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Review

The Problems of Sharia Investment in Indonesia from The Perspective of Maqashid Al-Sharia

Ivana Rosa Purbaningrum[1]*, Nadira Luthfia[1], Arim Nasim[1]

[1]*Magister Accounting Science, FPEB, Universitas Pendidikan Indonesia, Bandung, Indonesia*

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***Correspondence**
Ivanrosa189@upi.edu

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ABSTRACT

This study examines investment instruments in Indonesia from an islamic perspective, focusing on their compliance with Maqashid Al-Shariah and Islamic capital market regulations. It also explores public preceptions of the halal status of Islamic capital market product. The methodology used is a qualitative approach with a literature review. The study reviews 200 journal articles, selecting 32 relevant journal and 2 books for analysis. The findings show that Islamic investments must adhere to the five key elements of Maqashid Al-Shariah: protection of religion, life, intellect, lineage, and wealth. Investments that fail to meet these criteria may not be considered fully compliant with Shariah, despite legal recognition. Regulations by the OJK and supported by the DSN-MUI provide a sufficient legal framework, but Shariah principles are often blended with conventional ones due to the influence of Pancasila ideology. The study also reveals mixed public opinions regarding the Islamic capital market, with many questioning whether products labeled as "Shariah" truly meet halal and Shariah principles. This skepticism is compounded by the absence of specific laws regulating the Islamic capital market, highlighting a gap between legality and morality. The study emphasizes the need for clearer policies distinguishing between Shariah and conventional principles and the importance of enhancing public literacy on Shariah-compliant investments.

1. INTRODUCTION

In this era of globalization, the increasingly complex needs of individuals drive them to continually strive to obtain resources that can meet their needs. One way to achieve this is through investment. Investment is defined as a commitment of a certain amount of money or other resources made in the present with the hope of obtaining specific benefits in the future (Fikriawan, 2018). Today, investment has become one of the crucial instruments for individuals in managing their finances and achieving their financial goals. The practice of investment has now become increasingly complex and involves various investment instruments, such as deposits, stocks, bonds, and mutual funds. The diversity of these investment instruments provides a wide range of options for investors to choose instruments that suit their risk profile and investment goals.

Investment is highly recommended from an Islamic perspective because it not only makes assets productive but also benefits others (Wiyanti, 2013). The primary goal of investing in Islam is maslahah, or the advancement of human life as servants of Allah in this world and the hereafter. Therefore, in Islam, investment must be based on good intentions and managed in accordance with Islamic law. Investment should be based on Islamic legal principles, such as the concepts of mudharabah and musyarakah, where both parties must agree on negotiated terms and share profits and losses proportionally based on their contributions (Andinata et al., 2023). Investment is indirectly related to several verses of the Quran, such as Surah Yusuf: 46-49, Surah Al-Hasyr: 18, Surah Luqman: 34, Surah Al-Baqarah: 216, and Surah An-Nisa: 9 (Inayah, 2020).

Behind the allure of the investment world, there is a concerning dilemma for Muslims, namely the prevalence of investments that offer fantastic returns with minimal effort, as if they are normal and easily achievable investments. Often, companies claim that the invested funds will be managed according to Sharia principles, seemingly offering an

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ideal solution for Muslims who want to invest safely and halal. However, the reality is that many of these companies are far from Sharia-compliant (Hayati, 2014). Worse still, many investment instruments are not based on Islamic principles, neglecting contracts and disregarding halal and haram. This is because the principle of investment is solely based on profit (Andinata et al., 2023). For example, investing in companies that produce haram food and drinks, as well as engaging in instruments that involve riba (interest-bearing deposits, riba bonds, high-interest loans), gharar (gambling, illegal trading, and fraudulent investments), and maysir (Ponzi schemes, investment fraud, embezzlement of funds) (Qodir & Kurniawan, 2023).

