

## Strategy for the Development of Sharia Financial Institutions in the Authority Perspective of Indonesia Financial Services

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### Abstract

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This research provides an overview by the Republic of Indonesia Financial Services Authority and other research on the development and management strategies of Indonesian Islamic financial institutions, which are the largest Muslim population in the world and have the largest economy in Southeast Asia. The growth of Indonesian sharia financial institutions is quite significant plus high economic growth at the same time. This attracts researchers to explore further whether the Islamic banking sector is currently experiencing growth and growth consistently to contribute empirically to Indonesia's economic growth in the future. Indonesia's Financial Services Authority (OJK) provides an overview and prospects for the growth of several sectors such as national sharia financial industry assets increased by 27% (excluding Sharia shares) higher than conventional financial industry in 2017. The development of Islamic financial products is quite good and varied. It is including an increase in its own Islamic financial infrastructure activities. Recorded data that the overall market share of Islamic finance is still below 5% such as *sukuk* and corporate bonds circulating 3.99% of the value of the bonds and bonds represent the amount, the net asset value of *Syariah* mutual funds is 4.4% of the total net asset value of the mutual fund and Sharia insurance amounted to 3.44%. Although there are some Sharia products above 5% such as Islamic banking assets, 5.33% of all banking assets, state *sukuk* which accounted for 14.82 percent of the total outstanding state securities, Islamic finance institutions amounted to 7.24% of total financing, special Islamic financial services institutions amounting to 9.93% and Sharia microfinance institutions amounting to 22.26% at the end of 2016. Seeing these figures above the Financial Services Authority of the Republic of Indonesia as the regulator in driving financial institutions within the country provides hope and strategic programs that can be optimized to accelerate the growth of Islamic finance in Indonesia, namely by the existence of 1. Enhancing Islamic financial products. 2. Enhancing Sharia services with the use of the latest information technology; 3. Optimizing coordination with stakeholders regarding the development of the Islamic financial industry.

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## INTRODUCTION

Indonesia is the largest Muslim country in the world, and has the largest economy in Southeast Asia. Indonesian banking service authority institutions see the growth of the national Islamic finance industry assets increase by 27% (excluding Sharia shares) higher than the conventional financial industry in 2017. The development performance of Islamic financial products is quite good and varied, including an increase in its own Islamic financial infrastructure activities. The overall Sharia finance market share is still below 5%, such as sukuk and corporate bonds circulating 3.99% of the value of the bonds and corporate bonds, the value of Sharia mutual funds net assets of 4.4% of the total net asset value of mutual funds and Sharia insurance is 3.44%. Although there are some Sharia products above 5% such as Sharia banking assets, 5.33% of all banking assets, countries that account for 14.82 percent of the total outstanding state securities, Sharia financing institutions are 7.24% of total financing, special Islamic financial services institutions amounting to 9.93% and Sharia microfinance institutions amounting to 22.26% of the data of the Sharia banking services authority by the end of 2016. Looking at the figures above, there needs to be an increase in Islamic finance to offset conventional finance in order to raise the financial industry as a whole.

Some of the factors that are expected to increase the growth of Islamic finance are the increased supply of Sharia products, access to Islamic financial products, the level of literacy of Islamic finance and the utility level of Islamic financial products. The Islamic Finance Report Country for Indonesia is published by the Islamic Research and Training Institute-Islamic Development Bank (IRTI-IDB). Thomson Reuters. It was revealed that Indonesia has enormous potential and opportunities in the development of the Sharia financial industry. Indonesia is the largest Muslim population in the world.

## Problems of the Study

From the background presented above, several problems need to be formulated in this study.

1. What is the development of the Indonesian Sharia Industry in the beginning of the year up to 2017?
2. What are the strategies and plans for developing the Sharia industry in the future?
3. What is the potential and position of the Indonesian Sharia industry compared to other countries in the world, especially Muslim majority in that country?

