

Does Islamic Finance Boost Economic Growth? Emperical Evidence From Indonesia

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ABSTRACT

The rapid development of the investment industry also plays an essential role in maintaining a country's economic condition to remain stable. The COVID-19 pandemic that occurred since the fourth quarter of 2019 has resulted in fluctuations in the economic growth graph in Indonesia, but the movement of the Islamic capital market has increased even during the pandemic. So the purpose of this study is to analyze the effect of Sukuk, Sharia Stock, and Islamic Investment Funds on Indonesia's economic growth. This study uses a quantitative method, where the data source is secondarily obtained from OJK and BPS documentation in the monthly period January 2018 - August 2022 using the SPSS application version 25. The analysis technique used is the classical assumption test and multiple linear regression. From the research results conducted at an alpha of 5%, simultaneously, Sukuk, Sharia Stock, and Islamic Investment Funds variables affect Indonesia's economic growth. Partially, Sukuk and Islamic Mutual Funds have no significant effect on Indonesia's economic growth. Meanwhile, Sharia stocks have a significant effect on Indonesia's economic growth.

Keywords: Sukuk, Sharia Stock, Islamic Investment Fund, Economic Growth, Islamic Finance, ISSI

INTRODUCTION

Indonesia is a densely populated country with a population of 272,229,372 as of 2020, mostly Muslims. Indonesia is located in Southeast Asia, with several other countries such as Brunei Darussalam, the Philippines, Indonesia, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand, Timor Leste, and Vietnam.

National income can be exercised through spending or spending, not only in developing countries where the economy is considered but also in developed countries. It is an essential method because such methods can make valid statements about the level of the economy achieved.

Over the years, Indonesia's economy has experienced ups and downs in income due to several factors. The elements that make up the Indonesian economy are declining. According to (the Ministry of Finance of the Republic of Indonesia, 2022), This decline affects the economy in Indonesia. First, sudden economic shocks such as the Covid-19 virus spread worldwide. Second, excessive debt is due to various individual reasons or entrepreneurs with large debts that are difficult to repay. Third, inflation is too high because prices continue to rise significantly—fourth, technological change.

It is because many employers use robots to reduce the expenditure of funds and do not have workers. Indonesia's economy experienced ups and downs in economic development, especially from 2018 to 2022.

Chart 1



Indonesia's high dependence on the global market is the main factor in the instability of the Indonesian economy. Many people see that the Indonesian economy has the characteristics of ups and downs due to this dependence. For macroeconomic achievements for 2018, it is considered to have yet to reach the target. The reason is seen from two indicators: economic growth and current account deficit (CAD). These two indicators resulted in a deficit in the balance of payments throughout the year. That is why Piter Abdullah, an economist at the Center of Reform on Economics Indonesia, believes that Indonesia's economic growth achievement has yet to reach the 5.2 percent target the Ministry of Finance projected.

The same thing was also expressed by Bank Indonesia Governor Pery Warjiyo, who also wonders if Indonesia's economic growth can reach 5.2 percent given the low export performance. Various groups predict Indonesia's economic growth in the fourth quarter at only the level of 5.1 percent, far from the 5.4 percent target in the macro assumptions of the 2018 State Budget by observing the achievement of economic growth in the last three quarters, namely 5.07 percent, 5.27 percent, and 5.17 percent.

In 2018, Indonesia's economy experienced an increase of 5.15%, marked by expanding employment, reducing unemployment, and decreasing poverty and inequality. Economic growth in 2019 was 5.02%, down from 2018. One of the reasons is weak growth in the economic sector of the management industry. Furthermore, in 2020, the Indonesian economy experienced a severe contraction of 2.07% due to the impact of household consumption which fell sharply.

Previously in 2020, Indonesia's economy contracted sharply due to restrictions on economic activities during the Covid-19 period. Since 2021, the economy has recovered after the pandemic hit. Economic growth of 3.69% in 2021 and a positive growth trend for four consecutive quarters indicate better than economic conditions.

In this case, society grows better in carrying out economic activities. It will certainly positively impact the economy, such as reducing the unemployment rate and others. (Bank Indonesia, 2021) predicts Indonesia's economic growth in 2022 to reach 4.7-5.5%, up from 3.2-4.0% in 2021, thanks to continued improvements. Global economic demand that impacts exports remains strong—increased domestic demand due to increased consumption and investment.

