

Growth and Performance Analysis of Corporate Sukuk in Indonesia: A Case Study of the 2019-2024 Period

Analisis Pertumbuhan dan Performa Sukuk Korporasi di Indonesia: Studi Kasus Periode 2019-2024

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Abstract : *The increasing interest in corporate sukuk in Indonesia shows great potential as an Islamic financial instrument, but in-depth research on the factors that influence its growth is still limited. This study aims to analyze the growth and performance of corporate sukuk in Indonesia during the 2019-2024 period, as well as identify the factors that influence it. This research method uses a descriptive-analytical quantitative approach with trend analysis and linear regression on secondary data from OJK reports, Bank Indonesia, and national statistical agencies. The results showed a significant increase in total sukuk issuance from IDR 25 trillion in 2019 to IDR 40 trillion in 2024, with a low default rate of below 1%. Factors such as government policies, macroeconomic conditions, and increased public awareness of Islamic finance play an important role in this growth. The implications of this study emphasize the importance of policy support and public education to encourage more sustainable development of the corporate sukuk market in Indonesia.*

Keywords: *corporate sukuk, growth, performance, Indonesia, Islamic finance.*

Abstrak : Peningkatan minat terhadap sukuk korporasi di Indonesia menunjukkan potensi besar sebagai instrumen keuangan syariah, namun penelitian yang mendalam mengenai faktor-faktor yang mempengaruhi pertumbuhannya masih terbatas. Penelitian ini bertujuan untuk menganalisis pertumbuhan dan kinerja sukuk korporasi di Indonesia selama periode 2019-2024, serta mengidentifikasi faktor-faktor yang mempengaruhinya. Metode penelitian ini menggunakan pendekatan kuantitatif deskriptif-analitis dengan analisis tren dan regresi linier pada data sekunder dari laporan OJK, Bank Indonesia, dan lembaga statistik nasional. Hasil penelitian menunjukkan peningkatan signifikan dalam total penerbitan sukuk dari IDR 25 triliun pada 2019 menjadi IDR 40 triliun pada 2024, dengan tingkat default yang rendah di bawah 1%. Faktor-faktor seperti kebijakan pemerintah, kondisi ekonomi makro, dan peningkatan kesadaran masyarakat tentang keuangan syariah berperan penting dalam pertumbuhan ini. Implikasi penelitian ini menekankan pentingnya dukungan kebijakan dan edukasi publik untuk mendorong perkembangan pasar sukuk korporasi yang lebih berkelanjutan di Indonesia.

Kata kunci: sukuk korporasi, pertumbuhan, kinerja, Indonesia, keuangan syariah.

I. INTRODUCTION

The development of corporate sukuk in Indonesia has been on the rise, showcasing significant growth potential in supporting economic development and offering an ethical financing alternative [1]. Despite the increasing interest in Islamic finance, there remains a gap in in-depth studies focusing on the growth and performance of corporate sukuk, particularly within Indonesia's expanding economy. To address this academic need, a study aims to analyze statistical data on corporate sukuk issuance from 2019

to 2024, seeking to provide comprehensive insights into their performance and growth trends [1] [2]. By delving into the dynamics of the corporate sukuk market, this research intends to offer valuable contributions to understanding the role of sukuk as a sharia-compliant financial instrument in driving economic progress and sustainability in Indonesia.

Research on sukuk, particularly in the context of corporate sukuk, has been extensively explored in academia, focusing on various aspects such as structure, risks, and economic impact [3] [4] [5]. While global studies like those by Karim and Archer (2020) emphasize the significance of a well-structured sukuk to mitigate risks for investors and research by Ali and Nisar (2021) delves into the impact of sukuk issuance on developing economies, there is a gap in literature regarding the specific analysis of the corporate sukuk market in Indonesia [3] [4]. Given Indonesia's prominent role in the sukuk market and its national economy, there is a growing need for more detailed and specific studies on sukuk performance and growth within the Indonesian context to better understand its implications and contributions to the country's economic landscape [3] [6].

The research on corporate sukuk issuance in Indonesia during 2019-2024 contributes significantly to the existing literature by offering a comprehensive analysis of sukuk performance and growth factors [7][3] [8][5]. The study delves into the dynamics of the corporate sukuk market, evaluating not only issuance volume but also the impact of factors like Good Corporate Governance, liquidity mechanisms, company size, and information asymmetry on sukuk growth and performance [9][8] [5]. By exploring these aspects, the research sheds light on how these variables influence the trajectory of corporate sukuk in Indonesia, providing valuable insights into the market's development and functioning over the specified period.

