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THE CONTRIBUTION OF SHARIA INVESTMENT INSTRUMENTS TO ECONOMIC DEVELOPMENT OF PUBLIC IN INDONESIA: OPPORTUNITIES AND CHALLENGES OF SHARIA STOCKS, BONDS (SUKUK), SHARIA MUTUAL FUNDS, AND PRECIOUS METALS

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Abstract
The dynamic global economic development demands innovation and diversification of financial instruments, including in indonesia, where the majority of the population is muslim. One significant development is the emergence of sharia-compliant investment instruments (iis), which are based on Islamic finance principles and avoid elements of usury, gharar, and maysir. These instruments are not only intended to generate financial returns but also serve a social purpose: stimulating the Muslim economy while upholding sharia values. The potential of the sharia-compliant financial market is enormous. Sharia-compliant bonds, or sovereign sukuk, also continue to grow, becoming a strategic source of financing for infrastructure development. Meanwhile, sharia-compliant stocks, sharia-compliant mutual funds, and precious metal investments are gaining popularity as safe and halal investment portfolio alternatives. This research uses a qualitative descriptive approach supported by quantitative data. However, despite the significant potential, the contribution of sharia-compliant investment instruments to the economic development of the Muslim community is not yet optimal. Instruments such as sharia-compliant stocks play a role in providing halal capital for companies, sukuk (Islamic bonds) help finance public projects without violating sharia principles, sharia-compliant mutual funds provide affordable investment access for small investors, and precious metals serve as a hedge against inflation. These four instruments, if utilized optimally, can drive inclusive and equitable economic growth in indonesia's real sector.

Keywords: *instruments; sharia investment; economic development; opportunities challenges*

A. INTRODUCTION

The dynamic development of the global economy demands innovation and diversification of financial instruments, including in indonesia, where the majority of the population is muslim. One significant development is the emergence of sharia-compliant investment instruments based on Islamic finance principles and avoiding elements of usury, gharar, and maysir (antonio, 2001). These instruments are not only intended to generate financial gain but also serve a social purpose: stimulating the muslim economy while upholding sharia values. Investment has now become a part of everyday life for both muslims and non-muslims. From the perspective of Islamic law, investment is a method for optimizing wealth for productivity and simultaneously serves as a means of preventing asset hoarding (ikhtikar), which aims to maintain market conditions and prevent damage (shafira syauqiyah and muhammad nafik, 2018).

From the above description, it can be concluded that under Islamic law, investment is a permitted and perhaps even highly recommended transaction. According to the principles of Islamic jurisprudence (fiqh), Islamic law only provides guidelines for investment prohibitions. If the investment activity does not violate any sharia prohibitions, then the original law is permissible. Therefore, when carrying out sharia investment activities, it is necessary to explore the prohibitions of Islamic law in this regard. These prohibitions include the prohibition on usury (riba), gharar (gharar), gambling (maysir), and injustice (dholim). To ensure sharia-compliant investment activities, simply avoid these prohibitions, without needing to seek evidence that mandates investment.

In the indonesian context, the indonesian economy faces several challenges, including poverty and inequality, low educational attainment, infrastructure barriers, and corruption, which are likely to continue to limit indonesia's economic potential in the coming years. The potential of the Islamic financial market is enormous. Data from the financial services authority (OJK) in 2023 shows that the market capitalization of Islamic stocks has reached more than 50% of the total national capital market capitalization (OJK, 2023). Furthermore, the issuance of Islamic bonds, or government sukuk, continues to increase, becoming a strategic source of financing for infrastructure development (ministry of finance, 2023). Meanwhile, Islamic mutual funds and precious metal investments are increasingly popular as safe and halal investment portfolio alternatives.

One of the main challenges in implementing Islamic economics is the lack of public understanding and knowledge. Many people are still unfamiliar with the principles of Islamic economics and how Islamic financial products function. However, despite the significant opportunities, the contribution of Islamic investment instruments to the economic development of the Public is not yet optimal. Some of the challenges faced include: low Islamic financial literacy among the public, resulting in the underutilization of Islamic instruments (bank indonesia, 2022). Limited innovative products that meet the needs of various segments of society. Global market fluctuations continue to impact the performance of Islamic instruments, even though they are based on Islamic principles. Lack of synergy between Islamic financial industry players, the government, and educational institutions in expanding market penetration.

Instruments such as Islamic shares play a role in providing halal capital sources for companies, sukuk helps finance public projects without violating Islamic principles, Islamic mutual funds provide affordable investment access for small investors, and precious metals serve as a hedging instrument against inflation. These four instruments, if utilized optimally, can drive inclusive and equitable economic growth, in line with the maqasid sharia, which safeguards religion, life, intellect, posterity, and wealth (chapra, 2000). Therefore, examining the contributions, opportunities, and challenges of sharia investment instruments is crucial to understanding the extent to which these instruments can contribute to building the indonesian economy and the strategies needed to maximize their potential.

