

Limitation of Non-Halal Income (Interest) in The Criteria of Sharia Securities List in Indonesia Stock Exchange

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Riwayat Artikel

Diterima pada: 22 Desember 2022

Revisi 1 pada: 17 Januari 2023

Revisi 2 pada: 18 Januari 2023

Revisi 3 pada: 21 Januari 2023

Disetujui pada : 24 Januari 2023

Abstract

The Islamic capital markets in Indonesia have been developing over the last two decades, characterized by an increase in Islamic products and the issuance of regulations related to the Islamic capital markets, and the general public and investors are beginning to understand the list of Islamic securities. Next, there is one of the controversial criteria for the Sharia Securities List. That is, the total yield is less than 10%. It is understandable whether Islamic financial institutions earn income from bank interest before they are fully subject to Sharia law.

Purpose: The purpose of this research is to examine the refinement of several regulations related to criteria and issuance of sharia lists to encourage and increase the Indonesian Sharia Stock Index (ISSI).

Methodology: This study analyzes the dispute using an associative approach by building relationships between social situations or domains based on the interdependencies of the dispute under study. It is a study to do.

Result: The results of this survey and discussion are based on an analysis of non-Halal income (interest) restrictions in the criteria for listing Shariah securities in Indonesia to address the conditions, risks and possibilities of Sharia Securities List (SSL). The Indonesian capital markets industry is beginning to develop the application of the Islamic Shariah Principles as an alternative investment tool in Indonesian capital market activities. With the standard requirements and the issuance of the following list of Shariah securities, total interest income and other non-Halal income for each security will be less than 10%. The decision to change the issuer's financial indicators was analyzed by capital market authorities on the effect that the company continues to use interest-based financial institutions. If the interest limit is kept to a minimum, the capital market will not run and develop properly and will inevitably lead to a drastic decline in the Islamic stock index on IDX. Thus, when Islamic issuers have developed a lot and are finally ready to lower the interest-based non-halal income limit, they will certainly have a perspective in influencing the conditions of inclusion of other Islamic financial institutions.

Keywords: *SSL, Inclusiveness, LKS, DSN - MUI and OJK*

How To Cite: Fatchurrohman, M., Saputri, P.L.(2022). Limitation of Non-Halal Income (Interest) in The Criteria of Sharia Securities List in Indonesia Stock Exchange. *Bukhori: Kajian Ekonomi dan Keuangan Islam*, 2(1), 29-38.

1. Introduction

The development of the number of shares listed in the Sharia Securities List (SSL) shows an increase. In June 2022, the shares listed in DES amounted to 504 sharia shares with a capitalization value of sharia securities of 3,983.65 trillion of the total ISHG 787 shares with a capitalization value of

8,252.41 trillion which are listed on the Indonesia Stock Exchange. Based on these data, the percentage of sharia securities is 60.60% of the total securities and the percentage of sharia securities value is 48.27% of the total securities on the Indonesian stock exchange (sharia stock statistics-ojk.go.id). Currently, the directorate of the sharia capital market, the financial services authority, has processed the refinement of sharia capital market regulations. The form of participation of the Directorate of Sharia Capital Markets, Board of Commissioners of the Financial Services Authority in encouraging the development of the Indonesian Islamic Capital Market industry, is the establishment of criteria for listing sharia securities. Shares that fall into the category of sharia shares are shares that pass the screening of several sharia criteria set by the financial services authority and the Indonesian stock exchange by referring to the DSN-MUI fatwa which is included in the Capital Market Sharia Expert.

Based on its development, SSL contains only stocks that meet the standards of Shariah Securities and does not include corporate sukuk as the characteristics of Sukuk already comply with Shariah principles. One of the issues still one of the issues for some parties creating regulations on the Islamic capital markets is the regulation on the criteria for listing Shariah securities. Specifically, it limits the issuer's financial indicators that may be included in the standards of Shariah Securities. That is, the ratio of total interest-based liabilities to total assets should not exceed 45%. And / or gross interest income and other non-halal income compared to total income and other income does not exceed 10%. Basically, the non-halal income limit (interest) of no more than 10% is one of the arrangements that still need to be discussed by the Sharia Supervisory Board (SSB) and Sharia Experts. Especially when determining the minimum limit for the financial ratio, there are still some irregularities for some parties who do not know clearly about the problems that exist in the development of the Islamic capital market in Indonesia.