Investment is one of the factors that can make the economy grow. Investment products can be divided into two types: investment products in the financial sector and the real sector. In the financial sector, it can only be obtained and executed in the primary or secondary markets. In the primary market, companies sell their shares to the public for the first time (go public) and become public companies (Tbk).

While the secondary market is an organized market (stock exchange) that also allows buying and selling of shares that have been traded (Aziz, 2010), namely: 1. Sharia Capital Market. 2. Sharia Deposits. Islamic finance has evolved throughout history to achieve a global or inclusive identity. Global Islamic finance also encourages the development of Islamic products in the capital market.

The Islamic capital market is a significant factor. The Islamic financial sector will continue to grow to support Islamic insurance, Islamic banks, and other Islamic financial institutions based on the Islamic creed (Soemantri, 2014). Several things affect the development of the Islamic capital market, among others—first, the development of several Islamic capital market instruments supported by DSN-MUI fatwas.

Second, the development of Sharia transactions in Sharia capital market instruments, and third, the development of institutions that supervise various types of transactions in the Sharia capital market. The financial sector, including the capital market, is a central or essential factor that plays a role in changing the pace of economic development (Lestari, 2008).

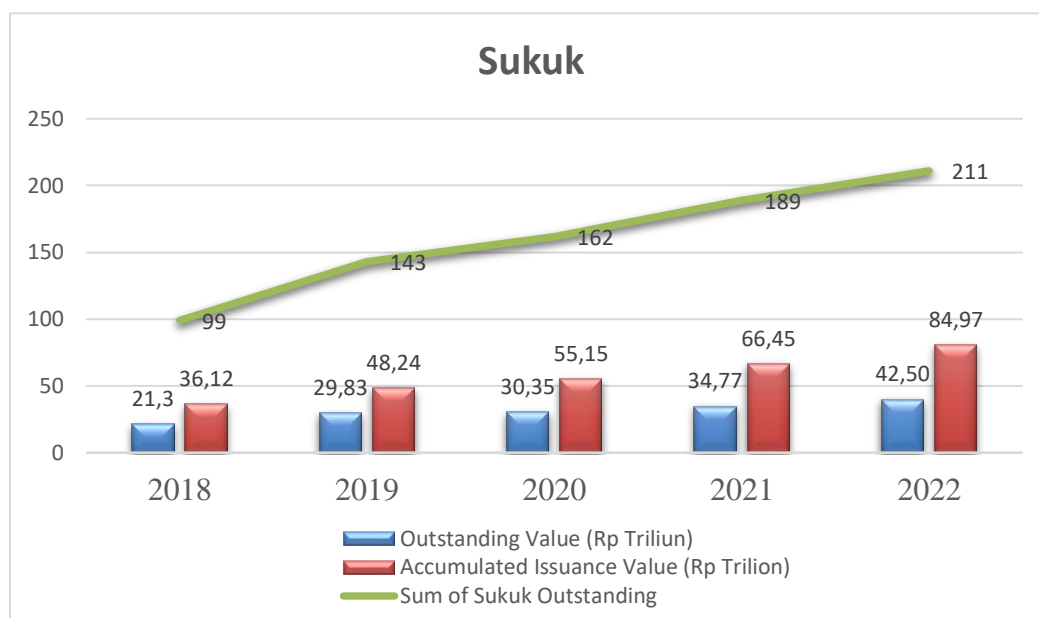
That the role of the capital market is an essential tool in the economy of Indonesia and the world and considers the capital market and banks as financial institutions that play a significant role (Lestari, 2008), connect with those who need money or finance with parties who have excess funds without national borders.

The development of the Islamic capital market for commodities in Indonesia has reached a significant milestone since introducing the Sharia securities list on November 30, 2007. The Sharia securities list is a collection of securities (securities) combinations that will not conflict with Sharia Principles in Indonesian capital market companies.

Bapepam and LK created a list of Sharia titles with rules that have been implemented and reset every six months in May and November. The securities listed by the Sharia Securities List are from State Sharia Securities (SBSN), Sharia Mutual Funds, Sukuk / Bonds, and Sharia Stocks.

The presence of Sharia products in the Indonesian capital market is characterized by The introduction of Islamic bonds (sukuk). However, the term sukuk itself is not new in the history of Islamic economic development. It was known in the Middle Ages when Muslims used the sukuk trend in international trade. Now, sukuk has become an investment instrument with brilliant prospects. In short, sukuk or Islamic bonds are defined as long-term securities based on Sharia principles issued by the issuer to investors (bondholders) with the obligation of the issuing company to pay income to investors in the form of profit sharing/margin/fees and return on investment capital at maturity (Sutedi, 2009).