B. LITERATURE REVIEW

Theoretical basis is a conceptual framework used as a foundation in research to explain, analyze, and solve problems based on relevant theories. The theoretical basis serves to provide a scientific basis, strengthen arguments, and guide researchers so they don't stray from the research context. In other words, a theoretical basis serves as a foundation that connects research to existing knowledge, ensuring a clear direction and position within scientific studies (Creswell, 2020). This research uses the following theories:

1. Sharia Investment Instruments (IIS)

   Sharia investment instruments are various forms of capital investment managed in accordance with Islamic sharia principles, with the aim of obtaining lawful and blessed profits, while avoiding elements of usury (riba), maysir (speculation), and gharar (excessive uncertainty). (antonio m.s., 2001).

   Sharia investment emphasizes the concept of profit and loss sharing and the value of fairness in transactions. Sharia investment instruments are legally based on the following: the quran, hadith, fatwas of the national sharia council (dsn-mui), and financial services authority (OJK) regulations. Types of sharia investment instruments. Based on literature and practice in the sharia capital market (OJK, 2022), sharia investment instruments include: sharia capital market instruments: sharia stocks, sharia mutual funds, and sukuk (sharia bonds). Sharia banking instruments: sharia deposits (mudharabah mutlaqah contract), sharia savings (wadi'ah yad dhamanah or mudharabah contract), sharia current accounts (wadi'ah contract). Precious metal instruments and real investments: gold and silver. As a store of value, sharia property - riba-free property investment and crowdfunding. Sharia - through musyarakah or mudharabah contracts (Sri Sudiarti, and Tentiyo Suharto, 2022).

2. Sharia Stocks

   Sharia stocks are securities indicating ownership of a company whose business activities, management, and acquisition methods comply with Islamic sharia principles (OJK, 2015). These shares are part of the sharia securities traded on the capital market, subject to the provisions established by the capital market authority and the national sharia council of the indonesian ulema council (dsn-mui). Sharia stocks differ from conventional stocks because they have business boundaries, financial structures, and transaction mechanisms that comply with the principles of Islamic jurisprudence (fiqh muamalah). Criteria for sharia stocks. In accordance with dsn-mui fatwa no. 40/dsn-mui/x/2003 and OJK criteria. Types of sharia stocks: shares issued by sharia issuers, companies that have operated in accordance with sharia principles since their inception, shares included in the sharia securities list, an official list issued by the OJK twice a year (may and november) containing shares that meet sharia criteria. Sharia stock investment mechanisms investors can purchase shares through securities companies that offer sharia online trading systems (sots) (Askarya, 2097).

Buying and selling are conducted in cash (spot), without interest-based margins, and without excessive speculation. Profits are derived from capital gains (the difference between the buying and selling price) or halal dividends.

3. Sharia Bonds (Sukuk)

Sharia shares are securities that indicate ownership of a company whose business activities and management methods comply with Islamic sharia principles (financial services authority, 2020). In the capital market context, sharia shares are issued by issuers that do not engage in business activities prohibited by sharia, such as usury (riba), excessive gharar (gharar), gambling (maysir), and the trade in prohibited goods/services (Antonio, 2001).

According to dsn-mui fatwa no. 40/DSN-MUI/X/2003, sharia shares constitute proof of ownership accompanied by the right to profit and risk of the business in accordance with the proportion of ownership, and exclude shares issued by companies operating in businesses that conflict with sharia principles (dsn-mui, 2003). Sharia stock trading mechanism. Sharia stock trading on the indonesia stock exchange (idx) is conducted through the same mechanism as conventional stocks, but with sharia-compliant contracts. One of the contracts used is bai' al-musawamah (buying and selling at a bargained price) and bai' al-salam (buying and selling with advance payment for goods to be delivered later) within certain limits (Ascarya, 2011).

In addition, to avoid excessive speculation (gharar) and short selling practices that are prohibited by sharia, sharia stock transactions are only permitted if the shares are actually owned by the seller before being sold (OJK, 2020). The role of sharia stocks in the economy. Sharia stocks contribute to: strengthening the sharia-based financial system by reducing usury practices in the capital market (Antonio, 2001).

Supporting halal financing for the real sector, thereby encouraging sustainable economic growth (chapra, 2000). Providing halal investment alternatives for muslim investors, thereby increasing public participation in the capital market (OJK, 2020).

4. Sharia Mutual Funds

Sharia mutual funds are a vehicle and method of managing funds/capital for a group of investors to invest in a portfolio of securities based on sharia principles managed by an investment manager. Sharia principles here mean that investment management is carried out in accordance with the fatwas of the national sharia council (dsn) and does not conflict with Islamic law, such as avoiding usury (riba), gharar (gharar), and maysir (maysir) (Tandelilin, e, 2017). According to the financial services authority (OJK), sharia mutual funds may only invest in securities included in the des and must be supervised by the sharia supervisory board (DPS). Principles and mechanisms of sharia mutual funds. Sharia mutual funds implement a wakalah bil ujrah contract between investors and investment managers, where investors grant authority to manage their funds in exchange for agreed-upon service fees (ujrah). Investments are made only in financial instruments that are halal and in accordance with sharia principles, such as sharia stocks, sukuk, and sharia money market instruments (Wiroso. (2015).