The existence of a percentage of non-halal income (interest) in practice is still present in one of the Islamic financial institutions that usually cannot be accepted by the wider community. This is due to the assumption that interest in conventional banking is a form of usury. Thus, it can be understood that if Islamic financial institutions still get income from bank interest, the institution is not fully sharia. This problem also occurs in the socialization of the Islamic capital market which often gets rebuttal by the public regarding the discussion of the criteria for the list of sharia securities to sharia issuers where there is still a limitation on the financial ratio of non-halal income (interest) of no more than 10% of total income.

2. Literature Review

1. Thesis of Ahmad Baharudin, S. Sy, Master of Islamic Law Studies Concentration of Sharia Business Law, Postgraduate UIN Sunan Kalijaga Yogyakarta (2015) with the title "Debt and Corporate Income in SSL Perspective of Sharia Economic Law". Discussion of this research, namely the ratio of interest-based debt and non-halal income, a maximum of 45% and 10%, respectively, is a problem in determining it based on *ijtihad* which is influenced by the conditions of *tempat dan waktu* (place and time). Then the philosophical basis and *maslahah* perspective of Bapepam-LK determines the ratio of interest-based debt and non-halal income to the criteria and publishes a list of sharia securities (Baharudin, 2015).
2. Ardea Runianza's thesis, Master of Law Masters Degree at Gadjah Mada University, Yogyakarta (2012) with the title "Analysis of BAPEPAM LK Regulations Number. II.K.1 Number. 1 Letter (B) Point 7 Point (B) Number (2) Concerning Criteria and Issuance of List of Sharia Securities Against Sharia Principles in Sharia Economic Law. Discussion of this research is about the description and understanding of the views of Islamic economics on the issuance of Islamic securities in the form of shares issued by public companies or issuers; (2) To find out the suitability of the contents of Bapepam-LK Regulation No. II.K.1 No. 1 letter b point 7 point (b) number (2) concerning Criteria and Issuance of List of Sharia Securities with sharia principles in Islamic economic law. Interest income and other non-halal income contained in the Bapepam-LK Regulations are part of usury and as stipulated in the main sources of sharia economic law, namely the Qur'an and Hadith of the Prophet SAW and have been corroborated by the opinion of