The development of corporate sukuk has also increased, where in terms of outstanding corporate sukuk until the end of December 2022, reached Rp—39,850.00 trillion, with the number of outstanding sukuk as many as 211.

Chart 2. Sukuk Development of 2018-2022

Source : www.ojk.go.id

The second Sharia product in the Sharia capital market is Sharia stocks. Conceptually, shares are securities that prove ownership in a company, and with this proof of ownership, shareholders are entitled to a portion of the company's proceeds. The concept of sharing participation with the right to share the results of this activity is a concept that does not conflict with Sharia principles.

Sharia principles recognize this concept as musyarakah or syirkah activities. Based on these similarities, stocks are conceptually securities that do not contradict Sharia principles. However, not all shares issued by issuers and public companies can be referred to as Sharia shares.

A share can be classified as Sharia stock if the shares are issued by issuers and public companies, where in the articles of association, it is expressly stated that the business activities of issuers and public companies are not contrary to Sharia principles. The Financial Services Authority (OJK) statistical report shows that there are positive things to developing Islamic capital market instruments, such as Islamic stocks.

Based on the market capitalization of Islamic stocks shown in the Jakarta Islamic Index (JII) and the Indonesian Sharia Stock Index (ISSI) from 2018 to 2022, stocks in the Islamic market experienced positive growth.

Table 1
Sharia Stock Development of 2018-2022

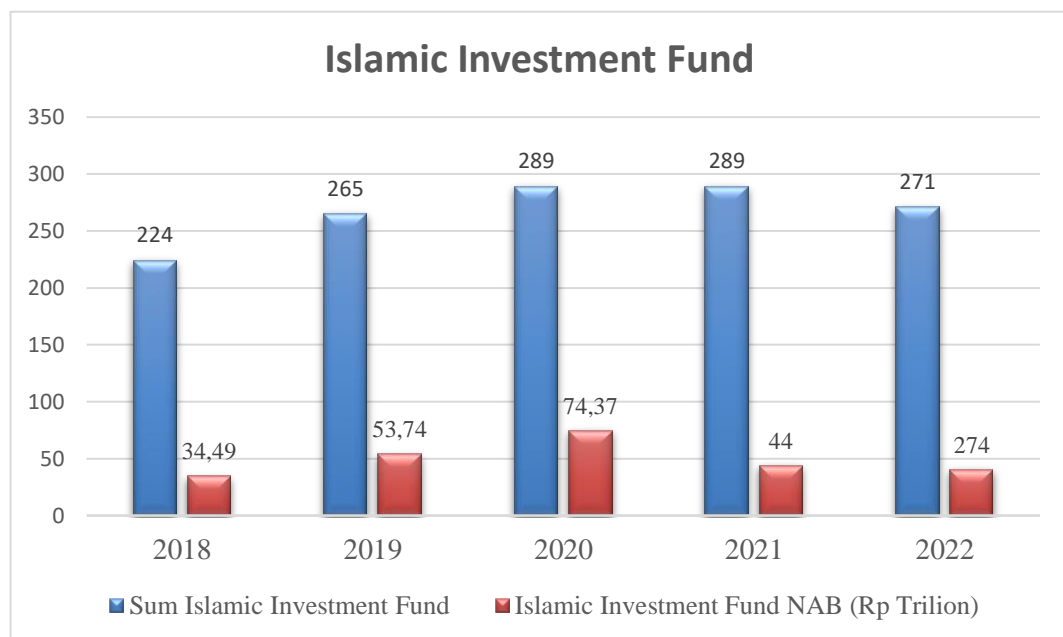
Year	Jakarta Islamic Index	Indonesia Sharia Stock Index
2018	2.239.507,78	3.666.688,31
2019	2.318.565,69	3.744.816,32
2020	2.058.772,65	3.344.926,49
2021	2.015.192,24	3.983.652,80
2022	2.155.449,41	4.786.015,74

Source : www.ojk.go.id

In addition to sukuk and Sharia stock instruments, there are other instruments circulating in the Sharia capital market, namely Sharia mutual funds. Sharia Mutual Funds are financial instruments for general fundraising from the investment community. The fund manager manages and invests the proceeds through stocks, bonds, currencies, or deposits. The growth of Sharia mutual funds in Indonesia is also seen with positive growth, with the Net Asset Value (NAV) of Sharia mutual funds reaching 9.91% in 2022 of the total NAV of mutual funds.

