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Strengthening the Sharia Stock Sector as an Implementation of the Islamic Economic System in Fair Investment in Indonesia

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Abstract: The Islamic economic system emphasises justice (ʻadl), balance (tawazun), and public interest (maslahah) in economic activities. Sharia stocks as an instrument of the Islamic capital market in Indonesia have the potential to create wealth distribution and promote fair investment. This article aims to examine the role of sharia stocks in strengthening the Indonesian capital market sector by integrating the principles of Islamic economics and maqāṣid al-syarīʻah. Through descriptive and normative analysis, this study finds that the Islamic stock sector in Indonesia has great potential to encourage fair investment, but faces major challenges related to Islamic financial literacy and the strengthening of Islamic capital market regulations. This article also offers an implementation model for Islamic stocks based on the principles of maqāṣid al-syarīʻah, which can be a solution in advancing the Islamic capital market in Indonesia.

Keywords: Sharia Stocks; Maqāṣid al-Syarīʻah; Equitable Investment; Islamic Economic System; Capital Market.

Introduction

Indonesia, as the country with the largest Muslim population in the world, faces serious challenges in the economic sector. Although economic growth has been relatively stable over the past two decades, various structural problems such as poverty, social inequality, unemployment, and reliance on foreign debt continue to overshadow national development (Zulbaidah, Amin, Rosele, & Utang, 2025). According to data from the Central Statistics Agency (BPS) in 2025, the poverty rate stood at 8.47%, equivalent to approximately 23.85 million people, while the Gini Ratio of 0.375 indicates the persistence of income distribution disparities. These conditions demonstrate that the success of economic development is not solely determined by aggregate growth, but also by the equitable and inclusive distribution of welfare, so that all layers of society, including the Muslim majority, can benefit fairly from development (Zulbaidah, 2024).

In the context of a pluralistic society, social reconstruction based on tauhid is a relevant approach, as it emphasises not only transcendental responsibility but also social and civic awareness among citizens (Zulbaidah, 2024). Understanding Islamic law, particularly through mastery of kaidah-kaidah lughawiyah, is essential for accurately interpreting the Qur'an and Hadith, ensuring that Sharia principles can be applied appropriately across various aspects of life, including economic and social spheres (Zulbaidah, 2025a). Moreover, ushul fiqh serves as a methodological foundation for deriving the laws of Allah and establishing subsidiary rulings, providing a normative framework to address development challenges and social inequality (Zulbaidah, 2025b).

Thus, the integration of Islamic legal understanding, transcendental-social principles, and attention to societal economic conditions forms a comprehensive development framework. This approach allows for the implementation of laws and Sharia values that are not only normative but also contextual, responsive to real issues such as poverty, inequality, and unemployment, and contributes to the welfare of the Muslim community within the dynamic and diverse society of Indonesia.

The conventional capitalist-based economic system has provided room for growth, but has failed to create social justice. Meanwhile, socialism has proven incapable of promoting innovation and independence. In this context, the Islamic economic system offers an alternative paradigm that emphasises justice ('adl), balance (tawazun), and benefit (maslahah). These principles are reflected in Islamic economic instruments, such as zakat, waqf, Islamic banking, sukuk, and profit-sharing financing. The implementation of Islamic economics in Indonesia is increasingly relevant, especially with the enactment of Law No. 21 of 2008 on Islamic Banking and Law No. 23 of 2011 on Zakat Management. State Regulations on the Operation of Sharia Financial Institutions (POJK No. 35/POJK.05/2017) and sharia services in the capital market and the issuance of sharia securities (POJK No. 15/POJK.04/2015 & No. 16/POJK.04/2015) which are an important foundation in operationalising Islamic values into the national economic system. Therefore, an in-depth study of the contribution of the Islamic economic system in overcoming Indonesia's economic problems is very urgent, both academically and practically.