- fiqh experts that interest Banks are part of usury and taking usury must be avoided in every muamalat activity (Astuti, 2000).
3. Zaid Mahayni's thesis, Degree of Doctor of Philosophy at the University of Leicester (2012), with the title "An Analysis Of Capital Market Regulation In Saudi Arabia". in the organization of capital market transactions and the protection of market participants. This thesis provides a number of proposals for legal and institutional reforms and also recommends that a greater role be given to international Islamic non-governmental organizations for the formulation and harmonization of Sharia standards applicable to capital market transactions. This thesis also argues that the Capital Market Authority (CMA) should interact more closely with the regulated sector and allow for greater transparency regarding the thinking and process of developing the rule of law (Mahayni, 2013).
 4. Thesis of Kanny Hidayat Y W, S2 in the Field of Islamic Studies Concentration of Islamic Economics Postgraduate Syarif Hidayatullah State Islamic University Jakarta (2008) with the title "Analysis of Investability of Sharia Stocks in the List of Sharia Securities (DES) Bapepam-LK". Discussion of this research is about the Halal Stock List (DSH) which filters stocks on the stock exchange based on the criteria for the issuer's main business type only. Then at the end of 2007, Bapepam LK issued a new regulation regarding sharia securities and issued a List of Sharia Securities (LSS) based on the criteria for the issuer's main business type as well as using financial ratio criteria. Then look at the investability of LSS compared to DSH by doing a comparison of the two lists of Islamic stocks with different screening criteria (Hamid, 2008).
 5. Ecubis Journal of the Faculty of Economics, Universitas Islam Nusantara (2017) which was researched by Yoyok Prasetyo with the title "Financial Ratios as Criteria for Sharia Shares". The discussion of this research is that financial ratios are used as criteria in determining Islamic stocks in several countries, such as Indonesia, Malaysia and America. The criteria for Islamic stock financial ratios in Malaysia only use non-halal income parameters which are detailed, while Indonesia and America, apart from using non-halal income parameters, also use other parameters. America uses the parameters of the debt ratio, total cash and total receivables in its Sharia stock accounting ratio, while Indonesia uses the debt ratio. Indonesia uses the comparison (denominator) of total assets from the ribawi-based debt ratio, while America uses the market capitalization comparison (denominator) from the debt ratio, total cash and total receivables. The use of a comparison (denominator) of total assets which is an internal factor of the company is felt to be better than market capitalization which is an external factor (Prasetyo, 2017).
 6. Journal of the Faculty of Economics and Business, Atma Jaya Catholic University (2017) which was researched by Ade Banani and Nur Afni Hidayatun with the title "Performance Of Islamic Indices: Risk Adjusted Returns Of Sharia Compliant Stocks On Jakarta Islamic Index And Dow Jones Islamic Turkey". The discussion of this study is about the description of the performance of Islamic indices in developing countries, namely Indonesia and Turkey, which are represented by the Jakarta Islamic Index and Dow Jones Islamic Market Turkey in 2010 - 2014. This study explains that the Islamic index does not significantly result in poor performance. compared to its partners. What's more, the Islamic index in Indonesia has not significantly outperformed its counterpart LQ45 index, while in Turkey it has not significantly underperformed compared to the Dow Jones Turkey Titans 20 index. risk and reward results. Therefore, investors who are concerned with investing in Shariah-compliant stocks may also benefit from holding an investment portfolio that follows Shariah principles (Banani & Hidayatun, 2017).
 7. Journal of Inspiration Vol 1 Faculty of Business and Management, Padjadjaran University, Bandung (2017) which was researched by Egi Arvian Firmansyah with the title "Sharia Stock Selection: Comparison between Indonesian and Malaysian Stock Exchanges" Discussion of this research is about comparing stock selection criteria to be categorized into in sharia stocks in two developing countries with Muslim majority populations, namely Indonesia and Malaysia. Because the screening of sharia stocks is included in the muamalah aspect and there are no scholars accepted by Muslims around the world to determine a law that is generally accepted, each country with its respective scholars uses the ijihad approach to decide which shares are categorized according to sharia and which are not. based on the understanding of fiqh adopted by each country as well as the vision and target investors want to achieve (Firmansyah, 2017).