The increase in Sharia mutual funds can also be seen in the value of net assets and the number of issuers. The Net Asset Value of Sharia Mutual Funds in 2018 amounted to IDR 34,490.00 trillion, increasing to IDR 40,340.00 trillion in 2022. Meanwhile, the number of Islamic mutual funds in 2018 was 224, an increase of 271 in 2022.

Chart 3
Islamic Investment Fund Development of 2018-2022



Source : www.ojk.go.id

Investment is also an aspect that can encourage economic growth in Indonesia, where economic growth can be interpreted as the development of economic activities to increase the goods and services produced in society. The problem of economic growth can be seen as a long-term macroeconomic problem. A country's ability to produce goods and services will increase from period to period. (Sukirno, 2015)

This increase in capacity is because production factors will always experience an increase in quantity and quality. The investment will increase the number of capital goods (Sukirno, 2015). In the last five years, Indonesia's GDP growth has experienced ups and downs yearly. As shown in the following table:

Table 2
Indonesia's Economic Growth Development of 2018-2022

Year	Economic Growth
2018	5,17

2019	5,02
2020	2,07
2021	7,07
2022	5,50

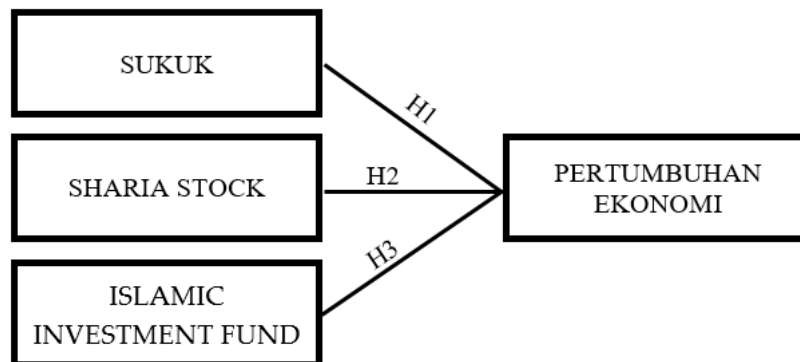
Source : *www.bps.go.id*

Based on the explanation above, Islamic bonds (sukuk), Islamic stocks, and Islamic mutual funds have a percentage that continues to increase from year to year but differs from the percentage of economic growth that tends to fluctuate.

The following is a discussion and presentation on how influential Sharia products in the Sharia capital market, namely sukuk, Sharia stocks, and Sharia mutual funds, are on Indonesia's economic growth. The research to be conducted is entitled "The Effect of Sharia Bonds, Sharia Stocks, and Sharia Mutual Funds on Indonesia's Economic Growth in 2018 – 2022".

Based on this background, the problem that will be raised in this study is how Sukuk, stocks, sharia, and sharia mutual funds influence economic growth in Indonesia. From the description of the problem formulation, this study aims to determine the influence of Sukuk, Sharia stocks, and Sharia mutual funds on economic growth in Indonesia.

The conceptual framework shows the relationship of influence between variables in the study. This study shows the influence of Sukuk, Sharia stocks, and Sharia mutual funds on Indonesia's economic growth. The conceptual framework in this study is presented in Figure 1.



Picture 1.

Conceptual Framework

LITERATURE REVIEW

Islamic Capital Market

A capital market is where various long-term financial instruments are traded, which can be both liabilities and equity. It also follows the provisions of Law Number 8 of 1995 (UUPM) concerning Capital Market, which contains the definition of the capital market, which includes activities related to public offerings and securities trading, public companies related to issued securities, institutions, and work related to securities.

In terms of instruments, the Islamic capital market has different characteristics from the conventional capital market, and the Islamic capital market tends to have unique characteristics. Conventional capital market instruments are in the form of

securities. On the other hand, Islamic capital market products include Sharia stocks, Sharia mutual funds, and Sukuk (Sharia bonds).

Sukuk

Islamic bonds or better known as Sukuk, are one of the most well-known types of Islamic securities and are discussed by Islamic financial professionals. It is explained that Sukuk is a security based on long-term Sharia principles issued by issuers so that Sharia Bondholders get income in the form of income/margin/fees to be paid and interest income on funds paid on the payment date. Indonesia is one of the countries with the best sukuk research in the world, and sukuk has emerged as one of the capital market growth mechanisms.