In addition, sharia mutual funds must meet the principles: not containing riba (interest) not containing gharar (excessive uncertainty). Not containing maysir (speculation/gambling). Comply with the provisions of the halal sector (not investing in alcohol, gambling, cigarette companies, or other haram industries) (karim, a. A, 2016). Types of sharia mutual funds can be categorized as follows (Huda, n., & Nasution, 2018):

a. Sharia money market mutual funds. Invest in sharia money market instruments with maturities of less than one year.
b. Sharia fixed income mutual funds focus on sharia securities such as sukuk.
c. Sharia mixed mutual funds combine sharia stocks, sukuk, and sharia money market instruments.
d. Sharia equity mutual funds invest at least 80% in stocks included in the des.
e. Sharia index mutual funds. Track the movements of a specific sharia stock index.
f. Sharia exchange-traded funds (STFs).

5. Precious Metals

Precious metals are types of metals that have very stable chemical properties, are resistant to corrosion, and do not react easily with other elements. These properties make precious metals highly valuable and rare, making them widely used in jewelry, financial instruments, and high-tech industrial materials. Examples of precious metals include gold, silver, platinum, and palladium (Purwanto, 2020).

According to law number 7 of 2014 concerning trade, precious metals are defined as metals with a certain level of purity and are internationally recognized for trade, investment, and industrial purposes (ministry of trade of the republic of indonesia, 2014). According to sukmana (2019), precious metals can be classified as follows: gold is used for jewelry, investment, and foreign exchange reserves. Silver is used in the photography, electronics, and jewelry industries. Platinum is used in the automotive, medical, and jewelry industries. Palladium is used in vehicle catalysts, jewelry, and the electronics industry. Characteristics of precious metals. Precious metals have unique physical and chemical properties: resistance to oxidation and corrosion. They have good electrical and thermal conductivity (wardhana, 2020). They have high aesthetic value, making them used as symbols of social status and investment instruments. Their limited availability in nature makes them highly economically valuable. Precious metals as an investment instrument. Precious metal investment, particularly gold, has been known since ancient civilizations as a store of value. Gold is considered a hedge against inflation and exchange rate fluctuations (Tandelilin, 2017).

Gold has a low correlation to other financial assets, thus reducing the risk of an investment portfolio. Common forms of precious metal investment include: gold bullion and coins, gold certificates, gold savings products, and gold futures trading. Sharia perspective on precious metals. In Islamic economics, gold and silver are known as tsamaniyah (a medium of exchange) and have been used since the time of the prophet muhammad (peace be upon him), in the form of dinars and dirhams. Dsn-mui fatwa no. 77/DSN-MUI/VI/2010 stipulates that the sale and purchase of gold is permissible as long as it meets sharia principles, including: transactions are conducted in cash (spot) to avoid usury. The traded goods are clearly quantified and of clear quality. There are no elements of gharar (uncertainty) and maysir (excessive speculation).

C. METHOD

Research methods in journals are generally explained concisely but systematically so that readers understand the scientific approach used by the researcher. The explanation typically includes the type of research (qualitative, quantitative, or mixed), data collection techniques, research instruments, and data analysis chosen according to the study's objectives. Research methods should emphasize consistency between the problem formulation, theoretical framework, and analysis techniques to ensure academic accountability of the research results. Therefore, the methods section not only explains technical procedures but also demonstrates the validity and reliability of the research. (neuman, 2020).

This research uses a qualitative descriptive approach supported by quantitative data. This approach was chosen to comprehensively describe the contribution of sharia investment instruments, namely sharia stocks, sharia bonds (sukuk), sharia mutual funds, and precious metals, to the economic development of the indonesian people, while also identifying their opportunities and challenges. A documentary study collected historical data on the growth of the sharia stock market, sukuk issuance values, the development of sharia mutual funds, and precious metal prices.

Data analysis techniques: qualitative analysis using content analysis methods to interpret interview and documentation results, identifying patterns, themes, and strategic insights. Quantitative descriptive analysis to present data on investment value growth, transaction volume, and its contribution to the economic indicators of the indonesian people. Swot analysis (strengths, weaknesses, opportunities, threats) to map the opportunities and challenges of each sharia investment instrument. Analysis framework. This study will place four instruments of sharia stocks, sukuk, sharia mutual funds, and precious metals as independent variables connected to the dependent variable in the form of contribution to the economic development of the people, which is measured through indicators such as the growth of sharia micro-businesses, increasing access to halal capital, and sharia-based financial inclusion.

D. RESULT AND DISCUSSION

The discussion and findings of the study generally aim to outline the main findings obtained from the data analysis process and relate them to theory or previous research. At this stage, researchers not only present data but also interpret the meaning of the research results to provide answers to the research problem formulation and objectives. The discussion must present an in-depth interpretation of the data so that the relationship between the findings and the theoretical framework used is clear, while the research results are presented objectively based on field data without manipulation. Thus, the discussion and findings section of the study is an important element that demonstrates the research's contribution to the development of science and practice (moleong, 2020). The discussion and findings in this study include:

1. The Concept Of Sharia Investment And Its Instruments In Indonesia

   Sharia investment is the activity of placing funds or capital in an instrument or asset with the aim of gaining future profits, but based on Islamic sharia principles that are free from the following elements: riba (interest or exploitative additions), gharar (uncertainty or excessive speculation), maysir (gambling or betting), dharar (harmful to others), haram (related to products/services prohibited in islam, such as alcohol, cigarettes, the pornography industry, and others) (Sudiarti, Sri, and Tentiyo, 2022). In indonesia, sharia investment is regulated and supervised :

   a. The financial services authority (OJK) for legality and investor protection.
   b. The national sharia council-indonesian ulema council (dsn-mui) for compliance with sharia.
   c. The indonesia stock exchange (idx) for trading instruments in the capital market.