8. Journal of Islamic Banking Masharif Al-Syariah Vol. 1 Muhammadiyah University of Surabaya (2016) researched by M Nasyah Agus Saputra with the title "Reconstruction of the Decision of the Chairman of Bapepam-LK Number: KEP-180/BL/2009 Concerning Criteria and Issuance of List of Sharia Securities (Comparison with the Guide to the Dow Jones Islamic Market Indexes)". The discussion of this research is about the issuer's criteria in number 1 letter b point 7 above mentioned in the Decree of the Head of Bapepam-LK KEP - 180/BL/2009 there are 2 criteria for financial ratios namely the criteria in number 1 letter b point 7) b), regarding financial ratios namely: "total interest-based debt compared to total equity is not more than 82% (45%: 55%), and total interest income and other non-halal income compared to total income (revenue) and other income is no more of 10%". Whereas in other countries, namely the Dow Jones Islamic Market Index and the MSCI GCC Countries ex Saudi Arabia Islamic Indices, the criteria for issuers published in the list of sharia securities use the criteria of financial ratios, namely: "total interest income and non-halal income compared to total revenue (revenue) not more than 5%" (Saputra, 2016).
9. Asy-Syir'ah Journal Vol. 47, no. 2 Faculty of Sharia and Law UIN Sunan Kalijaga Yogyakarta (2013) which was researched by Syafiq M. Hanafi with the title "Empirical Evidence of Economic Value in the Announcement of List of Sharia Securities (DES) in Indonesia". The discussion of this research is about testing the effect with the signal hypothesis, the criteria selection hypothesis, and the price pressure hypothesis from the announcement of the sharia securities list (SSL) with the event study method, because DES has information content in the form of economic value. Sharia selection is based on two assessments which are related to the halal and haram aspects of the business carried out by the company, while the financial ratios are related to the limits on the ratio of debt and non-halal income that are allowed for sharia issuers in Indonesia which refer to decisions issued by the National Sharia Council-Indonesian Ulama Council (DSN-MUI) and strengthened by Bapepam-LK (Syafiq, 2013).
10. Journal of the Center for Finance and Economic Studies at the Faculty of Business Management, Universiti Teknologi MARA Malaysia (2011) which was researched by Catherine S F Ho, Nurul Afiqah Abd Rahman, Noor Hafizha Muhamad Yusuf and Zaminor Zamzamir with the title "Comparison Of Quantitative Sharôñah- Compliant Screening Methods". The discussion of this research is about the different screening methodologies that have been developed in the market to screen Shariah-required investments. The Sharia screening process is deemed essential for investors to avoid prohibited activities and to choose investments in businesses that are permissible according to Islamic principles. This paper examines the Sharia investment screening methodology of twenty one prominent users of Islamic finance worldwide, including index sensing, service providers, Sharia, fund service providers. A comparative recollection was carried out to highlight the significant differences and promotion methods installed (Ho, Rahman, & Hafizha, 2011).
11. Paper researched by Ali Waris, Hafiz Ali Hassan, Sayyed Khawar Abbas, Muhammad Mohsin and Nouman Waqar from the University of Lahore and Chenab Campus Gujrat Pakistan (2018) with the title "Sharia Screening Process: A Comparison of Pakistan and Malaysia". Discussion This research is about testing the Sharia screening methodology used by the Malaysian Securities Commission and the KSE Meezan Index (KMI-30 Pakistan). There are settings used by the two Islamic indices, namely a business monitor and a financial monitor. This research while explaining the existence of certain similarities and differences in the screening methodologies is very clear which also implies that there is an urgent need for standardization of the process which will be beneficial in many ways and will certainly assist in its development. Despite the rapid globalization of the Islamic finance industry and the Islamic Capital Market, there is still a lack of standardization regarding the practices adopted by various countries for the promotion of their respective products (Waris, Hassan, Abbas, Mohsin, & Waqar, 2018).
12. Paper written by Adhitya Ginanjar Faculty of Economics and Business, Syarif Hidayatullah State Islamic University in a research organized by Tazkia Islamic Finance and Business Review (2017) entitled "Islamic Financial Engineering: Comparative Study Agreements in Islamic Capital Markets in Malaysia and Indonesia" . The discussion of this research is about the government's role as a regulator in facilitating the regulations used in the Indonesia Stock

Exchange (IDX) and the Kuala Lumpur Stock Exchange (KLSE). This paper also explains that the Islamic Capital Market in Malaysia (KLSE) is more attractive and innovative in implementing regulations in Islamic financial engineering compared to the Islamic Capital Market in Indonesia (IDX) due to its large market capitalization and ease in improvising Islamic capital market products in the market. . The results of this study explain that the Islamic Capital Market in Malaysia continues to grow while the Islamic Capital Market in Indonesia continues to adjust to market developments and continues to compete in regional Islamic capital markets (Ginanjar, 2013).