Sharia Stock

Shares are securities that show ownership of a company or proof of capital participation in a company. The trading mechanism used for Islamic stocks is regulated in Fatwa DSN-MUI No. 40/DSN-MUI/X/2003 concerning Capital Market and General Guidelines for the Application of Sharia Principles in the Capital Market Sector. It contains things that do not include speculative and manipulative transactions, including elements of Dharar, Gharar, Riba, Maysir, Risywah, and Dzalim. In Indonesia, a stock index calculates the average stock index for stocks that meet the Sharia stocks criteria, namely Jakarta Islamic Index (JII) and Islamic Sharia Stock Index (ISSI).

Islamic Investment Fund

The Capital Market Law, namely Law No. 8 of 1995, states that mutual funds are used to raise funds from investors, which investment managers can invest in securities portfolios. While sharia mutual funds themselves are the container, operating with conditions and principles that are both in sync or harmony with Islamic Sharia. In Bapepam and LK Regulation No. IX.A.13, *Sharia mutual funds* can be defined as investment funds within the meaning of the Capital Market Law, and the rules for their implementation and management do not conflict with the Sharia principles of the capital market. Sharia Mutual Funds are also clarified in Fatwa DSN-MUI No. 20/DSN-MUI/IX/2001, dated April 18, 2000, concerning Sharia Mutual Fund Investment Guidelines, that is, as a forum carried out following Islamic Sharia. Both are agreements between investors as property owners and investment managers as representatives of sahib al-mal and between investment managers as representatives of sahib al-mal and investment users (National et al., 2001).

Economic Growth

The development of activities carried out in the economy, which results from increased production of goods and services, determines economic growth. Economic growth is the increase in total national income or output over a certain period, usually in one year (Siregar, 2018). Economic growth is calculated using real national income, GNP (Gross et al.), or GDP (Gross et al.), calculated at prices prevailing in the base year. A country's economy experiences economic growth when the production of goods and services increases. According to Keynes's theory, GDP is shaped by four influencing factors: consumption, investment, government spending, and net exports (Raharja & Manurung, 2001).

One of the research studies showed that changes in stock prices affect Islamic stock returns, which can also affect economic growth. Islamic stocks and economic growth show an inverse relationship between Islamic stocks and economic growth (Lukfiah and Ita (2020)). Changes in stock prices affect Islamic stock returns and can boost economic growth. The existence of Sharia capital market products, especially Sharia stocks in Indonesia, is one of the most critical factors for the development of the national economy (Aliyatussaa'dah et al., 2021)

RESEARCH METHOD

This study used a quantitative research approach. This method is called the motivation method because it is based on the philosophy of positivism (Sugiyono, 2017). The population that this research object will use is sukuk, mutual funds, and Islamic stocks starting from 2018 to 2022. This research uses a type of data, namely secondary data, with documentation in the form of quarterly data through the official website of the Islamic capital market (www.ojk.go.id).

Secondary data is a source of research data obtained indirectly but through intermediate media (obtained or recorded by other parties). The data source needed in this study was obtained through documentation techniques obtained from the Financial Services Authority (OJK) and the Central Statistics Agency (BPS) for five years, from 2017 to 2022. The tests used are the Classical Assumption Test and Multiple Linear Regression using the SPSS computer program.

RESULTS

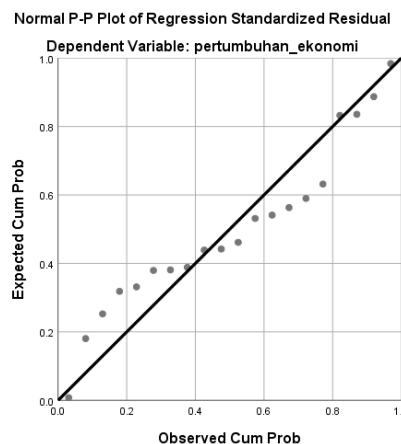
Classical Assumption Test Result

1. Normality Test

In the normality test on graph 3, the following results are found:

Picture 2

Normality Test Result



Source : Data processed SPSS 25

Based on the figure above, the points in the normality test follow a diagonal line. A normal graph plots data spread around a diagonal line and not away from

the diagonal line. It can be interpreted that the data is normally distributed then H_0 is rejected.