Indonesia's Economic Problems

The Central Statistics Agency (2025) identified some major problems Indonesian economy , including :

Table 1.1 Indonesia’s Economic Problems

Economic Indicators	Mark	Source
Poverty	8.47% (23.85 million people)	BPS
Inequality (Gini Ratio)	0.375	BPS
Unemployment Rate (TPT)	4.76% (7.28 million people)	BPS / CNN Indonesia
Government Debt	Rp. 8,984.13 trillion	Ministry of Finance / Balance Sheet
Real Sector & MSMEs	Growth Not yet inclusive , limited access to capital	BPS / Analysis field

1.1 Problem Ecomomic Indonesia (BPS, 2025)

The visual data underscore the urgency of developing an economic model grounded in justice and Sharia values to address persistent structural problems. Although the poverty rate declined to 8.47 per cent in March 2025, the absolute number of people living in poverty remains high at approximately 23.85 million, indicating that poverty continues to be a structural challenge, particularly in rural areas. Social inequality also persists, as reflected in a Gini ratio of 0.375 in March 2025, which signals an uneven distribution of income and highlights ongoing disparities in social welfare. Meanwhile, the Open Unemployment Rate (TPT) fell to 4.76 per cent in February 2025, with around 7.28 million people unemployed; however, a significant proportion of the labour force is still absorbed into the informal sector, raising concerns about job quality and income security. Fiscal vulnerability is further evident in the government’s debt position, which reached approximately IDR 8,984.13 trillion by April 2025, thereby constraining fiscal space and policy flexibility. In addition, the real sector particularly micro, small, and medium enterprises (MSMEs) remains relatively weak. While growth has been more pronounced in wholesale and retail trade, limited access to capital and insufficient support for MSME productivity continue to pose major constraints. Collectively, these conditions highlight the need for a more equitable economic policy framework rooted in Islamic principles, particularly distributive justice and *maslahah ʿāmmah* (public welfare).

This study aims to examine the role of Sharia-compliant stocks in addressing social inequality and promoting just and equitable investment in Indonesia. In addition, it seeks to develop an implementation model for Sharia-based stocks grounded in the principles of *maqāṣid al-sharīʿah*, thereby ensuring that investment practices not only comply with Islamic legal norms but also contribute to broader socio-economic welfare.

Methods

This study employs a qualitative approach that combines documentary analysis with thematic content analysis, using secondary data from various sources, including academic literature on Islamic economics and Islamic law (Zulbaidah, Yuniardi, Januri, Najmudin, & Cason, 2025), regulatory documents such as Law No. 21 of 2008 on Sharia Banking and Law No. 19 of 2008 on State Sharia Securities (Sukuk Negara), and official reports and statistical data from the Financial Services Authority (OJK), Statistics Indonesia (BPS), and the Indonesia Stock Exchange. The documentary analysis systematically examines documents to identify key themes and uncover meanings, patterns, and discourse tendencies (Zulbaidah, Yuniardi, Januri, Najmudin, & Cason, 2025). Data were analysed using a descriptive–analytical method in three stages: identifying the main obstacles and challenges in the development of Sharia-compliant stocks in Indonesia, analysing their contribution to economic justice and income equality, and formulating an implementation model for Sharia-based stocks that aligns with the objectives of maqāṣid al-sharīʿah. This approach provides a comprehensive understanding of both empirical evidence and normative frameworks, making it relevant for research in Islamic law, Islamic economics, public policy, and social-humanities studies (Novianti, 2024).

Results and Discussion

Literature Review: Basic Principles of the Islamic Economic System

A systematic understanding of kaidah lughawiyah is essential for accurately interpreting the laws contained in the Qur'an and Hadith, as Arabic, the language of revelation, possesses a rich semantic and linguistic structure. Mastery of these rules forms a crucial foundation for ushul fiqh, which serves as a means to derive the laws of Allah from the Qur'an and as-Sunnah, as well as a tool for determining subsidiary rulings in a precise and consistent manner (Zulbaidah, 2025). A deep comprehension of kaidah lughawiyah and ushul fiqh methodology is not only relevant in the context of family law, but also provides the basis for understanding broader Islamic legal principles, including their application within the Islamic economic system.