## Objectives of the Study

The objectives of this study are as follows:

1. To know the development of the Sharia industry in Indonesia at the beginning of the year of establishment until the end of 2016.
2. To know the strategies and plans for developing Sharia industries in the future.
3. To know the potential and position of the Indonesian Sharia industry compared to other countries in the world, especially Muslim majority in that country.

## RESEARCH METHODOLOGY

This study uses the Research library (library study). Literature study is collecting information and data with the help of various kinds of material in the library such as documents, books, records, magazines, historical stories and so on (Mardalis, 1999). Or the technique of collecting data on various books, literature, records, and various reports, which are related to the problem that is to be solved (Nazir; 1988).

The method is a qualitative method which findings are not through statistical procedures or other findings (Gunawan; 2015 in the form of things: 76). We carry out data collection techniques with several research literature and reports related to topics that have research-related relevance through indirect books, journals, magazines, and opinions of experts. (Muamar and ari; 2017 p. 76).

## Previous Related Studies

The following are some of the previous studies related to the development and progress strategies of the Islamic financial industry

Table 1

No	Researcher	Problems	Findings
1	Nofinawati, "DEVELOPMENT OF SHARIA BANKING IN INDONESIA"  Faculty Of Economics And	1. Initially and constraints on establishing an Islamic bank in the country. 2. Factors supporting the development of Sharia	1. There have been discourses at the 1974 national seminar and 1976 international seminar organizers of social science study institutions and single binary foundations for establishing Islamic banks in Indonesia.

	Business Islam IAIN Padangsidempuan  E-Mail: Nofinawatiseima@Yahoo.Com. JURIS Volume 14, Number 2 (July-December 2015)	institutions 3. Challenges to the development of a Sharia Bank	2. There are several legislative endorsements related to legal certainty in the Islamic financial market 3. The quality of human resources in developing Islamic finance is still minimal
2	Hani Werdi Apriyanti "Development Of Sharia Banking Industry In Indonesia: Analysis Of Opportunities And Challenges"  Unissula Faculty Of Economics,  Hani.Apriyanti@Unissula.Ac.Id. Maximum, Vol. 1, No.1, September 2017	1. Opportunities for the development of the Islamic banking industry in Indonesia in 2016 2. Efforts to answer the various challenges faced by Islamic Banking	1. Eleven Islamic banking provisions issued by OJK. In 2016 the Government has formed a National Islamic Finance Committee (KNKS) to encourage the development of this industry. 2. Sharia Banking makes product innovation by utilizing opportunities for ICT utilization, by providing diverse products to develop well
3	Hairiennisa Rohaya "Development of the Scale of Islamic Banking Business in Indonesia Pre and Post Office Channeling Policy" La Riba Journal, Vol. II, No.2, December 2008	1. Bank Indonesia policies related to Sharia Service policies or Office Channeling. 2. Development of the scale of Islamic banking business assets	1. The Sharia banking office network (variable x2) has a positive and significant effect on the total assets of Islamic banking, while the variable X3 (Conventional Bank Office Network) and Dummy variables do not significantly influence the Total Assets of Islamic banking. 2. From the results of time series data analysis it is known that the prediction of the increase in total assets experienced a significant increase from 2007 to the end of 2008. And Third Party Funds of Islamic banking experienced a 13% increase from the previous year
4	Dr. Rifki Ismal "Perbankan Syariah Indonesia: Perkembangan Terkini dan Blue Print Industri"  BSM Leaders' Vision: Sharia Economics Days (second) Better Ways for Better Indonesia: A Step for Sharia Leaderpreneurs, Depok, 28 Januari 2012	1. Latest developments in Indonesian Syariah banking 2. International recognition of Indonesian Sharia banking	1. As of the end of 2011 the number of BUS 11, UUS 23, BPRS 155 and BUS and UUS branches in 2099 2. Based on the BMB Islamic index called Islamic Finance Country Index (IFCI) published in Global Islamic Finance Report (GIFR) in 2011 Indonesia is ranked in number 4 after Iran, Malaysia and Saudi Arabia Alt regards to the development of Islamic finance.