2. Multikolinierity Test

In the multicollinearity test in table 3, the following results were found:

Table 3
Multikolinierity Test Result

Variable X	Sig	Tolerance	VIF
Sukuk (X1)	0.800	0.455	2.199
Sharia Stock (X3)	0.339	0.424	2.477
Islamic Invesment Fund (X2)	0.020	0.404	2.359

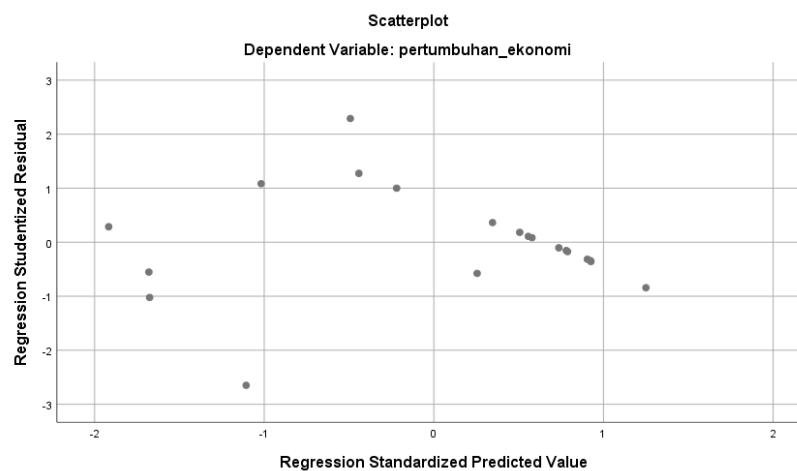
Source: Data processed SPSS 25

Based on the data above, there are no symptoms of multicollinearity because the tolerance value > 0.100 , namely Sukuk (X1) of 0.455; Sharia Shares (X2) amounted to 0.424; Sharia Mutual Fund (X3) of 0.404 and VIF value of < 10.00 , namely Sukuk (X1) of 2.199; Sharia Shares (X2) amounted to 2,477; Sharia Mutual Fund (X3) amounted to 2,359.

3. Heteroskedastisitas Test

In the heteroscedasticity test of scatterplots, the following results were obtained:

Picture 2
Heteroskedastisitas Test Result



Source : Data processed SPSS 25

The pattern above shows that heteroscedasticity does not occur because the points spread above and below the number 0 on the Y axis and do not form a certain pattern.

4. Autocorrelation Test

In the Durbin Watson autocorrelation test in table 4, the following results were found:

Table 4

Autocorrelation Test Result

DL	D	DU
0.997	1.717	1.676

Source : Data processed SPSS 25

It can be seen from the table above, the analysis shows that there are similarities: $DU < D < 4 - DU$, it can be concluded that there is no autocorrelation.

Hypothesis test

This test partially determines the analysis of the influence of Sukuk, Sharia Stock, and Islamic Investment Fund of Economic Growth, where the hypothesis used is as follows (Surjalwelnil, 2012).

Satisfaction value based on probability value:

1. If significant $t < \text{error rate (0.05)}$, then H_0 is rejected, and H_a is accepted (significant).
2. If significant $t > \text{error rate (0.05)}$, then H_0 is accepted, and H_a is rejected (not significant).
3. If $t\text{-count} > t\text{-table}$, H_0 is rejected, and H_a is accepted (significant).
4. If $t\text{-count} < t\text{-table}$, H_0 is accepted, and H_a is rejected (insignificant).

Simultaneous Hypothesis Testing (t-test)

In the T test in table 5, the following results are found:

Table 5 T-Test Result Value

VARIABLE X	PROBABILITY
Sukuk	0.800
Saham Syariah	0.339
Reksadana Syariah	0.020

Source Table: Data Processed SPSS 25

Referring to the data in Table 5 can be described as follows:

1. The data processing carried out resulted in a variable probability of Sukuk 0.800. This value means that individually the Sukuk variable as an independent variable (X) has no effect on the Economic Growth variable in Indonesia as a variable (Y) because the probability value of the inflation variable is $0.800 > 0.05$ while T counts $0.257 < T \text{ table } 2.119$ means that there is no partial influence.
2. The data processing resulted in a variable probability of Islamic shares of 0.339. This value means that individually the variable Sharia stock as an independent variable (X) does not have a significant effect on the variable Economic Growth in Indonesia as a variable (Y) because the probability value of the inflation variable is $0.339 > 0.05$. At the same time, T counts $-2.575 < T \text{ table } 2.119$ means that there is a partial influence.
3. Data processing resulted in a variable probability of Islamic mutual funds of 0.020. This value means that individually the variable of Islamic mutual funds as an independent variable (X) affects the variable of Economic Growth in Indonesia as a variable (Y) because the probability value of the variable of Islamic mutual funds is $0.020 < 0.05$. T count $0.985 < T \text{ table } 2.119$ means no partial effect.