Additionally, the imperfect development of Islamic economics in Indonesia, which is adopted from the pragmatic approach of capitalist economics, has led to various challenges and gaps in the comprehensive implementation of Sharia principles, including their application in Sharia investments (Afif & ZA, 2024). For instance, there is no clarity regarding the use and investment of customer investment funds, the potential for riba when banks guarantee returns to customers, and the growing perception among the public that Islamic banks are not fully Sharia-compliant because they use Islamic contracts but their practices are still similar to conventional banks (Khalisah, 2014). In Islam, all actions need to be linked to Maqashid Al-Shariah (Helim, 2019). Maqashid Al-Shariah are the goals of Islamic law that are intended to be achieved in every Islamic law. In the context of Sharia investment, Maqashid Al-Shariah should be the main foundation in the development of Sharia investment products and services (Effendi et al., 2023).

Based on this, the researcher is interested in conducting a literature review that discusses investment instruments in Indonesia from a Sharia perspective, and examines the legality of these investment instruments within the framework of Maqashid Al-Shariah. This review is not only important for Muslims who want to invest safely and halal but also for the overall development of the Islamic financial industry in Indonesia. The aim of this literature review is to provide insights into investment instruments that comply with Sharia economic principles. By analyzing investment instruments within the framework of Maqashid Al-Shariah, the researcher can identify instruments that are not only halal but also beneficial for Muslims and society as a whole.

2. RESEARCH METHODS

The research methodology in this journal article employs a qualitative approach using a literature review method to analyze investments from the perspective of al-maqashid sharia. The literature review enables researchers to deeply explore the concept of investment within the framework of al-maqashid sharia principles through the analysis of existing literature. Therefore, the aim of this research is to present a comprehensive understanding of the relationship between investment and the principles of al-maqashid sharia through a thorough and detailed literature review. The researcher conducted a selection based on relevant keywords and themes, reviewing a total of 200 journals, which resulted in the identification of 32 relevant journals and 2 relevant books. These journals include 4 articles in the Sinta 2 category, 2 articles in the Sinta 3 category, 6 articles in the Sinta 4 category, and 11 articles in the Sinta 5 category. Additionally, there are 2 books and several other articles outside the Sinta categories. The publication years of the selected journal articles and books are presented in the following graph in Figure 1.

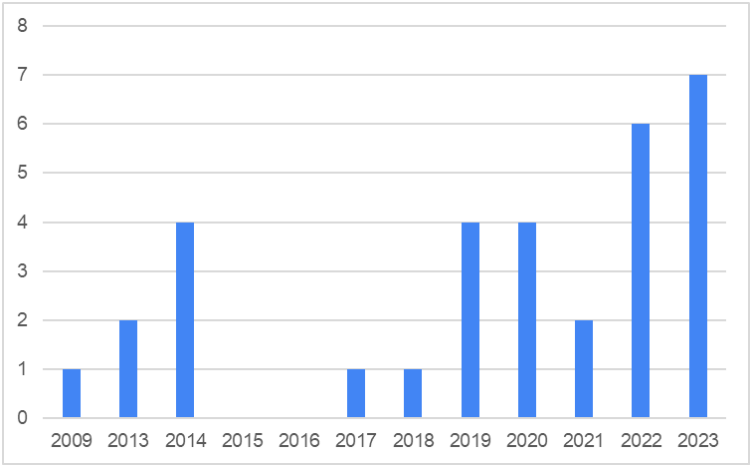

Figure 1. Distribution of research article publication years

3. RESULTS AND DISCUSSIONS

3.1 Investment in General

Linguistically, the word "investment" is adopted from the English language. The root word of "investment" is "invest," which means to plant. In a more practical sense, investment is the act of dedicating a sum of money or other resources

now with the hope of obtaining some benefits later (Fikriawan, 2018). According to Pardiansyah (2017), investment in technical terms means immovable property or assets owned by individuals or companies for a long period, held with the expectation of earning periodic income or profits from their sale.

Generally, investments are divided into two types: investment in financial assets and investment in real assets (Hasan et al., 2023). Investment in financial assets is categorized into two groups:

1. Investment in financial assets conducted in the money market, such as certificates of deposit, commercial papers, money market securities, and others.
2. Investment in financial assets conducted in the capital market, such as stocks, bonds, warrants, options, and others.