   Legal basis for investment sharia in Indonesia Sharia investments in indonesia are based not only on capital market regulations but also on specific fatwas and regulations, including:

   a. Law no. 8 of 1995 concerning capital markets.
   b. Financial services authority (OJK) regulations regarding Islamic capital markets.
   c. Fatwas from the national sharia council (DSN-MUI) such as fatwa no. 20/dsn-mui/iv/2001 concerning guidelines for investment implementation for Islamic mutual funds, fatwa no. 40/dsn-mui/x/2003 concerning capital markets and general guidelines for the application of sharia principles in the capital markets sector, and other fatwas related to sukuk, Islamic shares, and Islamic derivatives.

   Principles of Islamic investment. Several key principles distinguish Islamic investment from conventional investment (tentiyo suharto, 2025):

   a. Prohibition of usury. All forms of interest or additional payments not based on real contract are prohibited. Profits must originate from real business activities.

b. Prohibition of gharar. There must be no extreme ambiguity in the contract, amount, price, time, or object of the investment.
c. Prohibition of maysir. Investments must not be speculative or resemble gambling.
d. Halal business activities. Companies or assets subject to investment must not operate in prohibited sectors, such as: alcohol and intoxicants, cigarettes (controversial, depending on the latest fatwa), gambling, pornography.
e. Profit sharing. The profit system uses a profit and loss sharing mechanism, such as mudharabah (profit sharing) and musyarakah (capital partnership).

The differences between sharia and conventional investments are as follows:

Table 1.
The Differences Between Sharia And Conventional Investments

Number	Aspects	Sharia Investment	Conventional Investment
1	Principles	Based On Islamic Law And Fatwas From The Indonesian Ulema Council (DSN-MUI)	Based On Positive Law And General Economic Principles
2	Instruments	Free From Usury, Gharar, And Maysir	May Contain Interest And Speculation
3	Business Sectors	Only Halal (PermISSIble)	All Sectors, Including Those Prohibited In Islam
4	Benefits	Profit-Sharing And Real Trading	It Can Come From Interest, Speculation, And Capital Gains.
5	Supervision	OJK And DSN-MUI	OJK

Sharia investment instruments in Indonesia Sharia investment in indonesia offers a variety of instruments, both in the capital and non-capital markets (yusuf, m., & anwar, s. 2021).
a. Sharia capital market instruments: sharia stocks. Shares from companies listed on the sharia securities list (des) issued by the financial services authority (OJK) every 6 months. Companies must meet sharia criteria, such as not engaging in haram (prohibited) activities, a maximum interest-based debt-to-total-assets ratio of 45%, and a maximum interest-income-to-total-income ratio of 10%. Sharia mutual funds. Funds managed by investors are invested exclusively in sharia-compliant securities. Managed by a sharia investment manager. The contract is usually wakalah (delegation of authority) or mudharabah. Sukuk (sharia bonds). Sharia-compliant securities that

represent ownership of an asset or project. They do not pay interest, but instead yield returns from the asset/project's income. Examples: retail government sukuk (sr), savings sukuk (st). Sharia exchange traded fund (etf) a combination of mutual funds and stocks traded on the stock exchange. It tracks sharia-compliant indices such as the jakarta Islamic index (JII) or ISSI.

b. Non-capital market instruments
Sharia deposits. Utilize the mudharabah contract, a partnership agreement between the capital owner and the manager. Losses are borne by the investor. Profits are shared based on an agreed ratio (t. Suharto, 2025). sharia savings. Utilize the wadiah (deposit) or mudharabah contract. Sharia financing. Can be in the form of musyarakah or mudharabah. sharia crowdfunding. A sharia-based funding platform supervised by the financial services authority (OJK), for example, for msmes. precious metal commodities. In the sharia context, precious metals primarily refer to gold and silver (and their derivatives such as platinum), which are recognized as: real assets (having a physical form), a historically recognized medium of exchange, and an investment commodity whose value is relatively stable against inflation. In indonesia, gold is the most dominant form of sharia investment, both in physical and non-physical forms (ownership contracts). sharia capital market index in Indonesia Several benchmark indices are: jakarta Islamic index (jii), the 30 most liquid sharia-compliant stocks, indonesia sharia stock index (issi), all stocks listed on the sharia securities list (des). Jakarta Islamic index 70 (jii70), the 70 selected sharia-compliant companies.