Reporting Research Results

Simultaneous Hypothesis Testing (F-Test)

**Table 6
F-Test Result Value**

SIGNIFICANCE	PROBABILITY F
5% / 0,05	0.002

Source: Data Processed, SPSS, 25

This study produced an F probability value of 0.002. The F probability value of 0.002 is less than α (5%), or $0.003 < 0.05$. Thus, it can be said that all independent variables simultaneously affect the dependent variable in this study.

Coefficient of Determination (R²)

Table 7
Coefficient of Determination Result Value

INFORMATION	COEFFICIENT VALUE
R-Squared	59% or 0.594
Adjust R-Squared	0.518

Source: Data Processed, SPSS, 25

The data processing results carried out in this study resulted in the R-Squared value of 0.594. This value means that the sukuk variable, sharia stocks, and sharia mutual funds as an independent variable (X) can explain the variable of Indonesia's economic growth as a dependent variable (Y) of 59%.

Multiple Linier Regression

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.964	6.889		.430	.673
	sukuk	.009	.035	.061	.257	.800
	reksana_syariah	-.049	.019	-.630	-2.575	.020
	saham_syariah	.604	.613	.247	.985	.339

a. Dependent Variable: economic_growth

Source: Data Processed, SPSS, 25

Based on the table above, it can be seen that the constant value (α value) is 2.964, and for Sukuk (β value) is 0.009 while Sharia Stocks (β value) is 0.604, and Sharia Mutual Funds (β value) is -0.049, so that a multiple linear regression equation can be obtained as follows:

$$Y = 2.964 + 0.009X_1 + 0.604X_2 - 0.049X_3 + e$$

Which means:

- The value of the Economic Growth constant in Indonesia (Y) is 2,964 which states if the variables X₁, X₂, X₃ are equal to zero, namely Sharia Stock Sukuk and Sharia Mutual Funds, then Economic Growth in Indonesia is 2,964. Koefisien X₁ sebesar 0,009 berarti bahwa setiap terjadi peningkatan

variabel X_1 (Sukuk) sebesar 1% maka Pertumbuhan Ekonomi di Indonesia meningkat sebesar 0,009 (0,09%) atau sebaliknya setiap terjadi penurunan variabel X_1 (Sukuk) sebesar 1% maka Pertumbuhan Ekonomi di Indonesia menurun sebesar 0,009 (0,09%)

- The X_2 coefficient of 0.604 means that every time there is an increase in variable X_2 (Sharia Shares) by 1%, Economic Growth in Indonesia increases by 0.604 (0.60%) or vice versa, every time there is a decrease in variable X_2 (Sharia Shares) by 1%, Economic Growth in Indonesia decreases by 0.604 (0.60%)
- The X_3 coefficient of -0.049 means that every time there is an increase in variable X_3 (Sharia Mutual Funds) by 1%, Economic Growth in Indonesia increases by -0.049 (-0.49%) or vice versa, every time there is a decrease in variable X_3 (Sharia Mutual Funds) by 1%, Economic Growth in Indonesia decreases by -0.049 (-0.49%)

Discussion

1. The Effect of Sukuk on Economic Growth

Based on the results obtained from statistical data analysis, it shows that the independent variable (X_1), namely sukuk, does not significantly affect Indonesia's economic growth rate for the 2018-2022 period. Sukuk is a form of investment that weakens the national economy due to the Covid-19 pandemic.

The Covid-19 pandemic has impacted the stagnant economy of the community, from businesses to financial institutions, both Sharia and conventional. The state must fulfill the state budget to appropriately answer the problem of the impact of the Covid-19 pandemic appropriately.

The results of this study are supported by previous research conducted by Zulia Almeida Siregar, which stated that the sukuk variable partially does not affect Gross Domestic Product (GDP) / economic growth. However, this research is inversely proportional to research conducted by (Prmono, 2022) which states that partially sukuk (Islamic bonds) have an effect and are significant on economic growth. Based on the research results (Ananda, 2020), the issuance of government sukuk directly plays a minor role in economic growth because sukuk as a financial sector cannot affect economic growth, which requires more encouragement in the real sector directly.