Meanwhile, investment in real assets can be done through the purchase of productive assets, establishment of factories, mining, plantations, and other businesses. This type of investment can be described as capital budgeting, meaning the funds spent on such investments will be tied up for a long period with a significant amount. Therefore, mistakes in capital expenditure decisions will have long-lasting and severe consequences. The various investment activities mentioned above generally have the same goal: profitability or income (return).

In investing, there is an understanding that the higher the return on investment, the greater the investment risk. Conversely, the lower the risk, the lower the return. Investing in real assets has the potential for high returns, but it also carries high risk, making it not feasible for everyone to endure or venture into this type of sector investment (Pardiansyah, 2017).

3.2 Stock Investment from the Sharia Perspective

The practice of investment has been ongoing since the time of Prophet Muhammad, who was directly involved in business and investment activities. In managing his business, Prophet Muhammad consistently upheld the values of honesty, kept his promises, and demonstrated other noble characteristics, earning him the title of al-Amin (the Trustworthy). This reputation attracted capital owners in Mecca to seek partnership opportunities with him. One of these capital owners was Khadijah. Khadijah (RA) was known as a very wealthy trader at that time, with her wealth surpassing the combined wealth of all Quraysh traders. Her influential position in the business world was significant. With her abundant wealth, Khadijah ultimately chose to invest her assets in the business led by the Prophet Muhammad (PBUH). This business partnership was based on the principle of mudharabah (profit-sharing) (Sholihat, 2021; Suretno & Ribowo, 2022).

Fundamentally, in carrying out any activities, including muamalah or trade transactions, the primary reference must be in accordance with Islamic Sharia, which can be found in the Qur'an and Hadith. Islamic jurists assert that the Qur'anic provisions regarding trade are general, meaning that trading activities do not consider the field, parties involved, or location of the transaction unless explicitly prohibited. Therefore, it can generally be concluded that stock trading is permissible as there is no prohibition established by Islamic law (Muhyidin, 2019). According to Fauziah & Ibrahim (2022), there are several transactions prohibited in Islamic stock investment due to their contradiction with Sharia principles.

Transactions in stock trading can fall into various categories of dishonest and manipulative practices. One such category is tadlis, which involves deceitful actions like front-running and spreading false information to manipulate stock prices. Another category is taghrir, which includes tactics such as wash-sales, where a person buys and sells the same stocks to artificially influence prices, and pre-arranged trades, designed to give a false sense of market activity. In the category of ba'i najasy, strategies like pump and dump, hype and dump, and artificially creating demand or supply are used to manipulate stock values. Practices under ikhtikar include pooling interests or cornering, where investors control supply or demand to influence prices. Manipulative actions also extend to ghisysy, where marketing at the close or using alternate trades aims to skew stock prices or conceal true trading activity. Additionally, Ghabn Fahisy, commonly known as insider trading, involves using confidential information for personal benefit. The category of Bai' al-mad'um covers short selling, where stocks are sold without being owned, with the intent to repurchase them at a lower price. Lastly, transactions involving riba, such as margin trading, involve trading securities using interest-based loans, with interest charged upon repayment.

The Qur'anic verses that provide guidance on investing or economic aspects can be found in various surahs, even though they do not explicitly mention investment. These include:

1. Surah Al-Baqarah, Ayah 267

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوْٓا اَنْفِقُوْا مِنْ طَيِّبٰتِ مَا كَسَبْتُمْ وَمِمَّآ اَخْرَجْنَا لَكُمْ مِّنَ الْاَرْضِ ۖ وَلَا تَيَمَّمُوا الْخَبِيْثَ مِنْهُ تُنْفِقُوْنَ وَلَسْتُمْ
بِاٰخِذِيْهِ اِلَّآ اَنْ تُغْمِضُوْا فِيْهِ ۗ وَاعْلَمُوْٓا اَنَّ اللّٰهَ غَنِيٌّ حَمِيْدٌ

"O you who have believed, spend from the good things which you have earned and from that which We have produced for you from the earth. And do not aim toward the defective therefrom, spending [from that] while you would not take it [yourself] except with closed eyes. And know that Allah is Free of need and Praiseworthy."