2. The Contribution Of Sharia Stocks To The Economic Development Of The Muslim Public In Indonesia

Sharia stocks are securities in the form of shares issued by issuers whose business activities, management, and transactions comply with sharia principles. These principles are regulated by: dsn-mui fatwa no. 80/dsn-mui/iii/2011, OJK regulation no. 35/pOJK.04/2017, and indices such as the jakarta Islamic index (jii) and the indonesian sharia stock index (issi). The criteria for sharia issuers include: not engaging in prohibited activities (usury, gambling, alcohol, pornography, etc.), not having an interest-based debt ratio exceeding a certain limit (maximum 45% of total assets), and not having non-halal income exceeding a certain limit (maximum 10% of total income) (rahmawati, r. 2019). The contribution of sharia stocks to the economic development of the muslim Public:

a. Providing halal investment alternatives. Providing opportunities for muslims to invest in the capital market without violating religious principles. Reducing the practices of usury, gharar (uncertainty), and maysir (excessive speculation) in the investment world. Raising awareness of Islamic financial literacy in the community.

b. Driving national economic growth. Sharia-compliant stocks support the funding of halal companies, thereby strengthening the real sector (manufacturing, agriculture, healthcare, renewable energy). Funds raised from investors are channeled into ethical production and trade activities, thereby creating jobs and increasing economic output. For example, sharia-compliant issuers in the consumer goods sector contribute to the halal industry supply chain in Indonesia
c. Expanding sharia financial inclusion. Facilitating investment access for people previously hesitant to enter the capital market for religious reasons. Encouraging participation by indonesia's large muslim middle class (approximately 87% of the population). Expanding the sharia investor base, which by 2024 will number more than 200,000 investors according to OJK data.
d. Encouraging equitable economic development. Avoiding exploitative or socially detrimental business practices. Directing capital to socially beneficial sectors, such as halal infrastructure, hospitals, and education. Creating a more equitable distribution of wealth because the system is not based on burdensome interest.
e. Strengthening the national halal industry. Sharia-compliant stocks provide financing for companies producing halal food, muslim fashion, halal pharmaceuticals, and halal tourism. This supports indonesia's goal of becoming a global hub for the halal industry.

Real impact on the economy. Contribution to market capitalization: by mid-2024, Islamic stocks will dominate approximately 60% of the total market capitalization on the idx. Increase in the number of Islamic issuers: as of 2024, of the approximately 900 stocks listed on the idx, more than 500 are classified as Islamic. Growth of Islamic indices: the jakarta Islamic index (jii) and issi show a positive trend, often remaining more stable during market fluctuations due to their strong real sector base (bank indonesia, 2022).

The contribution of Islamic stocks to the economic development of the indonesian people is significant because: they provide halal investment for muslims. They channel capital into the real sector that is socially and ethically beneficial. They expand Islamic financial inclusion and promote economic equality. They support the growth of a globally competitive national halal industry. If utilized optimally, Islamic stocks can be a driving force for the muslim economy, not only financially profitable but also socially beneficial.

3. The Contribution Of Islamic Bonds (Sukuk) To The Economic Development Of The Indonesian Public

Sukuk are Islamic securities issued based on Islamic principles. Unlike conventional bonds that are interest-based (riba), sukuk utilize Islamic contracts such as ijarah (rent), mudharabah (profit sharing), musyarakah (capital partnership), or wakalah (representation). Sukuk investors do not provide loans, but rather purchase ownership of the underlying assets. Returns are derived from the real income generated by the assets, not interest (sudiarti, sri, and suharto, tentiyo, 2022).

Types of sukuk in Indonesia In indonesia, there are two broad categories: state sukuk, issued by the government to finance the state budget or infrastructure projects (e.g., project-based sukuk for building roads, bridges, and hospitals). Corporate sukuk, issued by companies (state-owned or private) to finance halal businesses. Sukuk mechanism: broadly speaking, the issuer (government/company) sells sukuk to investors. The proceeds from the sale are used to finance projects or real assets. These assets generate benefits/income. The income is distributed to investors according to the contract. At the end of the period, the investor's capital is returned. The contribution of sukuk to the economic development of the Public (rahmawati, r. 2019):

a. Public infrastructure financing. Sovereign sukuk, particularly project sukuk, are used to build public facilities such as: toll roads and bridges. Mosques and religious facilities. Hospitals and schools. Example: in 2023, the government used sukuk funds to finance madrasah infrastructure throughout Indonesia Impact on the community: increased access to education and healthcare. Encouraging equitable development in remote areas. Reducing regional disparities.
b. Halal investment alternative. Sukuk provide an opportunity for muslims to invest without interest. Suitable for retail and institutional investors who wish to comply with sharia principles. Prevents muslims from speculative or prohibited investments. Impact on the community: increased sharia financial literacy. Formation of a strong muslim investor base. The community can invest while contributing to development.
c. Development of the Islamic financial market. Sukuk expands the instruments in the indonesian Islamic capital market. It serves as a stable source of long-term financing. It encourages state-owned enterprises and private companies to develop sharia-compliant products. Impact on the community: wider access to sharia funding. It encourages the growth of the Islamic financial industry, which creates new jobs.
d. Stimulating the real economy. Because sukuk funds may only be used for halal assets or productive activities, every rupiah collected has a real economic impact. Infrastructure projects financed by sukuk create jobs and stimulate supporting sectors (construction, transportation, materials). Impact on the community: absorption of local labor. Increased income for communities surrounding the project. Improved trade connectivity between regions.
e. Encouraging the economic independence of the community. Sukuk helps the government reduce dependence on interest-bearing foreign debt. It prioritizes funding from the community itself. It becomes a form of modern mutual cooperation (gotong royong) economy, where the community finances projects whose results they will benefit from.
f. Sukuk data and achievements in Indonesia By 2024, the indonesian government had issued hundreds of trillions of rupiah worth of sovereign

sukuk. From 2009 to 2023, more than 4,000 infrastructure projects were financed by sovereign sukuk. Indonesia became the largest sukuk issuer in the world.