The Islamic economic system constitutes a normative framework grounded in Shariah, with the primary objective of achieving justice, balance, and collective welfare. It is not merely oriented towards material growth, but integrates moral, social, and spiritual dimensions into economic life. According to Mannan (1986), Islamic economics is a social science that examines societal economic issues inspired and guided by Islamic values. The core principles of the Islamic economic system include tawḥīd (monotheism), justice (al-ʿadl), public benefit (maṣlaḥah), balance (tawāzun), and social responsibility through redistributive instruments such as zakat, infaq, ṣadaqah, and waqf. These principles emphasise that economic development in Islam must pursue equity and sustainability alongside growth (Mannan, 1986). Consequently, mastery of kaidah lughawiyah and the methodology of ushul fiqh provides a solid methodological foundation for comprehending and implementing the basic principles of Islamic economics in a consistent and valid manner (Zulbaidah, 2025).

Monotheism (*tawḥīd*) serves as the foundational principle of Islamic economics. Classical jurists (*fuqahā'*) position *tawḥīd* as the basis of all *muʿāmalāt*, asserting that wealth is not owned absolutely by humans but is a trust (*amānah*) from Allah. Ibn Khaldun, in his *Muqaddimah*, emphasises that property is essentially sustenance from God, while humans act merely as stewards who are tested in the ways they acquire and spend it. This theological foundation implies that all economic activities must conform to divine law and ethical constraints, rather than being driven solely by the pursuit of worldly profit.Justice (*al-ʻadl*) constitutes the moral core of Islamic economic transactions. Al-Ghazali, in *Iḥyā' 'Ulūm al-Dīn*, asserts that justice is the foundation of all economic dealings and categorically prohibits exploitation through usury (*ribā*), fraud (*gharar*), and injustice (*ẓulm*). From this perspective, the objective of Islamic economics is not the accumulation of wealth per se, but the realisation of the *maqāṣid al-sharīʻah*, particularly the protection of property (*ḥifẓ al-māl*) alongside religion, life, intellect, and lineage. Justice thus functions as both an ethical norm and a structural principle in Islamic economic arrangements.

The orientation towards *maṣlaḥah* further reinforces the social character of the Islamic economic system. Al-Shāṭibī, in *al-Muwāfaqāt fī Uṣūl al-Sharīʻah*, affirms that Islamic law is established to promote benefit and prevent harm. In economic terms, this principle requires that financial policies and instruments generate public welfare (*al-maṣlaḥah al-ʻāmmah*) and avoid negative externalities that could undermine social well-being. Consequently, economic activities are evaluated not only by their efficiency or profitability but also by their broader social impact.

The principle of balance (*tawāzun*) reflects Islam's emphasis on moderation between material and spiritual pursuits. The Qur'anic injunction in Surah al-Qaṣaṣ (28:77) calls upon believers to seek the hereafter without neglecting their share of worldly life. Classical scholars such as al-Māwardī interpret this verse as an exhortation to harmonise religious commitment with economic endeavour, rejecting both material excess and ascetic neglect. This balanced outlook ensures that economic activity remains ethically guided while still responsive to human needs.

Finally, social responsibility and equitable distribution of wealth are integral to the Islamic economic framework. Abu Yusuf, in *Kitāb al-Kharāj*, stresses the obligation of political authority to safeguard public interests and uphold justice in wealth distribution. Instruments such as zakat, infaq, ṣadaqah, and waqf function as institutional mechanisms to reduce inequality and promote distributive justice. Through these mechanisms, Islamic economics seeks to ensure that wealth circulates within society and contributes to social cohesion rather than concentration, thereby reinforcing its commitment to justice and collective welfare.