This verse emphasizes the importance of using wealth wisely and giving good-quality charity. Allah teaches us to spend from what is beneficial and to avoid what is bad. This verse reminds us that wealth management should be based on principles of goodness and justice. Additionally, it underscores that Allah is Self-Sufficient and Praiseworthy, so charity and good deeds are not for enriching Him but for seeking His pleasure and benefiting humanity.

2. Surah Al-Baqarah, Ayah 261

مَثَلُ الَّذِيْنَ يُنْفِقُوْنَ اَمْوَالَهُمْ فِيْ سَبِيْلِ اللّٰهِ كَمَثَلِ حَبَّةٍ اَنْۢبَتَتْ سَبْعَ سَنَابِلَ فِيْ كُلِّ سُنْۢبُلَةٍ مِّاۤئَةُ حَبَّةٍۗ وَاللّٰهُ يُضٰعِفُ لِمَنْ يَّشَاۤءُۗ وَاللّٰهُ وَاسِعٌ عَلِيْمٌ

"The example of those who spend their wealth in the way of Allah is like a seed [of grain] that sprouts seven ears; in every ear is a hundred grains. Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and Knowing."

This verse illustrates the importance of using wealth for good purposes and investing in charitable deeds that support Allah's cause or public good. It emphasizes that the results of investing in goodness will exceed expectations and are guaranteed by Allah, who is All-Knowing and Most Generous in His bounties.

3. Surah An-Nisa, Ayah 29

يَٰٓأَيُّهَا ٱلَّذِينَ ءَامَنُواْ لَا تَأۡكُلُوٓاْ أَمۡوَٰلَكُم بَيۡنَكُم بِٱلۡبَٰطِلِ إِلَّآ أَن تَكُونَ تِجَٰرَةً عَن تَرَاضٖ مِّنكُمۡۚ وَلَا تَقۡتُلُوٓاْ أَنفُسَكُمۡۚ إِنَّ ٱللَّهَ كَانَ بِكُمۡ رَحِيمٗا

"O you who have believed, do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you [to] consume a portion of the wealth of the people in sin, while you know [it is unlawful]. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful."

This verse highlights the prohibition for Muslims to unjustly consume each other's wealth, while recognizing and permitting mutually agreed-upon trade transactions. Thus, it underscores the importance of justice, integrity, and voluntary agreement in investments and wealth management.

Investments, such as in Sharia-compliant stocks, must be conducted in accordance with Sharia guidelines, which include maintaining integrity, expertise, prudence, risk assessment, and implementing a profit-sharing system (Suretno & Ribowo, 2022). Sharia-compliant stocks refer to those that meet criteria based on Islamic principles. Conceptually, stocks represent ownership in a company, and shareholders or investors have the right to share in the company's profits (Ibrahim, 2013). According to Qodir & Kurniawan (2023), several criteria must be met by issuers of Sharia-compliant stocks to adhere to Sharia principles before entering the Islamic capital market. First, the issuance of Sharia-compliant stocks must be consistent with Islamic teachings, and the issuing company must operate according to Islamic concepts. If not, the company is not permitted to issue Sharia-compliant stocks. Second, Sharia-compliant stocks operate on a profit-sharing system, where shareholders are entitled to a portion of the company's profits but also bear the risk of losses. Third, profit-sharing and risk of loss must be agreed upon when registering the stocks to prevent shareholders from misleading information or excessive risks. Additionally, the issuance of stocks in the Islamic capital market should not be based on the concept of debt. Debt should not be exploited for profit-seeking purposes. Therefore, the principle of debt must not be used as a tool for profit-making. The Prophet Muhammad (PBUH) stated in a hadith that any excess given in a debt transaction is considered usury (riba) (Muhyidin, 2019).