13. Paper written by Mohamed Azam Mohamed Adil, Catherine S.F. Ho, Mansor Md. Isa, Ezani Yaakub, Mohammad Mahyuddin Khalid ICR 4.3 Produced and distributed by IAIS Malaysia Islam and Civilizational Renewal (2013) entitled “Shariah-Compliant Screening Practices In Malaysia”. Discussion This research is about describing the majority of local screening users following the benchmark set by the Malaysian Securities Commission, where only industry screening is applied to separate Shariah-compliant companies from non-compliant companies. This paper also conducts a qualitative screening by eliminating companies whose main business is non-compliant Sharia. Then companies with a mix of activities are then subject to quantitative screening for which contributions are not compliantly measured against applicable benchmarks (Adil, Ho, Isa, Yaakub, & Khalid, 2013).
14. Paper written by Fikret Hadzic, Velid Efendic, and Admir Meskovic Faculty of Economics and Business Sarajevo (Federation of Bosnia and Herzegovina) (2010) entitled “Stock Market Screening in Bosnia and Herzegovina (B & H) based on Islamic Finance Principles ”. Discussion This research is about investigating the compliance of the stock market in B&H with the principles of Islamic finance from the financial statements of 747 companies listed on two stock exchanges in Bosnia and Herzegovina. This paper finds that there are 38.73% of the companies from the sample that are permitted to invest under sharia out of 61.38% of the total market capitalization of companies listed on the two stock exchanges. Then this study found that the main problem for companies in meeting the screening criteria is the amount of debt in the company (Hadžić, Efendić, & Mešković, 2012).
15. Based on some of the results of the literature review above, it can be understood that no previous research has focused on limiting non-halal income (interest) on the list of sharia effects on the inclusiveness of Indonesian Islamic financial institutions. Therefore, a literature review related to this theme is needed. Although there are several studies that have examined the criteria for registering sharia securities, they have not found research thesis on "Limitation of Non-Halal Income (Interest) in the Criteria for Listing of Sharia Securities on the Inclusiveness of Indonesian Islamic Financial Institutions".

Conceptual Framework

The process of determining the law based on the Qur'an and as-Sunnah and fiqh is carried out as a legal basis for issuance criteria and a list of sharia securities that are used as initial knowledge for investors who buy and sell shares. The provisions and regulations for buying and selling sharia shares also include legal developments based on the arguments in the Qur'an and as-Sunnah which initially allowed commerce. However, when discussing the minimum financial ratio limit of non-halal income (interest) there are still some irregularities for some parties who do not know clearly about the problems contained in the development of the Islamic capital market in Indonesia (Manan, 2012). The existence of a percentage of non-halal income (interest) in practice is still present in one of the Islamic financial institutions that usually cannot be accepted by the wider community. This is due to the assumption that interest in conventional banking is a form of usury. Therefore, it can be understood that if Islamic financial institutions still get income from bank interest, the institution is not fully sharia, so this issue is one form of conflict in the formation of regulations regarding the list of sharia securities.

Basically, only Islamic Public Banking is currently implementing interest-free income because the funds are managed by the company itself. however, at this time the development of Islamic commercial banks in Indonesia has not been very significant because one of them is caused by the

lack of public trust in investing third party funds. Wahyudi and Astuti (2022) added that the funds saved by the community are in the form of demand deposits, time deposits, certificates of deposit, savings and marked agreements or agreements, and then these funds are collected by the bank. The greater the public's trust in Islamic banking, the greater the funds that will be deposited with the bank. This problem has become a conflict and is indeed an obstacle, namely the level of knowledge and understanding of the Islamic capital market, the availability of information about the Islamic capital market, the interest of investors, the regulatory framework regarding the issuance of Islamic securities, the pattern of supervision (from the sharia side) by the relevant institutions, pre- the process (preparation) for the issuance of sharia securities, and institutions or institutions that regulate and supervise sharia capital market activities in Indonesia. Some of these identification issues are seen by the community as obstacles to the development of Shariah investment activity in the capital markets.

Islamic finance in the world has regulated items in the disclosure of Islamic social reporting. The ISR index reveals matters related to Islamic principles such as the status of sharia compliance, and transactions that have been freed from elements of usury and gharar and social aspects, to the disclosure of worship in the corporate environment. Disclosure of Islamic Social Reporting has not become a strong attraction for investors in making decisions. Financial accounting standards do not oblige companies to disclose Islamic Social Reporting, as a result what happens in field practice is that companies only voluntarily disclose Islamic Social Reporting. There are still many companies that consider the costs and benefits that will be obtained when they decide to disclose Islamic Social Reporting (Ekawati & Yanti, 2022). Therefore, the criteria for registering Islamic securities in the regulation of the Islamic capital market are currently not fully enforced without non-halal income (interest) because one Islamic issuer has invested his funds in conventional financial institutions so that they will receive interest.

