

Government Sukuk and Sharia Mutual Funds to The Investment Yield Sharia Insurance in Indonesia

Mohd. Heikal¹, Iskandar Muda², Muammar Khaddafi¹, Wahyuddin¹ and Damanhur¹
{mohdheikal@unimal.ac.id, iskandar1@usu.ac.id, khaddafi@unimal.ac.id}

¹Faculty of Economics, Universitas Malikussaleh, Lhokseumawe, Indonesia

²Faculty of Economics and Business, Universitas Sumatera Utara, Medan, Indonesia

Abstract: This study aims to analyzed the effect of Government Sukuk and Sharia Mutual Funds to The Investment Yield Sharia Insurance in Indonesia. The data sourced from Financial Services Authority (OJK) Indonesia and using Smart PLS software to analysis. The method of research using a causal research design in Indonesia Sharia Insurance. The Government Sukuk and Sharia Mutual Funds influence to Investment Yield Sharia Insurance in Indonesia. The limitations of the study used a 2-year sample and only 2 variables and the results of this study have implications for Indonesia's Financial Services Authority (OJK) in formulating Sharia insurance policy in Indonesia. New findings related to Government Sukuk impacting the sharia insurance industry in Indonesia.

Keywords: Investment Yield, Government Sukuk, Sharia Mutual Funds

1. Introduction

The Retail State Sukuk is a Government Securities issued based on sharia principles designated for individual investors of citizens [1], (Zaman, 1993; Warde, 2000). Retail State Sukuks are issued in scripless form, but to investors will be given Proof of Ownership Letter. In Act Legal no. 19 of 2008 it is state that underlying assets are SBSN assets. The SBSN assets are objects and/or state property which have economic value, in the form of land and/or building, which in the framework of issuance of SBSN serve as the basis for SBSN issuance. As for the meaning of state property is all goods purchased or obtained at the expense of state budget revenue or derived from other legitimate acquisition. The main objective of the government to issue sukuk is sources of financing to the construction of the project. As mentioned in Article 4 of the SBSN Law, the purpose of SBSN is to finance the State Revenues and Expenditures Budget, including to finance the project development. Projects that can be financed by state sukuk are the manufacturing and housing sectors. One of the supporting factors in sustainable economic development is the availability of adequate infrastructure (Kia, 2013; Tabash, 2014). To build adequate infrastructure, the government uses a source of state financing where almost every year APBN deficit. Although foreign debt has a positive impact. However, in the long term foreign debt influence to confition of the state. In this case Sukuk Ritel is present as an alternative solution of Infrastructure financing Indonesia. Retail State Sukuk is a State Sharia Securities sold to individuals through a Selling Agent, at a specified minimum volume. All Indonesian citizens can invest in Retail State Sukuk. This Sukuk issuance uses Ijarah contract with Underlying asset used in projects of State Revenue and Expenditure Budget and State Property.

2. Methodology

This is analyzing causality between variables. While in the experimental research, the researcher creates a "cause" by deliberately making a group difference and then observing the different effects on several dependent variables (Sirojuzilam and Muda, 2016; Tarmizi, Daulay and Muda., 2016; Dalimunthe, Fadli and Muda, 2016; I. Muda *et al.*, 2016; Iskandar Muda, Sihombing, *et al.*, 2016; Saputra and Muda, 2017; Azlina *et al.*, 2017; Badaruddin *et al.*, 2017; Nurlina and Muda, 2017; Sirojuzilam and Muda, 2017; Sihombing *et al.*, 2017; Dalimunthe and Muda, 2017; Erlina, Tarigan and Muda, 2017; Ferine, Ermiaty and Muda, 2017; Muda, Rahmanta and Marhayanic, 2017; Muda, Rahmanta, *et al.*, 2018; Muda, Siregar, *et al.*, 2018; Muda and Hutapea, 2018). The simplest distinction between an experimental study and a comparative causal study is that in an experimental study of independent variables, in comparative causal studies it does not, it has appeared earlier. So comparative research is a type of research compare groups of a particular variable. Data obtained at the Financial Services Authority from Januari 2015-September 2017.

