attract the attention of investors (Anggara, 2023).

Based on an interview with Brother Arya Dwiki Putra, as a customer/investor from the Economic Driving Organization, he said: The education provided by the Indonesian Stock Exchange is quite effective in providing understanding to investors, but it is even more effective if there is a capital markets school that is in line with the interests of the community. /student. (Putra, 2023).

Based on an interview with Sister Azizah Khoirotnun Nisa, as a customer/investor from the Economic Driving Organization, she said: By holding educational events by BEI, we can understand and be literate about financial planning so that participants will be interested in becoming investors. (Nisa, 2023).

In accordance with the observations that have been made, below is a tabulation of the Sharia Stock Index on the PT Bursa Efek Indonesia KP. North Sumatra:

Table 3. Implementation of the Indonesian Sharia Stock Index (ISSI) as a Sharia Investment Means

No	Questions	Appropriate	Not Appropriate
1	The Sharia Stock Index has been implemented in accordance with the DSN-MUI Fatwa, which includes avoiding Riba, Gharar, Maysir and other things that are forbidden.	✓	
2	The application of the Sharia Stock Index is implemented simultaneously in all regions with OJK supervision and adjusted to the DSN-MUI	✓	
3	The application procedures for the Sharia Stock Index are implemented by the center for all securities (https://www.idx.co.id)	✓	
4	Exchange members (securities) in carrying out product trading and income from the number of ISSI share assets	✓	

	already have conformity standards issued by DSN-MUI.		
5	A special supervisory body for sharia capital market trading that understands and understands sharia trading mechanisms, such as the Financial Services Authority (OJK)	✓	
6	The Development Division of the Indonesian Stock Exchange carries out Literacy and Education to increase the level of public confidence in investing.	✓	
7	When applying for ISSI shares, issuers are required to implement a profit sharing system which has been determined by the Fatwa MUI DSN and does not follow investment with interest rates conventional.	✓	
8	The conditions for becoming an ISSI stock investor are enforced by the center for all securities/investors (https://www.idx.co.id)	✓	

Source: PT Indonesian Stock Exchange KP. North Sumatra

The tabulation of observation results regarding possible fraud against ISSI Shares in trading:

Table 4. Possible Fraud in the Indonesian Sharia Stock Index (ISSI)

No	Questions	Appropriate	Not Appropriate
1	There is speculation or market engineering carried out by customers or certain parties for personal interests.	✓	
2	Fraud by issuers or companies listed on the capital market regarding all company activities including business profits.		✓
3	Money Laundry carried out by companies listed on the Sharia Capital Market.		✓

Source: PT Indonesian Stock Exchange KP. North Sumatra

The sharia capital market has a trading system that is in accordance with the sharia system and is supervised by the National Sharia Council where not all securities can carry out sharia stock trading. Securities who want to trade sharia shares must have a trading system that is able to directly filter the possibility of trading that is prohibited in sharia principles, which is called the Sharia Online Trading System (SOTS).

Development of the Indonesian Sharia Stock Index (ISSI) which is listed on the Indonesian Stock Exchange KP North Sumatra

The application of a sharia stock index that is in accordance with applicable regulations in accordance with sharia principles can make it more attractive to the general public. In Muslim-majority countries, it can be easier to develop sharia stock indices on the sharia capital market as a means of improving sharia investment. This can be seen from the results of observations made, where the trading mechanism is appropriate, the issuer is bound by sharia principles and the DSN MUI fatwa, stock exchange members have been adjusted according to the rules and are expected to have special expertise in the field of sharia capital markets with a license which will then be shared by the family. Indonesia stock exchange. Considering the Sharia Expert licenses that already exist, only a very small number have passed and have them. Then, the readiness of the Indonesian Stock Exchange to impose sanctions if there are actions by Issuers, Exchange Members and Customers who violate the code of Ethics that has been established by the Indonesian Stock Exchange.

Developments in the Indonesian Sharia Stock Index have started to improve each year. This research statement is also supported by statements in interviews with PT Bursa Efek Indonesia trainer K.P North Sumatra and supported by data obtained at (<https://www.idx.co.id>).