3. Research Method

This study uses an associative qualitative approach to build relationships between social situations and domains and analyze disputes based on mutually influential interrelationships and interrelationships. In this research, it is specifically more descriptive in nature, namely a research that is intended to provide an overview of the state and/or object of research in reality. The stages of the Spradley model research are as follows: Choosing a social situation (Place, Actor, Activity); Carry out participant observation; Record the results of observations and interviews; Make descriptive observations; Doing dominant analysis (certain category field); Conduct focused observations; Carry out taxonomic analysis (a more detailed description of the internal structure); Conduct selected observations; Perform componential analysis (search for specific characteristics in each internal structure by contrasting elements); Conduct theme analysis; Cultural findings; and Writing qualitative reports (Sugiyono, 2012).

This research obtains specific information from direct interview with Fadilah Kartikasari (Director of Sharia Capital Market OJK), AH. Azharuddin Lathif, M.Ag., M.H. (Sharia Capital Market Expert DSN MUI), Yono Haryono (Department of Economic Development and Sharia Finance Central BI), Irwan Abdalloh, SE., MM (Head of Islamic Capital Market Division Indonesia Stock Exchange), Luci Irawati (Executive Analyst Specialist Review OJK International Policies and Standards), Doddy Prasetya Ardhana, SE, MM (IDX Sharia Capital Market Development Division), Nur Satyo (Head of OJK Capital Market Supervision Regional 3 Central Java and DIY). These observations were made on the management of the preparation of one of the sharia capital market regulations, especially the main issue, namely the criteria for listing sharia securities related to the inclusiveness of Indonesian sharia financial institutions. Written documents, sourced from Financial Services Authority regulations, scientific articles, literature books, official documents, archives and publications from related institutions. Documents sourced from statistical data, either issued by government agencies or by companies, related to the focus of the research problem.

4. Result and Discussion

Securities listed in DES include Sharia Securities in the form of shares including pre-emptive rights and sharia warrants issued by Sharia Issuers or Sharia Public Companies and Securities in the form of shares including pre-emptive rights and sharia warrants issued by Issuers or Public Companies stating activities and types of business, management methods, and/or services based on Sharia Principles in the Capital Market, as long as the Issuer or Public Company does not carry out activities and types of business that are contrary to Sharia Principles in the Capital Market. This is like the effect of using a gambling system and games that are classified as gambling; usury financial services; buying and selling risks that contain uncertainty (gharar) and/or gambling (maisir) such as conventional insurance; produces, distributes, trades, and/or provides: goods or services that are unlawful in substance (haram li-dzatihi); goods or services that are haram not because of their substance (haram li-ghairhi) as determined by the DSN - MUI; goods or services that damage morals and are harmful; and/or other goods or services that are contrary to sharia principles based on the provisions of the DSN - MUI; and other activities that are contrary to sharia principles based on the provisions of the DSN - MUI. In fact, direct transactions with shares of companies and business entities if the shares are in the possession of the seller are permissible according to sharia, as long as the company or business entity does not obtain credit from financial institutions that use the interest system, because basically interest is a form of usury.

Basically, in economic terms, usury has a dangerous impact on society in general. Additional or multiples of funds generated by usury actors are not generated by production, but are taken from the property of others, and groups paid by people cause laziness and deviation. Usury raises the value of social inflation by creating added value without labor and effort, and incurs a credit burden if it becomes impossible to repay due to doubling of value. This includes the practice of traditional financial institutions that use the system of interest as a calculation of the return on the service paid or its investment. Therefore, the use of interest is a form of usury and usury is illegal. It is illegal to exercise interest, whether it is done by a bank, insurance company, capital market, pawn shop, co-operative or other financial institution or by an individual. Based on the policies of the national committee on corporate governance, the implementation of good corporate governance and in accordance with existing guidelines is an indicator that can help a company to obtain sustainable added value, which affects the company's long-term performance. Based on the applicable rules and norms, a concept of thinking about how Islam can manage and implement a business process emerges, in the Islamic concept more emphasis on sound business management and based on predetermined sharia principles (Trilaksono, Komalasari, Tubarad, & Yuliansyah, 2021).