## DISCUSSIONS

The development of Sharia banking in Indonesia began with the establishment of the First Sharia Bank, namely Bank Muamalat in 1991, followed by a Sharia non-bank financial institution in 1994, namely PT. Takaful Indonesia as the first Sharia insurance in Indonesia, continued activities in the Sharia-based capital market the first time a Sharia mutual fund product was issued by PT Danareksa Investment Management in 1997. Since then the development of Sharia activities both bank and non-bank institutions has continued to grow rapidly until now the national Islamic finance industry has experienced growth for the past 10 years despite the general economic situation slowing down in the period 2013-2015.

In 2017 the total assets of Indonesia's financial industry reached Rp. 13,092 trillion with Sharia banking market share of 8.01%, up from the previous figure of around 5% at the end of 2016. This market share in 2017 consists of 13 sharia public banks, 21 sharia unit banks, and 167 Islamic BPRs, have total assets of Rp 389.7 trillion or 5.44 percent of the total assets of national banks. Sharia IKNB consists of 59 sharia insurance, 38 Islamic finance, 6 sharia guarantees, 10 sharia LKMs and 10 other sharia IKNBs, having assets of Rp99.15 trillion or 4.78 percent of the total national IKNB assets. And the number of outstanding State Sukuk reaches 56 series or 33.53% of the total number of outstanding Government Securities of 167. The outstanding State Sukuk value reaches Rp.524.71

trillion or 16.99% of the total value of outstanding state securities of Rp3,087.95 trillion (OJK data in a 2017 press release).

This growth will be increased continuously as the optimization of information technology facilities is becoming a trend and the current needs of the millennial era society. Data from the Indonesian Islamic finance industry at the international level of appreciation is quite encouraging proven Indonesia along with other Muslim countries such as Qatar, Saudi Arabia, Malaysia, United Arab (UAE) and Turkey are predicted to become The Driving Tractors behind the next big wave in Islamic Finance in The World (Ernst & Young, World Islamic Banking Competitiveness Report: 2013 -2014); Indonesia and the UAE, Saudi Arabia, Malaysia and Bahrain are considered to be currently in a position to offer lessons to other countries in the world for the development of Islamic finance (Global Islamic Finance Report, UK: 2013).

World Sharia financial industry assets based on the IFSB Financial Stability Report at the end of 2016 grew from USD 150 billion at the beginning of 1990 to USD 2 trillion at the end of 2015, and are predicted to be USD 6.5 Trillion in 2020. This can happen to see many majority non-Muslim countries such as the United Kingdom, America, develop Islamic finance. Whereas in Indonesia itself through one of the Government Policies Number 5 of 2018 the management of Hajj funds is officially appointed by the government through Sharia Banks

and can also provide direct Islamic financing services, accommodating investment funds. This has resulted in the rapid development of Islamic finance, as evidenced by almost all national and private banks opening Sharia services either in the form of subsidiaries or becoming financial factories new t based on Sharia.

The Indonesian Sharia financial industry has different service characteristics of the retail segment with Malaysia which is more focused on Sharia financial investments and instruments. At the end of December 2016, total Indonesian Islamic financial assets (excluding Sharia shares) reached Rp. 889.28 trillion or around USD 66.2 billion consisting of:

1. The Islamic banking industry is Rp. 41.12% with a value of Rp. 365.65 trillion
2. State Sukuk and corporate sukuk amounted to 47.59% with a value of Rp. 432.25 trillion
3. Sharia mutual funds amounting to 1.68% with a value of Rp. 14.91 trillion