The increase in sharia stock returns is getting better, and the number of customers who are interested in becoming sharia investors can be said to be that the existing sharia stock index is considered worthy of being the customer's choice for investing in the sharia sector.

Based on an interview with Mr. Ferdinan Sihombing, as a Trainer at PT Bursa Efek KP. North Sumatra he said: Each year's stock data will be reviewed by the center (OJK) 2 times for 1 year. The first review or what is called minor and the second review which is called major is to see and check the suitability of the issuer listed in sharia shares (Sihombing, 2023).

Based on an interview with Mr. Ferdinan Sihombing, as a Trainer at PT Bursa Efek KP. North Sumatra he said: Stock data increases every year and can be seen on the sharia capital market (KSEI). Supported by increasing investors, total assets have increased, education in the form of sharia share-based activities has increased. This is proven by GIVA (International Agency) stating that the Indonesian Stock Exchange is one of the best sharia capital markets for 4 consecutive years (Sihombing, 2023).

The increase in the Indonesian Sharia Stock Index (ISSI) can generally be seen in the increase in companies that are members of the Stock Securities Register (DES). This increase is the beginning of the development of ISSI shares in Indonesia in order to restore the companies/issuers that are part of it and efforts to improve the economic prosperity of the people.

Based on an interview with Brother Ambo Endeng, as a customer/investor of the Economic Driving Organization, he said: With the issuance of ISSI Shares, we can invest in accordance with the recommendations of Islamic sharia and it can be useful in indirectly helping the finances of these companies to be stable and the benefits can be felt (Endeng, 2023).

Based on an interview with Brother Azmi Awaluddin, as a customer/investor of the Economic Driving Organization, he said: The issuance of ISSI shares can grow and support the economy. Because one of the financial instruments is shares, where sharia shares can currently provide economic prosperity because they are in accordance with Islamic economic principles and sharia are currently being discussed by investors because these shares are halal and the risk is also low so people are interested in these sharia shares (Awaluddin, 2023).

Based on an interview with Sister Farah Amalia, as a customer/investor of the Economic Driving Organization, she said: The issuance of ISSI shares can support this because the shares that are part of ISSI are only sharia shares, therefore the rise and fall of sharia shares in ISSI affects the performance of issuers that adhere to sharia principles. So that sharia economic prosperity can be depicted in real time (Amalia, 2023).

The tabulation of observation results regarding the statements of 6 investors/customers of ISSI shares:

Table 5. Customer Statement Regarding the Indonesian Sharia Stock Index (ISSI) as a Sharia Investment Means

No	Questions	Yes	No
1	The Indonesian Sharia Stock Index (ISSI) is one of the IDX products that is known to the general public, especially young people	✓	
2	Become a customer in one of the securities listed in ISSI shares.	✓	
3	The sharia stock index can support economic prosperity by proving to help companies listed on ISSI shares.	✓	
4	Have attended education in the form of seminars held by BEI to provide correct literacy to potential investors.	✓	
5	Educational activities are carried out to attract and increase public understanding regarding ISSI shares which are in accordance with applicable regulations.	✓	

Source: 6 ISSI Share Customers

However, although basically the sharia stock index has started to improve in terms of improvement. However, from an economic perspective, it is felt that increasing the number of sharia shares each year has not been able to drive the rate of economic growth in Indonesia optimally, seen from the Gross Domestic Product (GDP) indicator with the ISSI variable influencing economic growth by 9.04%.

Figure 2. Growth Rate of Sharia Stock Index and IHSG Throughout 2022



Source: Indonesian Stock Exchange data (<https://www.idx.co.id>)

throughout 2022, the Indonesian sharia stock index (ISSI) will show positive performance. This can be seen from the growth rate of 15.19% to the level of 217.73 in trading on December 30 2022 from closing on December 30 2021 at the level of 189.02. The increase in ISSI even exceeded the growth of the composite stock price index (IHSG) over the past year which was recorded at 4.09%.