Revenues from investment firms that show total revenues from interest and other non-halal revenues, while total revenues and other revenues are less than 10%, are only a small part of the publicly available company's financial ratio. is. The Directorate General of the Sharia Capital Markets Financial Services Authority regularly reviews DES based on the issuer's or public company's semi-annual and annual financial reports. A DES review of corporate behavior, information, issuers or public authorities that may result in compliance or non-compliance if the registration statement is valid and there is an issuer or public authority that meets the standards of Sharia Securities. It is also carried out when there is a fact. Meet the standards of Sharia Securities. A review is conducted every six months to determine the criteria for issued shares, which are the components of the Jakarta Islamic Index, and the index components are determined in early July each year. In the meantime, changes in the publisher's industry are continuously monitored based on available public data.

The context of the Islamic capital market is different from Islamic banking with the Islamic system as a whole. However, in the capital market, the sharia system is only part of the whole, not separated like banking. The existence of a sharia capital market, especially sharia shares, is only a form of screening criteria for compliance with the sharia system. So it is possible that companies that are not engaged in sharia can be registered even if they meet the conditions and criteria that have been determined. Therefore, in the Islamic capital market there is a separation between sharia entities whose companies mention in their articles of association as companies with a sharia system and sharia shares whose

companies in business and finance comply with sharia principles. Companies that are sharia issuers on the IDX to date, when they still have risk reserve funds, still save and invest in conventional banking so that they get interest rates on commercial bank deposits. Rafki, Wiliasih, and Irfany (2022), added that deposit interest rates are rewards that must be given by banks to customers who have deposited their funds and will be given back periodically. Deposit rates at commercial banks are fixed because they have been predetermined by the bank and there is no agreement between the bank and the customer. In general, banks will provide high deposit interest rates so that people choose to save their funds in deposits rather than savings.

The Directorate of Sharia Capital Markets of the OJK has also conducted research by comparing financial ratios both in terms of debt and non-halal income in the criteria for listing sharia securities in several countries. As a result, there are more than 400 sharia issuers in Indonesia, if applied with a non-halal income limit based on interest below 5%, many will leave or not be included in the criteria. This is because Islamic issuers still rely on the existence of conventional financial institutions seen from several aspects, both in the form of assets, facilities, services, market share or others. Possibility Value that can be done by the regulation in establishing the maximum limit for non-halal income because it sees from several interests who understand the possibilities and capabilities of the capital market industry to be able to develop gradually in the future. In addition, there is a need for comparisons with other countries that use a screening system in the criteria for sharia shares. If the minimum interest limit income ratio is applied, it is likely that there will be only a few sharia shares on the sharia securities list.

Basically, the interest-based non-halal income limit in the regulation is tentative or still subject to change and acknowledges that the results are not final that the limit may increase or decrease taking into account the conditions and readiness of the Islamic stock portfolio in Indonesia. If there are enough sharia shares, it can be tightened again in screening for sharia compliance. Then for its use, DSN-MUI has conducted a study in the hope that later it will give birth to a fatwa related to standards for the use and allocation of non-halal funds in Islamic financial institutions. This is done because there are several Sharia Supervisory Boards (DPS) that perform their own *ijtihad* and some also make deviations in their allocation. At this time the Islamic banking division at the MUI DSN is reviewing the use and allocation of these non-halal funds. As for the capital market deficit, of course, there will also be several studies so that they can contribute to the making of the fatwa. OJK is currently trying to improve some of the regulations related to the issuance of Shariah securities and the drafting of regulations related to Shariah experts in the capital markets. The revised rule is OJK Rule (POJK) No.35 / POJK.04 / 2017 on Shariah Securities List Standards and Issuance. This regulation has several improvements related to the regulation of Shariah transactions in capital markets, the simplification of registration documents, and the scope of disclosure. In connection with the issuance of sukuk. OJK is also considering applying the Shariah Principles in the capital markets, issuing Shariah shares and corporate sukuks, and revising the rules, which is a follow-up to the findings on general guidelines for Shariah investment management.