The development of the Sharia banking industry as well as the policies issued by the OJK until the end of 2016 showed that the total assets of Sharia banking in the national banking industry were able to penetrate the 5% trap with the following explanation. The development of Indonesian Syariah Banking in late 2016 recorded growth in assets, financing provided (PYD) and third party funds (TPF) until the end of 2016 grew significantly by 20.28%, 16.41% and 20.84% respectively. While assets reach:

**Table 2**

No	Information	Development until the end of 2016	Total management until the end of 2016
1	Sharia banking assets	20,28%	365,6 Trillion
2	Financing provided	16,41%	254,7 Trillion
3	Third-party funds	20,84 %	285,2 Trillion

## EXPLANATION

### Sharia banking assets (APS)

Prior to 2016, the composition of Islamic banking assets was dominated by two BUSs (Sharia Commercial Banks), namely Bank Syariah Mandiri and Bank Muamalat Indonesia, with a dominance of 42.48% compared to other Islamic banks in late 2015, but since the presence of Bank Aceh Syariah This dominance fell to 36.84% at the end of 2016. In theory, the banking industry's assets which de-concentrated to a few companies could lead to a concentrated risk so that problems that arise would have a significant impact on the Sharia banking industry as a whole. The composition of national Sharia banking assets consists of assets of the Sharia Commercial Bank (BUS) 69.52% worth Rp. 254.2 Trillion, Sharia Business Unit (UUS) 27.98% worth

Rp. 102.3 Trillion and 2.5% Sharia People's Financing Bank (BPRS) worth 9.1 Trillion. This growth was influenced by the conversion of BPD Aceh to Bank Aceh Syariah in September 2016. In the period of 2016, BUS Assets increased by 40.7 trillion or grew by 19.10% while UUS assets increased by Rp. 19.48 trillion or 23.51% growth, while BPRS assets increased by Rp. 1.48 trillion or growing 19.12 percent (OJK Road Map Beginning in 2017 towards the development of Indonesian Islamic finance).

### Funding given (PYD)

Throughout 2016, the financing channeled by Sharia commercial banks increased even though it was slower than the growth of Third Party Funds, Sharia banking distribution was recorded to

increase by 16.41% or Rp. 35.9 trillion to a total of Rp. 254.6 trillion compared to the previous period which was recorded at Rp. 218.7 trillion. The increase in Islamic finance is mainly due to increased financing in the household sector, construction, and trade and retail.

### **Third party funds (DPK)**

Deposits collected by Sharia Commercial Banks (BUS), Sharia Business Units (UUS), Sharia Community Finance Banks (BPRS) grew by 20.84 or increased by Rp. 49.2 trillion to 285.2 trillion from the previous Rp. 236 trillion in 2015. This significant growth in deposits occurred in UUS which grew to 29.58% or increased by Rp. 16.6 trillion or 18.02% growth, while SRB deposits increased by Rp. 1 trillion or grew by 21.28%, in general, the increase in deposits was caused by an increase in public funds from demand deposits, savings and time deposits.

In line with the increase in managed deposits and PYD by Islamic banking, the number of deposits and PYD accounts for Islamic banking has also increased. The number of deposits in 2016 grew by 19.39% or increased by 3.8 million accounts from 19.64 million to 23.45 million deposits. While PYD accounts grew 19.76% or an increase of 786 thousand accounts from 3.98 million accounts to 4.76 million PYD accounts.

In an effort to increase growth and contribute to the national economy of the Sharia banking financial sector in Indonesia, there are a number of programs and action plans are in line with the mission set by the government in this matter by the Indonesian Financial Services Authority. Increasing institutional capacity and the availability of more competitive Islamic financial industry products consist of

### **Strengthening institutional capacity of the Islamic financial services industry**

In order to increase the capacity of Islamic financial institutions in the legislation in the Sharia banking sector and the IKNB Syariah, there have been provisions regarding the establishment of Sharia units and the separation of Sharia units into separate spin-off business entities. the effort to increase institutional capacity through strengthening capital and increasing the scale of business by coordinating between LKS itself equates the view of the importance of increasing institutional capacity through business merger.