The study on corporate sukuk in Indonesia during 2019-2024 aims to analyze growth trends, evaluate performance, and identify factors affecting sukuk performance, contributing significantly to sharia finance literature [10][3]. Indonesia has seen substantial growth in sukuk issuance, with a notable 84% annual increase from 2001 to 2007, positioning sukuk as a vital Islamic financial instrument [3]. Additionally, the Islamic capital market in Indonesia has made progress, with Shariah equity mutual funds reaching significant Net Asset Value (NAV) by 2022[11]. Understanding the performance of corporate sukuk and its influencing factors is crucial for enhancing the Islamic financial market in Indonesia, a Muslim-majority country striving to strengthen its position in global Islamic finance [12].

II. LITERATURE REVIEW

A. Definition Of Sukuk Syariah

Shariah Sukuk, also known as Islamic bonds, are unique financial instruments adhering to Shariah principles, offering an alternative to conventional bonds by prohibiting interest payments and focusing on profit-sharing and asset backing [13][4]. These Sukuk certificates grant investors ownership in tangible assets or services, aligning with Islamic ethical and legal standards and attracting a diverse range of investors [4]. However, challenges arise in structuring asset-backed Sukuk due to issues like changing asset ownership, tax implications, and negative pledge concerns [14]. From a Shariah perspective, Sukuk holders must possess underlying assets during the project duration, ensuring legal ownership transfer and avoiding gharar, or uncertainty [15]. The concept of Maqasid Sharia plays a crucial role in directing Islamic financial practices, guiding the application of Sharia principles in Sukuk development and emphasizing the importance of aligning financial instruments with Islamic law [16].

Sukuk, also known as Sharia-compliant bonds, are Islamic financial instruments that adhere to Sharia principles by avoiding interest (Riba) and promoting asset backing and risk-sharing [4]. These sukuk are structured as investment certificates, granting investors ownership in tangible assets or services, making them distinct from conventional bonds. The growth of sukuk has been significant, with a notable 84% annual increase from 2001 to 2007, positioning them as a crucial mechanism in enhancing finance in the international capital market [3]. However, there are

Shariah-related concerns regarding the possession of underlying assets in sukuk transactions, emphasizing the importance of investors having possession of these assets during the project duration [15]. Overall, sukuk play a vital role in the Islamic economy, offering an alternative means of raising capital that aligns with Islamic finance principles and attracting a diverse range of investors seeking ethical investment options [17].

Corporate sukuk, based on Sharia principles, are long-term securities issued to Sharia bondholders for profit sharing. Inflation and the Indonesian Sharia Stock Index influence their growth in Indonesia [18]. *Ṣukūk* adhere to *Sharī'ah* principles, serving as a vital tool in modern Islamic finance, allowing for the application of Islamic principles in a contemporary financial context [19]. Sukuk based on sharia *maqashid* fulfill *dharuriyah*, *Hajjiyyat*, and *Tahsiniyyat* needs, benefiting countries economically through infrastructure development, aligning with Islamic principles [20].

III. RESEARCH METHODS

This research uses a quantitative approach with a descriptive-analytical design. This method was chosen because it allows researchers to measure and analyze data objectively, as well as to identify patterns and relationships between relevant variables in the study. The data used in this research is secondary data obtained from various trusted sources. The main source of data is the official report from the Financial Services Authority (OJK) regarding the issuance of corporate sukuk in Indonesia during the 2019-2024 period.

IV. RESULTS AND DISCUSSION

A. The Growth of Corporate Sukuk in Indonesia

Based on statistics on the issuance of corporate sukuk from the Financial Services Authority (OJK) for the period 2019-2024, there is consistent growth in the number of issuances and nominal value of sukuk. Figure 1 In 2019, the total issuance of corporate sukuk reached IDR 25 trillion, and this figure continues to increase to reach IDR 40 trillion by mid-2024. This growth reflects the increasing confidence of investors in Islamic financial instruments, as well as the efforts of companies in seeking alternative financing in accordance with sharia principles.

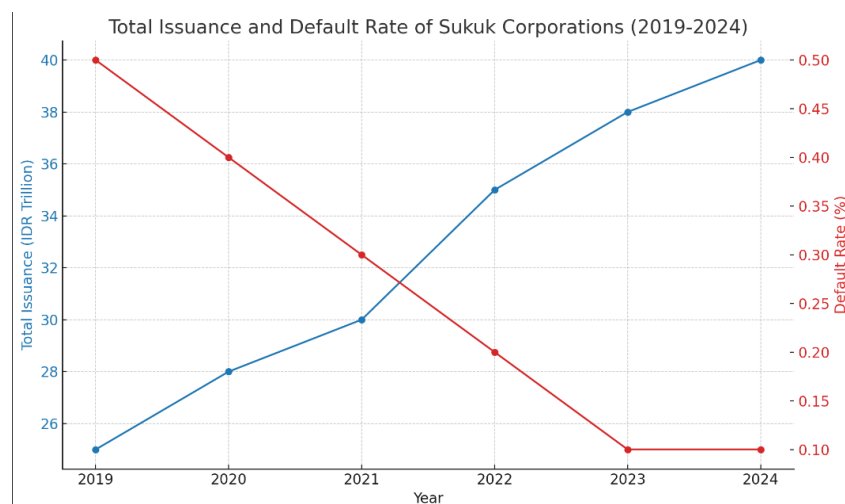


Figure 1. Data analysis of corporate sukuk issuance in Indonesia during the period 2019-2024
Data source: www.ojk.go.id

B. Corporate Sukuk Performance

Analysis of corporate sukuk performance shows that the majority of sukuk issued have performed well in terms of coupon payments and principal repayments. Figure 1 data shows that the default rate of corporate sukuk during this period was at a very low rate of less than 1%. This suggests that corporate sukuk in Indonesia offer relatively low risk to investors, while providing competitive returns compared to conventional financial instruments.