3.3 Investment from the Perspective of Maqashid Al-Shariah

In Islam, investment is not solely about gaining financial profit but must also align with Sharia principles and contribute to the achievement of Maqashid Al-Shariah. Maqashid Al-Shariah comprises two words: maqashid, the plural form of maqṣid, meaning "destination or intended place," or maqṣad, meaning "purpose or direction," and al-shariah, which is interpreted as "a set or collection of laws governing actions contained in Islam" (Effendi et al., 2023). Terminologically, Maqashid Al-Shariah can be defined as the goals, targets, or ultimate outcomes of genuine benefit achieved through the establishment of law for humans (Helim, 2019).

Helim (2019) explains that investment adhering to Maqashid Al-Shariah must align with the five fundamental elements of Maqashid Al-Shariah, namely the preservation of religion (muhafazah al-din), preservation of life

(muhafazah al-nafs), preservation of intellect (muhafazah al-aql), preservation of lineage (muhafazah al-nasl), and preservation of wealth (muhafazah al-mal). Below is an explanation of each element and its relation to investment.

1. Preservation of Religion (Muhafazah al-Din)

   A person who preserves their religion is shown by practicing all teachings related to faith, worship, and the laws ordained by Allah to humans. When linked to investment, an individual who invests according to the practices and values of Islam, such as investing in a halal and Sharia-compliant manner and avoiding investments involving riba, gharar, or maysir (Inayah, 2020), is considered to be preserving their religion. Investments that comply with Islamic teachings not only provide financial benefits but also help strengthen Islamic values and build a just and prosperous society.

2. Preservation of Life (Muhafazah al-Nafs)

   A person who preserves their life endeavors to meet daily needs, protect themselves from harm, and avoid destruction of life. To preserve one's life through investment, one must invest in a safe manner that does not endanger their own health or safety or that of others. This includes avoiding investments that involve dangerous or high-risk activities and investments that exploit or oppress workers. Moreover, individuals should avoid investments that could lead to social unrest or environmental damage to achieve peace of mind and not harm others (Amalia, 2019).

3. Preservation of Intellect (Muhafazah al-Aql)

   One must preserve their intellect because it is through intellect that humans can distinguish, feel, and know everything achievable within or outside themselves. Intellect allows a person to understand and differentiate between right and wrong. A person who preserves their intellect can maximize its function effectively, utilizing all the knowledge and information available today. In the context of investment, a person who preserves their intellect will invest rationally, thoughtfully, and responsibly (Hayati, 2014), choosing investments wisely. This aligns with Islamic teachings that encourage Muslims to use their intellect in all aspects of life, including financial management.

4. Preservation of Lineage (Muhafazah al-Nasl)

   In Islam, preserving lineage is obligatory as offspring are the future generation and a matter of honor for the Muslim community. In relation to investment, someone who considers the interests of future generations when investing is preserving their lineage (Sakinah, 2014). Investing with the goal of creating future welfare by providing funds for education, health, and other needs can ensure a brighter future for the next generation.

5. Preservation of Wealth (Muhafazah al-Mal)

   Wealth must be preserved by all humans because all wealth in this world ultimately belongs to Allah SWT, while the wealth in human hands is only a loan that will be accounted for on Judgment Day. Therefore, the use of such wealth must be in accordance with Islamic teachings. In Islam, preserving wealth does not mean merely saving it but also making it productive so it can benefit others (Inayah, 2020). The productivity of wealth can be achieved by investing in halal and accountable ways, adhering to Sharia principles, ensuring that the wealth can be responsibly accounted for before Allah SWT.

3.4 Sharia Capital Market Policies in Indonesia

Investors planning to invest in stocks will conduct their transactions in the secondary market, namely the Indonesia Stock Exchange (IDX), which operates within the framework of the Sharia capital market. The Sharia capital market is characterized by all its activities adhering to Sharia principles, which include prohibitions on usury (riba), gambling, speculation, and so forth (Burhanuddin, 2009). However, Muhyidin (2019) argues that in Indonesia, based on the ideology of Pancasila, the application of Islamic law is only based on cultural or traditional aspects, so the implementation of Islamic law is not fully realized. This issue causes the application of Islamic economic and business principles in the financial sector to be mixed with conventional principles. Although many financial institutions bear the "Sharia" label, they have not been able to fully implement Sharia principles. For example, in the context of the Sharia capital market, issuers must be in the form of a Limited Liability Company. In this structure, the owner's liability is limited to the amount of capital they own. This means that if there is a loss or bankruptcy, the capital owner will not be required to pay with personal assets, even though according to Islamic Sharia principles, they still have an obligation to repay debts (Khalisah, 2014)

