



SHARIA STOCK INVESTMENT ON THE INDONESIAN STOCK EXCHANGE IN THE PERSPECTIVE OF SHARIA ECONOMIC LAW

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Abstrack: Stock transactions in the capital market are considered speculative activities so that they are prohibited by Islam and are not in accordance with sharia because they lead to gambling. This study aims to provide an explanation to prospective investors about the law of stock investment from the perspective of sharia economic law. This research method uses a literature study which is used to examine the basis of sharia economic law regarding stock investment. The research results show that stock transactions are a business agreement (trade association or partnership), so buying and selling shares on the Indonesian Stock Exchange is permitted because shares are proof of ownership of a company in the form of assets. The jurists who allow this are Abu Zahrah, Abdurrahman Hasan and Abdul Wahab Khallaf.

Keywords: Stock Investment, Indonesia Stock Exchange, Sharia Economic Law

INTRODUCTION

Along with the development of Islamic banking, Islamic insurance, Islamic capital markets also accompany the development of a sharia-based economy. Likewise with investment, which is the main activity in the capital market. There is an investment concept that differentiates conventional and sharia investments. The concept of sharia investment is based on the principles of morality and justice that make it the basis of value, in addition the concept of sharia investment is free from Maisyir, Gharar and Riba. Investment in the conventional concept is closer to gambling, because between return and risk always move in the same direction.

Shares are proof of ownership of a company that has gone public where ownership is determined by nominal and percentage (Tandelilin, 2010). Stock transactions in the sharia capital market are considered by most lay people as speculative activities so that they are prohibited by Islam and are not in accordance with sharia because they lead to gambling. Many lay people also do not know that the word stock itself has a basis in muamalah jurisprudence, namely



"musahamah", which comes from Arabic which means simply "partnership".

The Indonesia Stock Exchange is a place for the meeting of buyers and sellers of securities with the aim of trading securities between them, in this case it functions to organize and provide a system or means of stock transactions. As for the market that buys and sells securities over a long period (more than one year), it is called the capital market. Securities buying and selling transactions can occur on the stock exchange or outside the stock exchange (over the counter). (Mudjiyono, 2012)

RESEARCH METHOD

The method used in this research is qualitative, then the type of research is a literature study (library research), namely a study conducted using journal literature. Then, the data is classified according to needs, then arranged according to the topic or problem raised, namely about stock investment reviewed from the perspective of Islamic economic law.

Finally, all research data and discussions are presented with a descriptive analysis pattern. (Sujarweni, 2019)

THEORETICAL BASIS

Investment

The word investment is adopted from English, which is investment. According to (Huda, 2007), invest itself means planting. Then in Arabic, investment is known as *istismar*, meaning fruitful assets and increasing amounts (Gunawan, 2013). Then, in Islamic law, investment comes from wealth or assets rather than savings, which in investment generally have a definition limit as the remainder of income after deducting various consumption expenses (Jusmaliani, 2008).

Investment discussion is related to the management of financial assets, especially marketable securities, in this case stocks. Investment activities can be carried out on a number of assets such as below:

- a) Real assets (land, gold, machinery, or buildings).
- b) Financial assets (deposits, stocks, bonds, options, warrants, or futures).

Financial assets are claims in the form of securities on a number of assets of the party issuing the securities. The form can be a letter of participation in company ownership or can also be in the form of debt securities

Salam Shares Conventional and Sharia Dimensions

According to the OJK, sharia shares are securities that are evidence of capital participation

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with the aim of the company and evidence of the participation of funds to shareholders who are entitled to receive a share of the results of the company's business. The concept of capital participation with the right to a share of the results of business activities because the concept does not conflict with sharia principles. Sharia principles provide an introduction to muamalah transactions in terms of musyarakah or syirkah. (Musthofa 2020).

Sharia Economic Law

According to the public's understanding, "Sharia Economic Law" means "Islamic Economic Law" whose source is obtained from the Islamic economic system that is developing in society. Where the Islamic economic system in society is the implementation of Islamic jurisprudence in the economic field in general. However, in order for the implementation of Islamic economics or sharia economics to be orderly, laws are needed to regulate it so that legal order is created and there are no sharia economic disputes. Even if a dispute does occur, there are guidelines for resolving it through the laws that have been established. (Habibullah, 2020).

Islamic Legal Provisions Regarding Buying and Selling Shares

Islam determines and regulates activities carried out by society or the state, as well as trade transactions or muamalah, namely the activity of buying and selling sharia shares and about investment. Islamic law explains the halal or haram activities in sharia investment because there are several regulations on how transactions are said to be haram or haram in transaction activities. In stock transactions, there are shares that are allowed because they have met the requirements, here are some of the requirements, including :

1. Shares have Underlying Assets; Shares cannot be in the form of money because as a reference for trading they must have an underlying asset.
2. Shares must be in the form of goods; In the transaction process of shares when a company sells its shares, then shares on the stock exchange are not allowed to be bought and sold unless they have been made into a type of business or capital in the form of goods. (Selasi, 2018)

Stock Investment on the Indonesian Stock Exchange in the Perspective of Sharia Economic Law

The term musahamah in fiqh which means shares, because it comes from the sentence sahm



(stock) has a translation of giving shares and some. Where, between investors and recipients of funds are business partners who both help each other. Then, in this relationship the distribution of profits or losses is based on the capital of both or which in the muamalah agreement is known as musyarakah . The form of shares is a sheet of paper containing the meaning of the business owner in this case, namely shares are the owner of the company that has issued proof of ownership. If someone transacts shares, he receives proof of ownership which contains meaning and explains that he has obtained the issuer of the company's shares.