Throughout 2022, the Indonesian sharia stock index will trade on average at 202.77. The ISSI touched its lowest level of 185.35 at the close of trading on January 18 2022 and reached its highest level of 222 at the close of trading on December 27 2022. Meanwhile, in the current year (year to date/ytd) until the close of January 26 2023, the ISSI was recorded to have fallen by 1.81% to 213.79. This is in contrast to the JCI which actually experienced a slight increase of 0.21%.

Discussion

The results of this research show that the Indonesian Sharia Stock Index (ISSI) in its application is in accordance with the rules determined and issued by the DSN-MUI Fatwa and developments are getting better every year. This is in accordance with the results of primary and secondary data obtained on the Indonesia Stock Exchange website (<https://www.idx.co.id>), and the results of interviews.

However, it cannot be said that ISSI shares can improve the domestic economy and can only influence policy and improve the economy. This is because ISSI has not been able to keep up with the IHSG (Composite Stock Price Index) which in fact, ISSI's sharia-based shares are still outperformed by the conventional-based IHSG.

The attractiveness and interest of customers is one of the factors in ISSI's development in achieving its goals. However, the researchers compared the results of the ISSI development at the end of 2022 with the beginning of 2023. The difference in the rate of the Indonesian sharia stock index (ISSI) shows that it is not significant due to the ISSI recording a decline of up to 1.81%, however, this situation does not worsen the rate of the stock index each year.

Based on previous research conducted by Agus Triyanta (Triyanta in Yuwana, 2018), in his research he revealed the concept of *gharar* in Islamic law (*fiqh*) and avoidance of regulatory screening criteria in JII. The results of the research explain that the concept of *gharar* which is generally adopted in *fiqh al-mashraf* (financial jurisprudence), is the existence of unknown or hidden elements for detrimental or dangerous purposes. The sharia criteria in JII explain that companies included in JII must be companies that do not apply the concept of *ribawi*, buying and selling risks that contain *gharar* and *maysir*, while the trade carried out meets the principle of prudence (*ihtiyath*), is not speculative and manipulative.

Research (Handayani, 2018) explains in his research that investment growth is experiencing rapid progress which can be seen from returns which are getting better every year and the number of investors who choose sharia shares as a means of sharia investment is increasing. The National Sharia Council in the capital market sector as the Sharia Capital Market Supervisory Board ensures that the suitability of the sharia share trading system still refers to the MUI DSN Fatwa.

Based on the results of a review of previous research, it shows that there are still mixed results regarding the application of sharia principles to investment. The types of research used include library research with a normative approach, field research (interviews). The size of research observations allows for new evidence to be obtained if carried out in different conditions and sectors of companies/agencies.

CONCLUSION

Based on the results of research conducted at the Indonesian Stock Exchange, North Sumatra Representative Office regarding the Sharia Capital Market as a Sharia Investment Means, the following conclusions can be drawn:

The Indonesian Sharia Stock Index (ISSI) experiences increases and decreases every year. At the end of recording in January 2023 there was a decline in ISSI. Even though we can see that returns are getting better every year and the number of investors choosing sharia shares as a means of sharia investment is increasing, this still does not support the increase in ISSI shares. The Financial Services Authority in the capital markets sector as the Sharia Capital Market Supervisor ensures that the compatibility of the sharia stock trading system still refers to the MUI DSN Fatwa. The Indonesian Stock Exchange, every 2 times a year, carries out a review to determine whether the company listed as a sharia capital market issuer is still in accordance with the MUI DSN Fatwa or not.

The Indonesian Stock Exchange collaborated with the MUI which then issued Fatwa Number/80/DSN-MUI/III/2011 to create a trading market that complies with sharia principles and is based on the Koran and Hadith. The sharia stock trading system has a trading system that complies with the sharia system called the Sharia Online Trading System (SOTS). Exchange members who wish to sell sharia shares are guaranteed to have a sharia-based trading system and have expertise in the field of sharia capital markets. The reason is, out of 114 only 14 securities have received sharia share trading permits.

The development of the pace of the Indonesian Sharia Stock Index (ISSI), until now little by little it has been able to keep up with the Composite Stock Price Index (IHSG), at the end of the calculation at the end of January 2023, the ISSI was recorded to have fallen 1.81% to the level of 213.79 compared to behind the JCI which actually experienced a slight increase of 0.21%.

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