According to the Financial Services Authority Regulation No. 35/POJK.04/2017, there are two main criteria for Sharia-compliant stocks as stipulated in Article 2. First, the ratio of total interest-based debt to total assets must not exceed 45%. Second, total interest income and other non-halal income must be less than 10% of total business income and other income. Similarly, the DSN-MUI Fatwa No. 20/DSN-MUI/IV/2001 Article 10 states that an issuer is not

eligible for investment if its debt structure heavily relies on financing containing elements of riba. An issuer is deemed non-compliant if the debt-to-equity ratio exceeds 82% (debt 45%, equity 55%). If company management is known to engage in actions contrary to Islamic business principles, the issuer is also deemed unsuitable for investment (Afif & ZA, 2024).

Even the smallest element of interest or riba remains haram under Islamic law. Furthermore, from the perspective of maqashid al-shariah, anyone investing according to Islamic practices and values must avoid investments containing elements of riba. Despite numerous regulations being implemented to maintain Sharia principles in the Sharia capital market, it remains difficult to eliminate its conventional characteristics. The existence of non-halal funds within the criteria for Sharia-compliant stocks remains inseparable from the dominance of conventional financial institutions in the global economy. The involvement of these institutions in Sharia-compliant funding and financing can cause a mixture of halal and haram funds (Afif & ZA, 2024). Additionally, traded instruments such as stocks and bonds, which are often debated for their Sharia compliance, and the unavoidable speculation in the capital market, push people toward greed and the desire for instant wealth (Khalisah, 2014).

On the other hand, Marlina & Safitri (2023) reveal that the fundamental difference between conventional and Sharia investments lies in their objectives. Sharia investments are directed toward broader goals, where the profits obtained are not entirely owned by the investors or shareholders and the related companies. Instead, a portion of the profits is donated to charity and helps those in need, giving Sharia investments a strong social aspect. Conventional investments, however, focus more on generating profits, passive income, and the accumulation of assets that can be withdrawn in the future. Moreover, Sharia investments have stricter regulations than conventional investments, where all parties involved must first make a contract or agreement. Although conventional investments seem easier because they do not require a contract or agreement, the purpose of the agreement is to ensure that no party feels disadvantaged. Some Sharia-compliant investment products available to Muslim investors include mutual funds, stocks, gold, sukuk, and other investment products that align with Sharia principles. However, it should be noted that bonds, term deposits, subscription rights, and warrants are conventional investment products that need to be avoided because they do not align with Sharia principles. Nonetheless, according to Hartati (2021), stock investments on the Indonesia Stock Exchange have been aligned with Sharia economic principles. Furthermore, investment activities are also in line with the objectives of economic law and Islamic law found in maqasid al-shariah. The Sharia economic concept, which aligns with Islamic teachings, involves a platform for society to carry out two commands of the Quran: at-ta'awun (mutual help) and avoiding gharar (transactions that harm one party).

To manage Sharia investments well, the presence of the Sharia Supervisory Board is required to ensure that investments remain in accordance with Sharia principles and the perspective of maqashid al-shariah. The Sharia Supervisory Board provides advice and supervision of the activities of banks or Limited Liability Companies to ensure they align with Sharia principles and act as intermediaries between companies and the National Sharia Council-Majelis Ulama Indonesia. However, the DPS faces several challenges, including issues in the legislative aspect, where not all Sharia Supervisory Board in Sharia business units have a strong legal basis for Sharia supervision. Additionally, in terms of organization and management, supervision practices are often not optimal due to a lack of clear legal basis and inadequate organization and management. Internal factors, such as limited human resources (HR) with adequate knowledge, also contribute to suboptimal supervision. Moreover, the lack of adequate facilities and infrastructure also hampers the supervision duties. To overcome these challenges, parties such as the government, Sharia Supervisory Board, business managers, and academics need to be involved to create effective supervision mechanisms within the Sharia Supervisory Board (Ansori, 2013).