At present, if we look at there is still a Sharia banking industry and Sharia IKNB that have not yet separated from their parent. This condition may be

due to the business considerations of each company, but based on applicable laws and regulations companies that have Sharia business units are given a deadline to pass the 2023 deadline for banks and 2024 for Sharia-based insurance. Therefore a spin-off effort must be made immediately so that the Islamic finance industry can quickly develop into a company that is more independent and can actively contribute to the overall economic growth activities.

In order to increase the overall push for integration and growth of Islamic finance, policy harmonization between Sharia banking and IKNB Sharia can also be carried out because this is related to the distribution of Islamic banks to finance companies and the use of Sharia insurance companies and Sharia insurance. Bank Indonesia Regulation Number 10/16 / PBI / 2008 concerning amendments to Bank Indonesia Regulation Number 9/19 / obi / 2007, it is concerning the implementation of Sharia principles in fund raising and fund channeling activities and Sharia bank services. Which this activity is not limited to certain parties or Sharia companies but can be given to anyone with the basic provisions of Islamic law that must be obeyed, among others, the principles of justice and balance, benefit, not containing usury, wrongdoers, or illicit objects.

The next thing that is expected to contribute to the development of Islamic financial institutions is the potential for pension fund management by Islamic financial institutions, because this will be one of the strategic instruments to massively increase the number of participants in the pension program. As stated in law No. 11 of 1992 concerning pension funds, membership of the Pension Fund is open to the general public. Therefore the existence of the Syariah DPLK will be able to expand the range of development of Sharia pension funds. From the point of view of the Sharia DPLK organizer, it is potential to receive service receipts or funds from the management of the participant's funds, thus many people will register themselves as Sharia DPLK participants, and Sharia banking income will potentially increase.

### **Encouraging the establishment of Islamic financial institutions that have large business scale**

Facts show that the market share of Islamic financial industry products is still relatively small when compared to conventional financial products. This can be seen by the limited supply of Islamic financial products in all sectors in terms of volume

and product variations. Of the volume of Islamic financial assets still around 5% of all financial assets, this is a result of the lack of Sharia business actors offering Sharia products because Sharia product schemes often lead to more complicated processes, higher costs. While in terms of variation in Sharia product types in Sharia banking, the Sharia capital market and Sharia IKNB are still relatively small compared to conventional products. The solution offered by OJK to overcome this problem is with the issuance of POJK No. 24 / POJK.03 / 2015 concerning products and activities of Sharia Banks and Sharia Business Units, one of which is by encouraging the Sharia banking industry to issue Sharia banking joint products such as the launch of simple IB products by the Indonesian President Jokowi in the 2015 Sharia folk market event. also OJK has encouraged the study of the uniqueness of products that have Sharia characteristics with the Sharia Banking Product Working Group (WGPS).

The development of a Sharia financial institution for a larger scale is expected to be from the strengthening of product variations and the efficiency of the product offerings process, as well as the need for strong and stable capital. The Sharia capital market sector as an alternative is expected to become a source of capital for Islamic financial institutions through offering shares to the public. Until the end of 2016, there were 55 corporate sukuk issued by 19 issuers and only 3 emitins which

were Sharia commercial banks, and until now only 1 (one) Sharia commercial bank has conducted an initial public offering (IPO) of shares.