Non-halal funds must be used and channeled for the benefit of the people and the public interest that does not conflict with the principles of the Shari'a, either in the form of income in the form of fines when customers are late in returning loans or income from selling products, such as halal food and drinks. This MUI fatwa states that non-halal funds cannot be counted and used as profits for Islamic Bank companies. Possible forms of non-halal fund distribution are donations for disaster relief, educational support such as mosques and prayer rooms, public facilities that have a social impact. Thus, the limitation of non-halal income based on 10% interest in the criteria for listing sharia securities in Indonesia is one of the possibilities and capabilities that can be taken in regulating the capital market industry by related regulations from the Directorate of Sharia Capital Markets of the OJK and DSN-MUI. Hi, this is looking at the conditions, risks and potential of DES which should be able to develop gradually in the future. If the minimum interest rate income ratio is applied, there will be only a few sharia shares listed in the sharia securities market and a decrease in the DES market share and a decrease in investment interest in the Islamic Capital Market.

Figures

The dominance of foreign investors that is too large in the short term can also increase the market cap of transactions in the capital market, but when a financial shock occurs, the Indonesian capital market can be tense due to actions taken by foreign investors. With this data, Islamic finance innovation in the capital market is still very much needed, both innovation in the creation of investment products and innovation to increase transactions for various types of sharia securities in the Indonesian capital market, especially sharia shares. The increase of the number of shares listed in the Sharia Securities List (SSL) shows an increase. In June 2022, the shares listed in DES amounted to 504 sharia shares with a capitalization value of sharia securities of 3,983.65 trillion of the total ISHG 787 shares with a capitalization value of 8,252.41 trillion which are listed on the Indonesia Stock Exchange. Based on these data, the percentage of sharia securities is 60.60% of the total securities and the percentage of sharia securities value is 48.27% of the total securities on the Indonesian stock exchange.

The development of JII and ISSI over the past year is inseparable from the development of the Composite Stock Index (ISHG). The Fed's policy will reportedly reduce what is called a quantitative easing policy by raising short-term interest rates and inducing capital outflows into Indonesia's capital markets. The federal government's policy of implementing contraction monetary policy (reducing the amount of easy money) has caused capital outflows from Indonesian capital markets to foreign capital markets. Of all the types of securities on the capital markets, whether on the stock exchange or over-the-counter, the types of securities in the Sharia Securities category are not yet very large in number and value.

5. Conclusion

The income of a company that generates total interest income and other non-halal income is a small part of the public company's financial ratio, compared to the total operating income (income) and other income of 10% or less. The regulation of parties in the formation of the largest non-Halal income is seen by some stakeholders who understand the opportunities and capabilities of the Islamic capital market industry to gradually develop in the future. If the ratio is possible, the minimum yield ratio is high and the Shariah securities data has less Shariah, which reduces the DES market share and reduces the willingness to invest in the Islamic capital markets.

A capital market can be identified as a place where capital is traded between a party with excess capital (investors) and those who need it to develop an investment (issuers). Currently, the Indonesian capital markets industry is beginning to develop the application of the Islamic Shariah Principles as an alternative investment tool in Indonesian capital market activities. With the standard requirements and the issuance of the following list of Shariah securities, total interest income and other non-Halal income for each security will be less than 10%. The decision to change the issuer's financial indicators was analyzed by capital market authorities on the effect that the company continues to use interest-based financial institutions. If the interest limit is kept to a minimum, the capital market will not run and develop properly and will inevitably lead to a drastic decline in the Islamic stock index on IDX. Thus, when Islamic issuers have developed a lot and are finally ready to lower the interest-based non-halal income limit, they will certainly have a perspective in influencing the conditions of inclusion of other Islamic financial institutions.

Acknowledgement

This research is grateful to the Directorate of Sharia Capital Markets of the Financial Services Authority, Sharia Experts in the Capital Market of DSN - MUI for continuing to maintain the system that has been running in the regulation of the Islamic capital market, especially in the road map that has been prepared previously. Then try to continuously monitor each issuer on the list of sharia securities so that they can develop and review in improving several regulations regarding criteria and issuance of sharia lists to encourage and improve the Indonesian Sharia Stock Index (ISSI).

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