Contemporary Scholars' Perspectives on Islamic Economics

Contemporary scholars have made significant contributions to the development of Islamic economics by translating its normative foundations into analytical frameworks and policy oriented concepts that are compatible with modern economic systems. M. Abdul Mannan (1986) defines Islamic economics as "a social science which studies the economic problems of a people imbued with the values of Islam." He emphasises that Islamic economics differs fundamentally from capitalism and socialism because it places moral and ethical values (*akhlāq*) at the core of economic behaviour. According to Mannan, economic activities are not value neutral but must be guided by justice, social responsibility, and accountability before God.

M. Umer Chapra, in *Islam and the Economic Challenge* (1992), argues that the primary objective of Islamic economics is not merely economic growth but the realisation of human well being (*falāḥ*) through justice and balanced development. Chapra stresses that the success of an economic system should be measured by its ability to achieve social justice, reduce inequality, and enhance collective welfare rather than by indicators such as gross domestic product alone. This perspective reinforces the ethical and human centred orientation of Islamic economics.

Yusuf al Qaradawi further highlights the socio economic dimension of Islamic principles, particularly through the institution of zakat. In *Fiqh al Zakah*, he explains that zakat is a social and economic system aimed at realising justice and solidarity among members of society. Zakat therefore functions not only as a religious obligation but also as a structural mechanism for wealth redistribution and poverty alleviation. From these perspectives, it can be concluded that Islamic economics represents an integrated system combining spiritual values such as *tawḥīd*, moral norms including justice and *maṣlaḥah*, and social mechanisms such as zakat and waqf. Classical scholars emphasised the normative and ethical foundations of the system, while contemporary scholars developed practical and theoretical models that allow Islamic economics to operate within modern economic structures in harmony with the *maqāṣid al sharīʻah*. Consequently, Islamic economics emerges as a comprehensive and equitable system that balances economic growth with social equality and individual rights with public interests.

Islamic Economic System According to Classical and Contemporary Scholars

Classical scholars provided the essential foundations of Islamic economics by grounding economic activity in the principle of monotheism. Wealth and property are understood as belonging ultimately to God, while humans function merely as trustees. Ibn Khaldun, in his *Muqaddimah*, emphasises that economic activity must prioritise social welfare and justice in wealth distribution. He asserts that property is essentially sustenance from God and that assets acquired by individuals should be utilised for the benefit of society and distributed fairly.Imam al Ghazali reinforces this position by placing justice at the centre of economic life. In *Iḥyā' 'Ulūm al Dīn*, he explains that justice forms the foundation of all transactions and strictly prohibits usury, fraud, and exploitation. For al Ghazali, the objective of economic activity is not the accumulation of wealth but the preservation of public welfare in accordance with the objectives of Islamic law.

Building upon these classical foundations, contemporary scholars such as Chapra and Mannan reinterpret Islamic economic principles within modern theoretical frameworks. Chapra emphasises the integration of moral and spiritual values into economic policy, while Mannan highlights Islamic economics as a value based social science concerned with justice and equality. These views demonstrate continuity between classical and contemporary thought, while also reflecting adaptation to changing economic realities.

Principles of Sharia Stocks in Classical and Contemporary Perspectives

The principles governing Sharia compliant stocks are rooted in the prohibition of *ribā*, *gharar*, and *maisir*. These prohibitions serve as key guidelines in the development of Islamic financial instruments, ensuring consistency with Islamic ethical values. Al Shāṭibī, in *al Muwāfaqāt*, asserts that all economic policies and instruments in Islam must aim to realise *maṣlaḥah* and prevent harm. Accordingly, Sharia compliant stocks should generate benefits for shareholders without causing social or economic harm to the wider community.

Contemporary scholars have further elaborated these principles in practical financial contexts. Ascarya (2016) explains that Islamic financial instruments, including equity based contracts such as *muḍārabah* and *mushārakah*, promote justice through profit and loss sharing mechanisms. These arrangements ensure a fair distribution of risk and return between capital providers and business managers, thereby preventing exploitation and strengthening economic balance. In line with Mannan's framework, Islamic economics grounded in monotheism, justice, balance, and *maṣlaḥah* aims ultimately to achieve social justice and human welfare. These objectives are reflected in various Islamic financial instruments, including zakat, waqf, and Sharia compliant stocks, which function collectively as tools for promoting equitable development and sustainable economic justice.