3. Result And Discussion

3.1. Result

The percentage variance described in Inner model. The independent variables tested have an effect significantly to the dependent variable. The coefficient result 0.005 value $< 5\%$ the decision is reject H_0 and the hypothesis H_a accepted (Muda and Naibaho, 126AD; Iskandar Muda, Panjaitan, *et al.*, 2016; Nasir, Basri and Muda, 2017; Sadalia, Rahamani and Muda, 2017; Situmorang, Rini and Muda, 2017; Yahya, Torong and Muda, 2017; Muda and Nurlina, 2018; Muda, Harahap, *et al.*, 2018; Muda, Roosmawati, *et al.*, 2018; Pohan *et al.*, 2018). The result of t -statistics value in the Table 1 & Figure 1 :

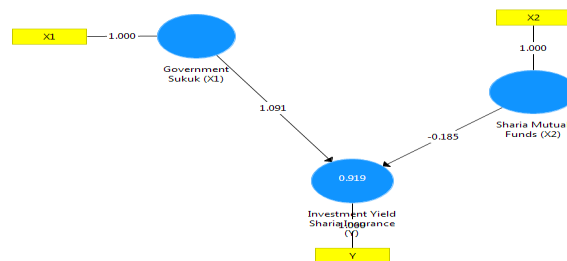


Fig. 1. Overall Model with Coefecient

The effect test as follows :

Table 1. The result of Bootsraping

	Mean	t Statistics	p Values
Government Sukuk (X1) -> Investment Yield Sharia Insurance (Y)	0,932	2,582	0,010
Sharia Mutual Funds (X2) -> Investment Yield	- 0,019	0,422	0,673

Sharia Insurance (Y)

The Government Sukuk are significant variables on Investment Yield. In addition to hypothesis testing through the bootstrapping menu that produces *t*-statistics, inner model evaluation is also done by reviewing the R-Square value (Muda and Dharsuky, 2015; Gusnardi and Muda, 2016; Lubis, Lubis and Muda, 2016; Lubis, Torong and Muda, 2016; Lutfi, Nazwar and Muda, 2016; Handoko and Muda, 2017; Hasan, Gusnardi and Muda, 2017; Hutagalung *et al.*, 2017; Marhayanie and Muda, 2017; Muda and Hasibuan, 2018; Khaddafi *et al.*, 2018). The R-square value generated from the inner model evaluation is :

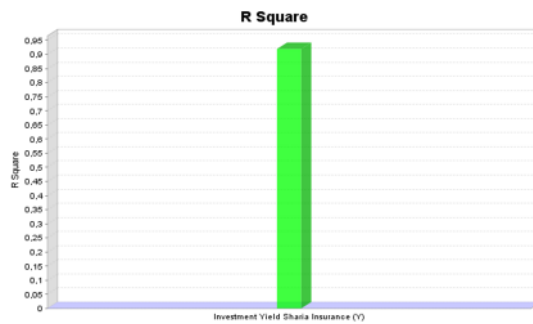


Fig. 2. F Square

Table 2. R-Square Value

	R Square	R Adjusted
Investment Yield Sharia Insurance (Y)	0,919	0,910

The variation of R-Square value of 91.9%. The existence of give contribution on Investment Yield Sharia Insurance.

3.2. Discussion

As one of sharia sukuk have different characteristics with bonds. Sukuk must have assets underlying asset. The sukuk funds should be used for halal business activities. The Sukuk give profit sharing or margin. Islamic economics is an economics values or teachings. Secondly, what is meant by Islamic economics is as a system (Siddiqi, 1996; Ahmed, 2004; Shakespeare, 2006; Chapra, 2008; Čihák and Hesse, 2008; Osservatore, 2009; Shanmugam, 2009). The system concerning the regulation is the regulation of economic activity in a society or country based on a certain way or method. Islamic economics in terms of Islamic economies. These three areas, namely the theory, activities and economic system of Muslims are the three pillars that must form a synergy. Islam is not merely a belief, but a many aspects (Suprianto *et al.*, 2017; Farag, Mallin and Ow-Yong, 2018). Islamic teachings include about the ideal concept in social, economic, and political aspects. The ideal concept is listed complete in Islamic law called sharia. Sharia rules have a way of solving all life problems.

The main concept of Islamic economy is balance. All principles in the Islamic finance industry have the goal of providing prosperity to the people. A Balance between Physical and Spiritual Needs. Islam strongly encourages its people to give priority to worship more than anything else (Kia, 2013). Not that Muslims are forbidden to do activities outside of it. Livelihood activities must be balanced with worship activities. The rules of Islam establish economic activity in sharia forming. Muslims are obliged to obey the provisions of sharia in many aspect. The reply to Muslim obedience is the reward and the smoothness of seeking sustenance on earth. Every the goal of creating justice for all beings in the world.

3.3. Limitation and implications

The limitations of the study used a 2-year sample and only 2 variables and the results of this study have implications for Indonesia's Financial Services Authority (OJK) in formulating Sharia insurance policy in Indonesia.

4. Conclusions

The Government Sukuk and Sharia Mutual Funds influence to Investment Yield Sharia Insurance in Indonesia

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