Shares according to the opinion of Islamic jurisprudence scholars are permitted because their opinion is in accordance with the understanding of shares themselves, when someone owns a share then that person has proof of share ownership which in this case is the company's assets, so that the picture of proof of ownership of a company asset is in the form of shares. This opinion means that shares are the basis for shares that can be traded like goods. Contemporary jurists who allow it are Abu Zahrah, Abdurrahman Hasan and Abdul Wahab Khallaf.

Secondary stocks that can give rise to speculators always doing margin trading are stock trading in the secondary market, with this activity a way to get profit action from price differences that are spread in a short time. So this is something that is not allowed by jurists in stock trading transactions, because this activity is a speculator will be contrary to true investors who do not prioritize margin trading. (Isfandiar 2009) .

The decision of Majma Fikih Al-Islami states, “ Any investment that makes the entrepreneur (mudharib) provide a certain amount of profit to the investor, then it is haram. Because the nature of the investment has changed into an element of loan with the promise of usury profit.” There are rules of jurisprudence in investment that form the basis for investing. In the book Al-Qawaid Al-Fiqhiyyah it is written: "That profit is through bearing existing risks".

RESULTS AND DISCUSSION

Conventional Shares of the Indonesia Stock Exchange (IDX)

Conventional shares are shares of public companies issued by companies that carry out their business activities following common business practices and are not bound by Islamic sharia principles. Conventional shares are the most common type of shares traded on the Indonesia Stock Exchange (IDX).

Characteristics of Conventional Stocks

Not restricted by sharia principles, so companies are free to run their businesses and



manage their finances in accordance with market practices. There are no restrictions on business activities or the percentage of assets used. Can engage in financial transactions that are not permitted in Islam, such as usury (interest) and gambling.

Benetifs of Investing in Conventional Stocks

High Profit Potential Potentially provides higher returns compared to sharia stocks because they are not limited by sharia principles.

Variety of Choices There are more choices of conventional stocks than sharia stocks, so investors can choose companies that suit their investment goals. High Liquidity Conventional stocks generally have higher trading volumes, making them easier to buy and sell. Investment Diversification A combination of sharia and conventional stocks can help diversify investment portfolios and reduce risk.

Sharia shares are shares of public companies issued by companies that carry out their business activities in accordance with Islamic sharia principles. The Indonesia Stock Exchange (IDX) has a sharia stock index called the Indonesian Sharia Stock Index (ISSI), which consists of sharia stocks listed on the IDX.

To be eligible for entry into ISSI, companies must meet strict selection criteria, including:

Permissible Business Activities The company must engage in businesses that are permissible in Islam, such as trading, manufacturing, and services. Proportion of Assets Used in Accordance with Sharia*: At least 60% of the company's total assets must be used in accordance with Sharia principles. Low Debt Level The company's Interest-Bearing Debt to Equity (DER) ratio must be less than 30%.

Appropriate Financial Transactions Companies must not engage in financial transactions that are prohibited in Islam, such as usury (interest) and gambling.

Sharia Stocks Offer Serveral Advantages For Investors, Including:

Compatible with Sharia Principles Investing in sharia stocks ensures that the investment is in accordance with Islamic principles. Growth Potential Sharia companies generally have good growth prospects because they are supported by a growing market. Diversification of Sharia Stock Investments can be part of an investment diversification strategy to reduce portfolio risk. The Quality Assurance of the Indonesian Sharia Stock Index (ISSI) is managed by the IDX to ensure the quality and transparency of companies included in the index.

Basically, sharia stock investment is halal and permitted in Islam. This is based on the fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) Number 80/DSN-MUI/IX/2011 concerning the Application of Sharia Principles in the Equity Securities



Trading Mechanism in the Regular Market of the Stock Exchange. Based on the fatwa, a stock can be said to be a sharia stock if the stock is issued by an issuer and public company that clearly states in its articles of association that the business activities of the issuer and public company do not conflict with sharia principles. This article was written with the aim of analyzing how sharia stock investment on the Indonesia Stock Exchange (IDX) is carried out from the perspective of sharia economic law.

This article uses a normative legal research method with a qualitative approach. This study takes research sources from interviews with several investors and sharia economic law experts, then regulatory documents, and literature studies related to the research. The results of the study show that in the sources of Islamic law, namely the Qur'an, hadith, fiqh, ijma'ulama, and the opinions of scholars, it is emphasized that buying and selling shares is halal. Then, share transactions from the perspective of Islamic economic law are assessed from the use of the contract, it is known that the contract used is Bai'Al [1] Musawamah and the transaction refers to musyarakah or syirkah. This is in accordance with what is stated in the DSN-MUI Fatwa, so it is clear that investment according to the perspective of sharia economic law is halal with the aim of investment and asset development, because buying and selling shares with underlying shares is halal.

CONCLUSION

Fiqh literature discussing stocks or stock exchanges in the opinion of contemporary fiqh scholars is called the understanding of syirkah (trade association or partnership) which is then called the word syirkah al-asham (share and capital cooperation). In this transaction, the aim of the owner or buyer of shares is to be the recipient who is returned according to the rules or percentage of his capital when the company that has issued shares experiences a business profit in its business process. Conversely, when the company experiences a loss, the shareholders also bear the loss with the provisions of the percentage of capital owned. Therefore, contemporary Islamic jurists distinguish musahamah into a syirkah contract (trade association or partnership) whose nature for the investor is to gain profit, while for the manager or owner of the company it is intended to develop the company.

From the perspective of sharia economic law, buying and selling or investing in shares for investment purposes is permitted, because buying and selling with underlying shares is halal, and is even recommended because it fulfills investment and asset development, one of the maqasid sharia (Hifdzul maal). Meanwhile, buying and selling for speculative purposes (playing the stock market) is not permitted.

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