MUI DSN Decision on Sharia Shares

One of the most important legal foundations for the development of Sharia-compliant stocks in Indonesia is the fatwa issued by the National Sharia Council of the Indonesian Ulema Council (DSN MUI) concerning the Islamic capital market. This decision regulates the provisions and Sharia principles that must be fulfilled by capital market instruments issued in Indonesia, including Sharia-compliant shares. Through this regulatory framework, the DSN MUI provides normative guidance to ensure that capital market activities operate in accordance with Islamic law. DSN MUI Fatwa No. 40/DSN MUI X 2003 on the Islamic Capital Market establishes comprehensive guidelines regarding permissible and prohibited instruments, as well as the criteria that must be met by Sharia-compliant stocks. According to this fatwa, shares may be classified as Sharia-compliant provided that they are issued by companies whose core business activities do not contradict Islamic principles. Such prohibited activities include usury, excessive uncertainty, gambling, and industries that conflict with Islamic moral values, such as alcohol, gambling, and pornography. Consequently, only shares issued by companies operating in lawful sectors under Islamic law may be traded as Sharia shares.

The fatwa further outlines specific criteria for Sharia-compliant stocks. These include the requirement that the issuing company's assets must not involve elements contrary to Sharia principles and that its income must be derived from lawful transactions free from usury, uncertainty, and gambling. In addition, dividends distributed to shareholders must originate from halal income, and any income contaminated by unlawful elements must be purified in accordance with Sharia guidelines. With regard to profit distribution, the fatwa emphasises profit sharing mechanisms based on partnership contracts such as *mushārakah* and *muḍārabah*, which are considered more consistent with Sharia principles than interest-based returns. In terms of funding sources, the fatwa requires that capital raised through Sharia-compliant stocks be based on fair profit distribution and must not contain elements of usury that could disadvantage any party. Partnership based contracts are prioritised, as they ensure that both profits and risks are shared equitably between investors and business managers based on mutual agreement. This approach reflects the Islamic emphasis on justice and risk sharing in financial transactions.

The implementation of Sharia screening mechanisms is another crucial aspect regulated by the DSN MUI fatwa. Authorised institutions within the Sharia capital market, particularly the Indonesia Stock Exchange and the Financial Services Authority, are responsible for conducting regular Sharia screening to ensure that listed companies comply with established criteria. Stocks included in indices such as the Indonesian Sharia Stock Index and the Jakarta Islamic Index exemplify securities that have passed this screening process. The influence of the DSN MUI decision on the development of the Sharia capital market in Indonesia is substantial. The fatwa provides legal certainty and practical guidance for investors who seek to invest in accordance with Sharia principles, thereby facilitating informed investment decisions. It also offers a clear regulatory foundation for financial institutions, stock exchanges, and issuing companies involved in the Islamic capital market. Furthermore, this decision has encouraged the development of other Islamic financial instruments, such as sukuk and Sharia mutual funds, which have expanded the range of Sharia-based investment options available in Indonesia.

As the country with the largest Muslim population in the world, Indonesia possesses considerable potential to further develop its Islamic economic system, particularly within the Sharia capital market sector. Sharia-compliant stocks represent a strategic instrument capable of supporting a just and sustainable economic system. However, despite notable growth, the contribution of Sharia shares to the overall Indonesian capital market remains relatively limited compared to conventional shares. Therefore, sustained efforts are required to strengthen the Sharia stock sector by integrating the principles of Islamic economics and the objectives of *maqāṣid al-sharīʻah*. In this context, the present study aims to analyse the role of Sharia-compliant stocks in addressing social inequality and promoting just investment, as well as to develop an implementation model grounded in the principles of *maqāṣid al-sharīʻah*. The following describes that Indonesia as a country with resident Muslim the biggest has potential big For development sector sharia stocks .