Thus, it can be concluded that sukuk is a strategic instrument for: financing development that directly benefits the community. Providing halal investments with competitive returns. Driving the real economy without interest. Strengthening the nation's economic independence. With greater literacy and public participation, sukuk can become a key pillar of indonesia's sharia economy and a tool for equitable distribution of public welfare.

4. The Contribution Of Sharia Mutual Funds To The Economic Development Of The Indonesian People

Sharia mutual funds are a vehicle for pooling public funds managed by an investment manager to be invested in a portfolio of securities in accordance with Islamic sharia principles. These sharia principles refer to the fatwa of the national sharia council (dsn-mui), which prohibits: riba (interest), maisir (gambling/excessive speculation), gharar (excessive uncertainty), and investment in prohibited activities (illegal liquor, certain cigarettes, pornography, conventional banking, etc.). In indonesia, these instruments are supervised by the financial services authority (OJK) and the sharia supervisory board (DPS).

The role and contribution of sharia mutual funds in the economic development of the indonesian people. The following are their actual contributions (rahmawati, r. 2019):

a. Providing halal investment alternatives. Muslims who want to invest without violating sharia law have a safe option. This increases financial inclusion, especially for those previously hesitant to invest due to fear of usury (riba).
b. Collecting and managing community funds. Funds from many investors are pooled and then invested in productive, sharia-compliant sectors (e.g., halal infrastructure, halal manufacturing companies, and sharia-compliant sovereign sukuk). This encourages greater capital turnover in the halal economic sector.
c. Encouraging the growth of the sharia capital market. Increasing demand for sharia-compliant stocks and sukuk. Assisting companies that comply with sharia principles in obtaining funding.
d. Increasing sharia financial literacy & education. The public becomes more aware that investing can be done without violating sharia law. This shifts the mindset from simply saving to productive investing.
e. Job creation. Companies financed by sharia mutual funds can expand their businesses. The growth of the sharia capital market industry creates jobs in the financial, technology, and service sectors.
f. Reducing economic inequality. Access to sharia-compliant investments allows lower-middle-class individuals to own shares in large companies with small capital (starting from Rp 10,000 to Rp 100,000). It prioritizes the principle of fair profit-sharing.

The impact of sharia mutual funds in Indonesia At a macro level, the impact is visible in several aspects (rahmawati, r. 2019):

a. Growth of the sharia financial industry. OJK data (2024) shows that the number of sharia mutual funds continues to increase, reaching hundreds of products with a total net asset value (nav) of tens of trillions of rupiah. Indonesia has become one of the countries with the largest number of sharia retail investors in the world.
b. Increasing muslim investor participation. Many people who previously only kept their money in sharia banks are now switching some to sharia mutual funds. This increases the participation of the muslim middle class in the capital market.
c. Strengthening the halal economy. Sharia mutual fund funds flow into the halal food, halal pharmaceutical, halal tourism, clean energy, and public infrastructure sectors. This promotes indonesia as a global center for the sharia economy in accordance with the 2019–2024 indonesian sharia economic masterplan.
d. Economic stability. Sharia investments tend to be more conservative in terms of risk than speculative conventional investments, thus contributing to market stability.
e. Encourage long-term investment, not just quick trading.

Sharia mutual funds support the economic development of the muslim community by pooling capital, promoting the halal sector, expanding financial inclusion, and creating jobs. Their impact in indonesia is evident in the growth of the Islamic finance industry, strengthening the halal economy, and increasing muslim investor participation. Going forward, strengthening literacy, product innovation, and digitalizing distribution will be key to furthering their contribution