3.5 Public Perception of the Sharia Capital Market

Research by Hasanah & Apriani (2022), Hidayah et al. (2020), and Qodir & Kurniawan (2023) highlights that there is public skepticism regarding the halal nature of the Sharia capital market. This skepticism stems from the perception that elements of gharar (uncertainty) and jahalah (ignorance) are present in Sharia capital market transactions. This view is often linked to the lack of understanding and inadequate public education about the Sharia capital market. This skepticism is further exacerbated by the belief that investment is akin to gambling or speculation. However, speculation is indeed possible in the Sharia capital market. Azizi & Hidayatullah (2020) explain that speculation can occur when the quality of the purchased stocks is not clearly known, thus failing to meet the criteria of a valid object as it falls under maysir. This negatively impacts issuers by disturbing market stability and causing uncertain stock volatility, thereby including elements of gharar. Although speculation is prohibited in Sharia economic law because it can disrupt price stability and stock liquidity, existing regulations are not yet effective as they are merely norms without strong legal consequences.

Public skepticism about the Sharia capital market also arises from unclear regulations governing the capital market in Indonesia. Rofik et al. (2023) point out that although there are regulations from MUI, Bapepam, and OJK, there is no specific law governing Sharia investments, leading to legal uncertainty. According to Nurlita (2014), the Capital Market Law (UUPM) No. 8 of 1995, which regulates the capital market, does not differentiate between conventional and Sharia capital markets, resulting in a gap in market participants' understanding of the Sharia capital market. Additionally, public skepticism also emerges from doubts about the Sharia compliance of the Sharia capital market. Rifai et al. (2022) explain that DSN Fatwas are indeed a response to public demand in Indonesia for guidelines in Islamic economics, but various risks arise when Islamic schemes are integrated to form a single alternative to conventional banking instruments. Problems arise in the debate between legality and morality, where products deemed legally permissible may not necessarily align with the moral principles desired in Islam. Munawiroh & Rumawi (2022) also highlight the phenomenon where the term "Sharia" has become a new business strategy, with many products labeled halal to attract the market. Although products in the Sharia capital market are labeled as "Sharia," this does not necessarily reflect actual compliance with Islamic teachings. This indicates that the "halal" labeling in the Sharia capital market does not necessarily reflect the true adherence of products to Islamic principles

4. CONCLUSION

Investment is the allocation of money or resources to gain future profits. Investments are divided into two categories: financial assets (such as stocks in the money market and capital market) and real assets (such as purchasing productive assets or establishing businesses). In Islam, investments must comply with Sharia principles, prohibiting usury (riba), gambling, and manipulative practices. However, in Indonesia, Sharia principles are often mixed with conventional principles due to the influence of the Pancasila ideology. For instance, issuers must be in the form of a Limited Liability Company, with limited liability that does not fully align with Sharia principles regarding debt. Sharia stock policies from POJK and DSN-MUI fatwas limit the ratio of interest-based debt and non-halal income, but even the smallest element of riba remains haram. This indicates that the conventional characteristics of the capital market are still difficult to eliminate. Sharia investments are different because they have social objectives in addition to profits, such as donating a portion of the profits to charity. Sharia investments also have strict regulations with contracts or agreements to ensure that no party is harmed. Sharia-compliant investment products include mutual funds, stocks, gold, and sukuk, while bonds and deposits should be avoided. Public skepticism about the halal status of the Sharia capital market arises from perceptions of gharar (excessive uncertainty) and jahalah (ambiguity) in transactions, coupled with a lack of understanding and education, and unclear capital market regulations in Indonesia. Although there are regulations from the MUI, Bapepam, and OJK, there is no specific law governing Sharia investments, creating legal uncertainty. The "Sharia" label often becomes a business strategy that can be misleading as it does not always reflect true compliance with Islamic teachings

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