1.2 . Resident Muslim The Biggest Has Potential Big For Development Sector Sharia Stocks

Based on data from the Financial Services Authority (OJK), as of December 2024 there were 671 stocks included in the Sharia Securities List (Daftar Efek Syariah). In terms of market activity, reports from September 9, 2024 indicate that Sharia-compliant stocks accounted for approximately 76 per cent of daily transaction volume, around 58 per cent of daily transaction value, and about 71 per cent of total transaction frequency on the Indonesia Stock Exchange. This strong performance is further reflected in market capitalisation, with Islamic stocks reaching approximately IDR 7,256 trillion by October 2024. More broadly, within the Islamic finance industry, which encompasses Sharia banking, Sharia non bank financial institutions, and the Sharia capital market, significant growth has been recorded, with the Sharia capital market alone reaching a value of approximately IDR 1,733.50 trillion in 2024.

1.3. Sharia Stock Industry Sector in Indonesia

The available data indicate that the number of Sharia-compliant shares, totalling 671 issuers, reflects a sufficiently broad and continuously expanding range of Islamic investment instruments within the capital market. This development is particularly important for Sharia-based investors, as it provides greater diversity of investment choices and enhances the overall attractiveness of the Sharia capital market. Moreover, the very high proportion of trading activity, with Sharia stocks accounting for approximately 76 per cent of daily transaction volume, demonstrates that although their contribution may still appear limited in certain respects, such as relative market capitalisation compared to the overall market, trading activity and liquidity in Sharia shares are highly significant. This pattern signifies strong investor interest and an increasingly liquid market segment. The market capitalisation of Sharia-compliant stocks, which has reached approximately IDR 7,256 trillion, further confirms that the Sharia stock market is not marginal in scale. Nevertheless, when viewed in relation to total market capitalisation, this figure also highlights the existence of substantial room for further growth and expansion. In addition, data from the broader Islamic finance industry indicate that the development of the Sharia capital market should not be pursued in isolation. Instead, it needs to be integrated within a wider Islamic economic ecosystem that includes Sharia banking and Sharia non bank financial institutions, thereby ensuring coherence and sustainability across sectors.

The implications of these findings suggest that, despite the relatively large number of Sharia-compliant issuers, further strengthening is required to enhance their tangible contribution to the overall capital market. The dominance of Sharia stocks in transaction activity reflects increasing liquidity and investor enthusiasm; however, persistent challenges such as limited financial literacy, regulatory constraints, and insufficient product diversification must still be addressed. Furthermore, although the achieved level of market capitalisation demonstrates significant capacity, the gap between the Sharia segment and the total capital market underscores the need for targeted development strategies. Ultimately, the integration of Islamic economic principles and the objectives of *maqāṣid al-sharīʿah* should be understood not merely as a matter of financial instruments, but as a comprehensive approach that aligns products, regulations, and educational initiatives within a unified and supportive ecosystem.

Comparison of Indonesian Sharia Stocks VS Developed Islamic Countries

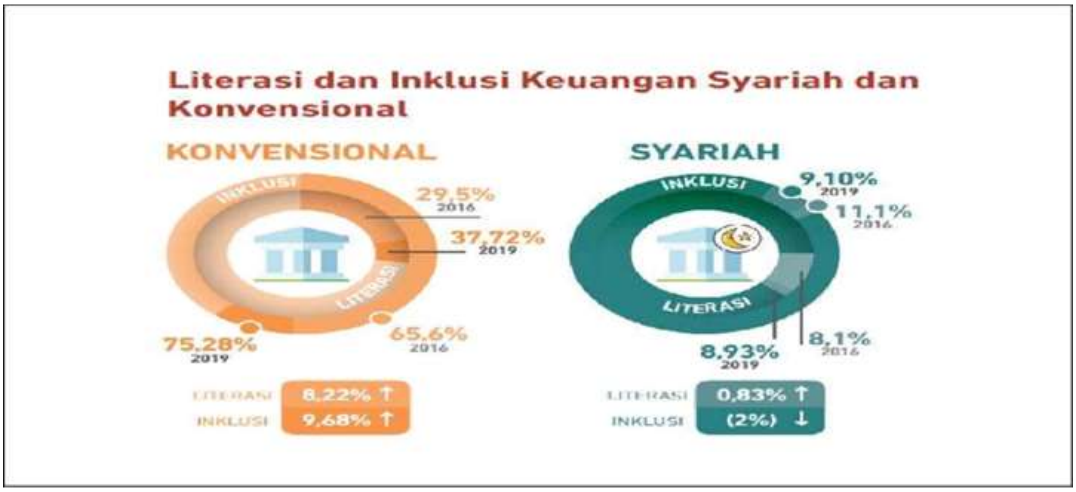
Indonesia, as a country with the largest Muslim population in the world, has potential big . However , our Islamic capital market Still need improved compared to countries that are more developed developed , such as Malaysia and several Gulf countries (e.g. Qatar, Saudi Arabia).