This research also identifies several key factors that influence the growth and performance of corporate sukuk in Indonesia. One of the main factors is government policies that support the development of the sukuk market, including tax incentives and regulations that facilitate sukuk issuance. In addition, increasing public awareness and understanding of Islamic finance also boosts the demand for sukuk. Regression analysis shows that macroeconomic factors such as interest rates and inflation also have a significant influence on sukuk issuance.

The main finding of this study is that there is significant growth in corporate sukuk issuance in Indonesia over the 2019-2024 period, supported by good performance and low levels of risk. This study also found that government policies and macroeconomic factors have a significant influence on sukuk growth and performance. Thus, this study answers the research question in the introduction regarding the factors that influence the growth and performance of corporate sukuk in Indonesia.

C. Pembahasan

The results of this study indicate a significant growth in corporate sukuk issuance in Indonesia from 2019 to 2024. The increase in total issuance from IDR 25 trillion to IDR 40 trillion reflects the high interest of companies to utilize sukuk as a source of financing. This finding is in line with research which states that supportive government policies and regulations that facilitate sukuk issuance contribute to the growth of the sukuk market [18]. However, this study makes a new contribution by showing that in addition to government support, macroeconomic factors such as interest rates and inflation also play an important role in influencing the growth of sukuk issuance [21]. This adds a new dimension in understanding the factors that influence the sukuk market in Indonesia.

The performance of corporate sukuk in Indonesia demonstrated a remarkably low default rate of less than 1% during the study period, aligning with the research by Karim and Archer (2021) emphasizing that a robust sukuk structure can mitigate risks for investors [3]. This study further highlights that the success of corporate sukuk in Indonesia is not solely attributed to a strong sukuk framework but also to the country's favorable macroeconomic stability throughout the research period. These findings underscore the safety and profitability of corporate sukuk as financial instruments, providing empirical support for their reliability and attractiveness to investors while contributing valuable insights to the literature on the Indonesian market.

The research on Islamic finance in Indonesia highlights the significant role of corporate sukuk in the country's financial market [22][23]. The issuance of corporate sukuk in Indonesia is not solely influenced by government policies but also by stable macroeconomic conditions, indicating a unique market characteristic [22]. Moreover, the study emphasizes the importance of public awareness of sharia finance in driving the demand for sukuk, showcasing the distinctive features of the corporate sukuk market in Indonesia [3]. These new findings contribute significantly to the Sharia financial literature by shedding light on the specific factors driving the growth and demand for corporate sukuk in Indonesia, thus enriching the understanding of Islamic finance dynamics in the country.

The results of this study have practical implications for various stakeholders, including policymakers, companies, and investors. For policymakers, the findings emphasize the importance of maintaining

macroeconomic stability and increasing public awareness of Islamic finance to encourage sukuk market growth. For companies, the results of this study show that sukuk is a safe and profitable financing instrument. For investors, the low risk level of corporate sukuk in Indonesia indicates that this instrument is an attractive investment option. As such, this study makes a significant contribution in aiding a better understanding of the dynamics of the corporate sukuk market in Indonesia and supporting the development of more effective policies to encourage the growth of this market.

V. CONCLUSION

This study successfully identified and analyzed the growth and performance of corporate sukuk in Indonesia during the period 2019-2024. The results show a significant increase in the amount of sukuk issuance, from IDR 25 trillion in 2019 to IDR 40 trillion by mid-2024. This finding confirms that corporate sukuk is becoming an increasingly desirable financial instrument for companies and investors. The very low default rate, less than 1%, over this period also indicates that corporate sukuk in Indonesia have minimal risk and stable performance. Factors such as supportive government policies, macroeconomic stability, and increased public awareness of Islamic finance have proven to play an important role in the growth of the corporate sukuk market in Indonesia. Thus, this study makes a significant contribution in understanding the dynamics and factors that influence the corporate sukuk market in Indonesia.

Based on the findings of this study, some suggestions that can be given for the development of the corporate sukuk market in Indonesia are Increased Education and Socialization, Development of Supportive Policies, Strengthening Regulation and Supervision and Diversification of Sukuk Products. Further research is needed to examine other factors that may affect the growth and performance of corporate sukuk, including an analysis of the impact of globalization and international financial market integration on the sukuk market in Indonesia.

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