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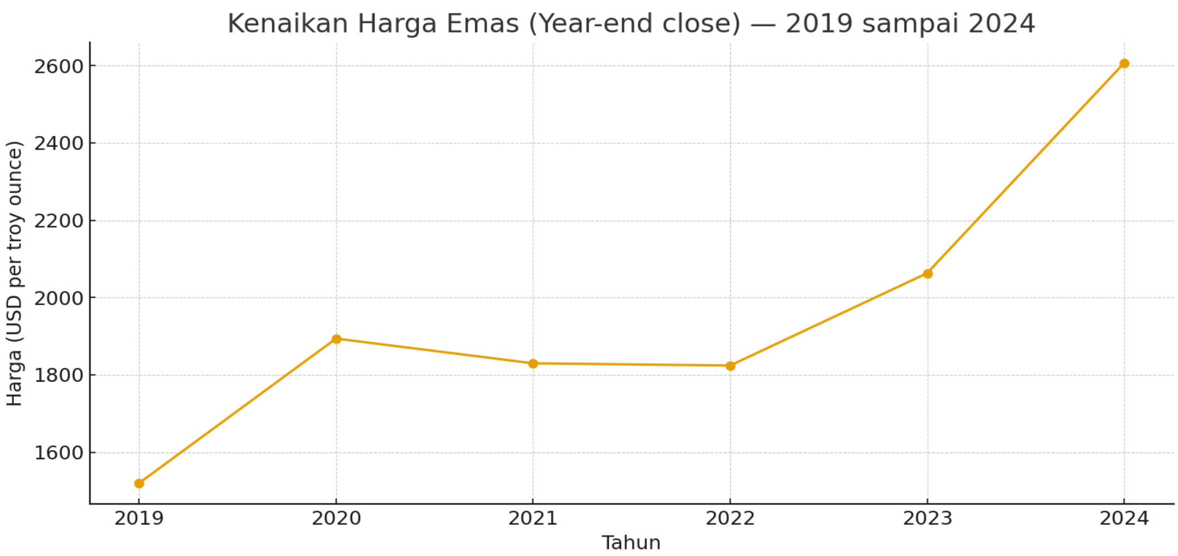
5. The Contribution Of Precious Metals To The Economic Development Of The Indonesian People

Precious metals are metals with high intrinsic value, are rare, corrosion-resistant, and are globally recognized as a store of value. Examples include gold, silver, platinum, and palladium. In indonesia, gold and silver are the most popular, both for investment and Islamic savings (wardhana, s. 2020).

Graph 1.
Graph Of Gold Price Increases From 2019 To 2024



Gold prices experienced a significant upward trend from 2019 to 2024, albeit with fluctuations in some periods. At the end of 2019, gold prices were around usd 1,519/oz, then surged sharply in 2020 to usd 1,893/oz due to global uncertainty and the impact of the covid-19 pandemic, which prompted investors to seek safe haven assets. In 2021 and 2022, gold prices remained relatively stable at around usd 1,829–1,823/oz, reflecting a period of consolidation after the previous sharp surge. Entering 2023, gold prices rose again to usd 2,062/oz, driven by inflation concerns and geopolitical uncertainty. Ultimately, in 2024, gold prices reached a high of around usd 2,606/oz, reflecting the long-term trend that gold remains a desirable hedge against global economic and geopolitical turmoil.

The contribution of precious metals to the economic development of the indonesian people investing in precious metals is not just about seeking personal gain, but can contribute to the indonesian people's economy through several mechanisms:

a. Hedging. Inflation reduces the purchasing power of paper money. Gold and silver protect the value of the indonesian people's assets from being eroded by inflation. For example, in 2000, the price of 1 gram of gold was approximately idr 50,000, now in 2025 it is > idr 1,500,000/gram.
b. Access to capital & financing for the indonesian people. Through Islamic gold pawning, people can obtain business capital without interest. For example: Islamic pawnshops, a gold-based cooperative.
c. Microeconomic stabilization. Gold savings minimize the risk of sudden losses when prices rise. Gold can be sold in emergencies, helping the sustainability of small businesses.
d. Collective economic strengthening (community ecosystem). Cooperatives or zakat institutions can manage gold to finance micro-enterprises. Potential for

gold waqf: proceeds go toward education, health, and UMKM.

How to invest in precious metals correctly. There are several methods, from physical to digital. Here's a comparison:

Table 2.
There Are Several Methods, From Physical To Digital

Number	Method	Explanation	Advantages	Disadvantages
1	Physical Gold (Bars/Coins)	Buy Gold Bullion Or Dinars/Dirhams	Real Value, Risk-Free Digital System	Requires A Secure Location, Risk Of Theft
2	Digital Gold Savings	Save Gold Starting From 0.01 Grams On Official Platforms	Small Capital, Flexible, Easy To Sell	Depends On The Platform (Need To Choose One That's Secure And Supervised By The Financial Services Authority (OJK) Or Bank Indonesia)
3	Sharia Gold Pawn	Use Gold As Collateral For Interest-Free Business Capital	Sharia-Compliant, Fast Liquidity	There Are Administration Fees And The Risk Of The Gold Being Auctioned Off In Case Of Default
4	Gold Collective Investments	Cooperatives Or Institutions Pool Funds To Purchase Gold Together	Large Capital Strength, Broad Economic Impact	Requires Trust And Transparent Management
5	Silver & Platinum	Gold Alternatives Have More Volatile Prices	Large Upside Potential, Low Initial Investment	Smaller Market, Lower Liquidity

Sharia principles in precious metal investment. Because this relates to the people's economy, it is important to maintain the following principles: clear contracts (cash buying and selling or deposits are legally binding). No excessive speculation (avoid derivative trading, which resembles gambling). Cash transactions for gold/silver (spot transactions). No involvement in usury in gold-based financing (wardhana, s. 2020).

Strategies for impactful precious metal investment for the people. Financial education for the people. Teach the benefits of gold as long-term protection. Avoid getting trapped in ponzi schemes disguised as gold. Integration with sharia cooperatives. Cooperatives manage members' gold savings as capital for halal businesses. Zakat & gold waqf program. Gold waqf to finance community education and health facilities. Safe digitalization. Utilize official digital gold platforms (pegadaian, sharia banks) to make it accessible to rural communities. Diversification. Combine gold, silver, and productive assets so that the people's economy not only "saves" but also "produces" (yusuf, m., & anwar, s.2021).