Table 1.2

Aspect Comparison	Indonesia	Malaysia & Gulf States
Global Ranking	Rank 3 (Global Islamic Fintech Index 2023) & Rank the highest in the Islamic Finance Country Index (IFCI) 2021.	Generally be in the rankings top (such as Saudi Arabia and Malaysia in the IFCI), superior in market depth .
Variation Product	Product main Limited to Sharia Stocks (ISSI, JII), Sukuk, and Sharia Mutual Funds. Innovation such as the new Sharia Asset Backed Securities (KIK-EBA Syariah) launched .	Very diverse, with more instruments complex and innovative, as well as ecosystem more Islamic finance integrated.
Regulation & Structure	Already own framework strong regulations (DSN-MUI Fatwa, POJK) and SOTS (Sharia Online Trading System) which are the world's first sharia trading system .	Very mature and integrated regulations in a way deep with system finance national, often become a global benchmark.
Literacy & Awareness	Literacy Islamic finance is still become constraint main, with understanding society that still limited .	Level of literacy and understanding public more high, supported by sustainable ecosystems and campaigns .

Market Size	capitalization of ISSI and Sukuk shows growth, but contribution to GDP still need pushed .	Large market capitalization, with very active Sovereign and Corporate Sukuk (e.g., Malaysia and Saudi Arabia included) the largest Sovereign Sukuk issuer).

Obstacles to improving the development of Sharia-compliant stocks in Indonesia remain evident across several structural dimensions. One of the primary challenges is the low level of literacy and education related to the Islamic capital market, as many people, including Muslims, still lack sufficient understanding of its concepts, benefits, and products. This condition is compounded by persistent misconceptions that Sharia-based investments are less competitive in terms of returns or are essentially no different from conventional investments. Another significant obstacle lies in the limited variation of available Sharia investment products. Compared to conventional capital markets or those of more advanced Islamic finance jurisdictions, Sharia instruments in Indonesia, such as shares, sukuk, and mutual funds, remain relatively narrow in scope, thereby restricting investor choice and innovation. In addition, disparities in geographic access and human resources continue to hinder development. Physical access to Sharia financial services and the availability of competent professionals capable of explaining products comprehensively are still concentrated in major urban centres, leaving many regions underserved. Finally, weak synergy and integration among sectors within the Islamic finance industry present further challenges. Coordination between the Sharia capital market and the broader halal industry, particularly the real sector, has yet to be fully optimised, limiting the formation of a cohesive and sustainable Islamic economic ecosystem.



1.4 Sharia and Conventional Financial Literacy and Inclusion in Indonesia

Several important data points further illustrate the structural challenges facing the development of Sharia-compliant stocks in Indonesia. According to the Financial Services Authority through the National Survey of Financial Literacy and Inclusion (SNLIK) 2019, the Islamic financial literacy index stood at only 8.93 per cent, while Islamic financial inclusion reached 9.10 per cent. In contrast, overall financial literacy among the Indonesian population, largely reflecting conventional finance, reached 37.72 per cent, with a financial inclusion index of 75.28 per cent. These figures reveal a substantial gap not only between literacy and inclusion levels, but also between conventional and Sharia-based financial literacy. Furthermore, studies indicate that although the number of Sharia investment products, including Sharia-compliant stocks, has continued to grow, limitations in product diversification remain a significant obstacle in attracting a wider range of investors.