2. The Influence of Sharia Stocks on Economic Growth

Based on the results of partial data testing (t), it was found that Islamic stocks significantly affected Indonesia's economic growth rate for the 2018-2022 period. The rapid development of Islamic stock trading can provide an alternative for Muslims who have excess funds to choose the type of investment that is halal and free from the elements of matter, gharar, and usury. The number of shares from year to year has experienced good development.

The development of Sharia stock trading is indicated by the value of the Indonesian Sharia Stock Index (ISSI); ISSI is needed to describe the performance of all Sharia stocks listed on the Indonesia Stock Exchange (IDX), while the Jakarta Islamic Index (JII) only represented by 30 issuers whose determination involves the Supervisory Board of PT. Danareksa Investment Management.

The results of this study are supported by previous research by Luqman, which states that the variable of Islamic stocks has a positive and significant influence on national economic growth. However, the results of this study are inversely proportional to research conducted by Lukfiah I. Radjak and Ita Yuni Kartika, which states that Islamic stocks have little influence on national economic growth.

Based on the research results (Midesia, 2020), the best sector that can make stock prices rise when facing a pandemic is the consumer goods industry sector. During the COVID-19 pandemic, people need stocks of medicines and foodstuffs, so stock returns increase more compared to other sectors.

3. The Influence of Sharia Mutual Funds on Economic Growth

Based on the results of partial t-testing, it was found that Sharia mutual funds did not significantly affect Indonesia's economic growth rate for the 2018-2022 period. In this period, Islamic mutual funds do not influence the economic growth rate much because they are experiencing increases and decreases that are more likely to decrease, in contrast to the previous period, which continued to increase. It is proven by the NAV value of Sharia mutual funds, which have experienced ups and downs from 2018-2022. Therefore, its influence on the economic growth rate is negative because it is seen from the prospect of developing Islamic mutual funds, which is slightly hampered by the Covid-19 pandemic.

The results of this study are supported by previous research (Sukmayadi, 2020), which stated that Sharia mutual fund variables do not significantly affect national economic growth. However, this research is inversely proportional to research conducted by (Auliyatusaa'dah, 2021) which states that Sharia mutual fund variables significantly influence Indonesia's economic growth.

Based on data from the Financial Services Authority (OJK) quoted by Bareksa, the triggers of the influence of Sharia mutual funds on economic growth include Sharia mutual funds being less attractive to investors, especially institutions. The reason is that since 2021 tax incentives on bond yields have been reduced, so rates have increased to 10% from 5%. Also, the Muslim community, The primary target market of this industry, tends to be more comfortable placing funds into traditional investment instruments such as gold, property, or even just saving in a bank. It is also due to the low literacy level and inclusion of Sharia mutual funds; another trigger is sharia-protected mutual fund products, where some products still need to be replaced with new products even though they have matured.

4. The Influence of Sukuk, Sharia Stocks and Mutual Funds on Economic Growth

From the results of simultaneous testing (F) and simultaneously on the three independent variables (X), namely sukuk, stocks, and Islamic mutual funds, against the dependent variable (Y), namely economic growth, the results of the three independent variables simultaneously together have a significant effect on Indonesia's economic growth rate for the 2018-2022 period. In this case, Indonesia's Islamic capital market significantly influences the economic growth rate.

The results of this study are supported by previous research conducted (Irawan, 2019) and (Sukmayadi, 2020), which stated that together the variables of the Sharia Stock Index (ISSI), Sukuk, and Islamic mutual funds have a positive influence on Gross Domestic Product (GDP) / economic growth.

CONCLUSION

Based on research conducted by discussing the influence of Sukuk, sharia stocks, and sharia mutual funds on the rate of economic growth in Indonesia, it can be concluded that sukuk does not have a significant influence on Indonesia's economic

growth, sharia stocks have a significant influence on Indonesia's economic growth and sharia mutual funds have a significant influence on economic growth.

Sukuk, Sharia stocks, and Sharia mutual funds (X) on the dependent variable, namely economic growth (Y), the results of which the three variables simultaneously together have a significant effect on the rate of economic growth in Indonesia.

LIMITATION

Secondary data in the form of time series is a limitation in this study. Weaknesses Secondary time series data requires many data; in the future, researchers can only predict the influence of other variables if data is available. The data processed in this study is only until 2022, so the research has not led to the current year, 2023, because there is no data. Researchers are expected to add other variables and years to this study to reveal other facts so that poverty in Indonesia is immediately overcome.

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