According to the data, the positive impact of precious metals on the people's economy is as follows:

Table 3.
The Positive Impact Of Precious Metals On The People's Economy

Number	Type Of Field	Positive Impacts
1	Economic	• Increases Foreign Exchange Reserves From Exports • Serves As A Hedge Against Crises • Helps Stabilize Exchange Rates
2	Social	• Improving The Welfare Of Miners And Artisans • Expanding Access For Small Communities To Investment Instruments • Reducing Disparities Through Partnership Programs
3	Sharia Finance	• Providing Interest-Free Capital Financing • Encouraging Financial Literacy Among The Community • Mobilizing Community Funds Productively
4	Regional Development	• Improved Infrastructure In Mining Areas • Increased Income For Communities Around The Mine • Stimulated The Growth Of Supporting Sectors (Transportation, Trade, Services)

Precious metals in indonesia are not merely commodities, but strategic instruments for building an independent, stable, and sharia-compliant muslim economy. Their presence strengthens financial resilience, opens access to capital, and supports national development through their role in the real and financial sectors. With transparent management, equitable distribution, and regulatory support, precious metals have the potential to become a foundation for the future economic sovereignty of the muslim community.

6. Opportunities And Challenges Of Sharia Investment Instruments In Indonesia

   Sharia investment is a form of investment based on Islamic sharia principles, free from usury (riba), gharar (excessive uncertainty), and maysir (speculation/gambling). In indonesia, sharia investment instruments have experienced significant growth as the muslim community's awareness of the importance of investing in accordance with religious teachings increases. These instruments include sharia mutual funds, sukuk (Islamic bonds), sharia stocks, and sharia deposits. Opportunities for sharia investment instruments in indonesia (yusuf, m., & anwar, s. 2021):

   a. Large muslim population. Indonesia has the largest muslim population in the world (over 200 million). The market potential for sharia instruments is enormous. (OJK, 2023).
   b. Regulatory and infrastructure support. The government, through the financial services authority (OJK) and the national sharia council (dsn-mui), actively promotes the development of sharia products. (dsn-mui fatwa no. 80/dsn-mui/iii/2011).
   c. Increasing awareness of halal investment. The public is increasingly concerned about products that comply with halal principles, including investments. (OJK survey, 2022).
   d. Diversification of sharia products. The availability of various instruments: retail sukuk, sharia stocks, sharia mutual funds, and productive waqf-based financing. (indonesia stock exchange, 2023).

   Challenges of sharia investment instruments in indonesia: low sharia financial literacy. Many people do not understand the difference between sharia and conventional instruments. (OJK national sharia financial literacy survey, 2022), lack of promotion and education. Information about sharia investments is not yet evenly distributed, especially in remote areas, limited product availability in the secondary market. Some sharia instruments are less liquid than conventional products. (idx, 2023), perceived lower returns. There is still a perception that sharia investments are less competitive in terms of returns. (sharia capital market analysis, 2023, sharia investment instruments in indonesia have enormous potential thanks to the large muslim population, regulatory support, and increasing halal awareness. However, challenges such as low literacy, limited promotion, and market liquidity need to be addressed through extensive education, product innovation, and strengthening the sharia capital market ecosystem.

E. CONCLUSION

Sharia investment instruments have a strategic and significant contribution to driving economic development in indonesia, particularly in the real sector. Their principles, based on the quran, hadith, ijma', and qiyas, ensure that investment activities not only pursue financial gain but also prioritize justice, sustainability, and the common good (maslahah al-'ammah). Sharia investment instruments such as sharia stocks, sukuk, sharia mutual funds, and precious metals play a significant role in driving economic development in indonesia because they align with the principles of justice, sustainability, and blessings. These four instruments are oriented not only toward financial gain but also toward sustainable social benefits.

Impact on the economic development of the community: strengthening the real sector: sharia investments tend to be directed toward productive and halal activities, which contribute to sustainable economic growth. Increasing the community's financial literacy: access to these instruments encourages people to become more investment literate and manage their finances wisely. Economic empowerment: sharia instruments provide opportunities for various levels of society to participate in development without being trapped in usury practices. Long-term economic stability: real asset-based investments such as sukuk and gold help maintain the economic resilience of the people against global crises.

The existence of sharia-compliant stocks, sukuk (Islamic bonds), sharia-compliant mutual funds, and precious metals not only provides material benefits but also strengthens the foundation of the muslim economy through the principles of justice, transparency, and sustainability. With proper management and adequate regulatory and literacy support, sharia-compliant investment instruments can become a driving force for inclusive and sustainable economic development in Indonesia Overall, sharia-compliant investment instruments are not only a means of capital accumulation but also an instrument for socio-economic transformation oriented towards the welfare of the muslim community, equity, and sustainability. With strong regulatory support, widespread sharia-compliant financial literacy, and product innovation tailored to the needs of the community, sharia-compliant investment can become a key driving force towards an independent, just, and prosperous muslim economy in Indonesia

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