The data suggest that low Islamic financial literacy constitutes a major constraint on the expansion of the Sharia capital market. The Sharia literacy index, which remained at around 9.14

per cent in 2022, underscores the limited public understanding of Islamic financial instruments when compared with the substantially higher level of general financial literacy. This condition helps explain why many investors continue to favour conventional shares, which are more familiar and perceived as easier to access. The combination of low Sharia literacy and insufficient product diversification has contributed to the continued dominance of conventional stocks in the capital market, despite the steady growth of Sharia-compliant issuers. In addition, although the number of Sharia investment products and issuers has increased, this growth has not yet been sufficient to appeal to all segments of investors. The limited diversity of Sharia stock products reduces their attractiveness, particularly for investors seeking varied risk profiles and investment strategies. This situation highlights the persistent gap between quantitative growth and qualitative development within the Sharia stock market. Looking ahead, the future prospects for Sharia-compliant stocks in Indonesia depend on several strategic measures. These include the systematic improvement of Islamic financial literacy through more intensive and targeted educational programmes, the continued development of the Sharia capital market by introducing a broader and more diversified range of Sharia-compliant stock products, and stronger synergy among Islamic financial institutions, the Indonesian Waqf Board, and the National Zakat Agency. Such integrated efforts are essential for strengthening the Sharia stock ecosystem and enhancing its role in promoting inclusive and equitable economic development in Indonesia.

Suggestions and Improvements :

Table 1.3

Constraint	Repair Solution
Literacy & Education	Massive Campaign Inclusion and Literacy : Engage religious and public figures figure in socialization ; develop curriculum sharia investment in institutions education ; take advantage of digital technology (fintech, social media) for equitable education .
Variation Product	Push Product Innovation : Regulation must make things easier launch instrument new (e.g. Green Sukuk, Sukuk Wakaf, Sharia ETF based sector real certain) for interesting various investor segment .
Access & HR	Expansion HR Network and Competence : Improve the number and quality of certified human resources in the field of Islamic Capital Markets; optimize use of the Sharia Online Trading System (SOTS) for make it easier transaction Where have you been .
Synergy & Integration	Halal Ecosystem Integration : Strengthening synergy between capital market regulators (OJK, BEI) and the authority in charge halal certification and halal industry (KNEKS) for prioritize funding for companies in the halal sector .

Conclusion

The Sharia stock sector in Indonesia possesses significant potential to function as an instrument for equitable and sustainable investment. This potential is rooted in the integration of Islamic economic principles, the objectives of *maqāṣid al-sharīʿah*, and modern capital market mechanisms. Such integration gives rise to a Sharia-compliant stock model that is fundamentally just and comprehensive. From a theological perspective, Sharia-compliant shares are not merely financial assets but may also be understood as part of religious practice, whereby investment activities conducted in accordance with Sharia principles become a means of drawing closer to God. From an economic standpoint, Sharia stocks operate on the basis of profit and loss sharing, avoid usury and speculative practices, and contribute to the strengthening of the real sector. From a social perspective, Sharia-compliant shares support fair wealth distribution and the reduction of social inequality by promoting inclusive economic growth. Through this integrated framework, investors are encouraged not only to pursue material returns but also to attain spiritual and ethical value in line with Islamic principles. Nevertheless, the realisation of this potential requires a series of strategic measures. These include improving Islamic financial literacy, expanding the diversity and innovation of Sharia-compliant stock products, and strengthening regulatory frameworks governing the Islamic capital market. The implementation model of Sharia-based stocks grounded in *maqāṣid al-sharīʿah*, as proposed in this study, offers a viable approach to reinforcing the Sharia stock sector and supporting the development of a just and sustainable economy in Indonesia.

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