#### **Expand access to Islamic financial products and services to meet the needs of the community**

Based on the 2016 national financial alliteration and inclusive survey, the inclusive Islamic finance index is still low at 11.06%, and the lowest inclusive rate is in the provinces / regions of the OJK 6 Regional Office (KR) (Sulawesi, Maluku and Papua), 8 (Bali ) and 9 (south Kalimantan) with an average inclusion of 8.55%, 6.18 and 6.40% respectively. The limited access of the community to this Sharia financial product can be one of the causes of the low inclusion index. Some efforts can be made to increase public access to Islamic financial products through. Things as follows:

1. Use of information technology in providing Islamic financial services
2. Providing legal instruments for the use of fintech in providing sharia financial services

#### **Expand the Sharia financial services network**

If viewed from the distribution of the Sharia banking office network as of December 2016, the number of Sharia office networks consisting of Sharia Commercial Banks (BUS) Sharia Business Units (UUS) and Sharia Rural Banks (BPRS) in various regions can be described as follows:

**Table 3**  
**Distribution of Islamic bank branch offices**

Wil	Province	Total Office	Branch Offices		
			BUS	UUS	BPRS
1	Banten dan DKI Jakarta	423	365	43	15
2	West Java	404	314	40	50
3	Yogyakarta and Central Java	296	196	49	51
4	Jawa Timur	289	195	43	51
5	Riau Islands, NAD, West Sumatra, North Sumatra	452	354	59	39
6	Sulawesi (West, South, Central, Southeast, North), Gorontalo, Irian Jaya, Maluku, Papua	153	126	12	15
7	Bangka, Belitung, Bengkulu, Lampung, South Sumatra	196	148	17	31
8	Bali, West Nusa Tenggara, East Nusa Tenggara	73	51	17	5
9	Kalimantan	175	119	52	4
Total		2461	1868	332	261

Data at the end of 2016 OJK in 2017

Based on the data above, it shows that the low level of inclusion of Islamic finance is directly proportional to the availability of access for the public to obtain Islamic financial products. One strategy that can be done is to expand access for people to invest in Islamic financial products. Extending this access can be done in a few steps.

1. Encourage the implementation of smart behavior programs for Islamic banking

At present Sharia banking has participated in smart behavior programs, namely non-office financial services in the context of inclusive financial services that aim to provide financial products that are simple, easy to understand, and in accordance with the needs of many people, such as micro insurance. This product is intended for protection of low-income people with low premiums.

2. Encouraging the availability of Sharia banking services at commercial banks

OJK. Encourage the main commitment of Sharia banks that are still in conventional banks to leverage Sharia subsidiaries and business units through the provision of Sharia banking services (LSB) and Sharia services (LS) in conventional branch offices.

3. Expand the Sharia capital market service network

Based on OJK data Sharia investment service offices totaling 58 offices spread throughout Indonesia are very far compared to investment service offices with a total of 645 offices spread throughout Indonesia. OJK encourages the Islamic banking industry to expand the network of Islamic investment service offices through the opening of investment outlets in the campus environment, Islamic boarding schools and opening representative offices of stock exchanges in various regions.

4. Expanding the IKNB Syariah service network

Data on the IKNB Syariah service network are still concentrated in the Sumatra and Java regions at 79%. This shows that the IKNB Syariah services in general have not been evenly distributed throughout the Indonesian territory. For this condition, the OJK reviews the expansion of IKNB Syariah services with the ease of licensing regulations and simulations on the ease of standard facilities for opening Sharia services outside Java and Sumatra, so as to motivate financial players Sharia to be able to invest in Islamic finance industries in areas that are still limited in Islamic financial services such as in the surrounding Bali island, Papua, surrounding Kalimantan, and Sulawesi.

5. Increasing the inclusion of Islamic financial products and coordinating with stakeholders to enlarge the Sharia financial market share.

Based on the results of the 2016 literacy survey, it shows that literacy (understanding) and the level of public inclusion (utilization / utility) regarding Islamic financial products and services are still low. The achievement of the 8.11% index is for Islamic financial literacy and 11.06% for the Islamic financial inclusion index. When compared with conventional financial indices it has reached 29.66% and the conventional financial inclusion index is 67.82%. This illustrates that the use of Islamic financial products is better than knowledge of the features of Islamic financial products themselves. The steps that can be taken by the Islamic finance industry to improve the above are as follows:

- a. Utilization of various media in the context of

the I Love Islamic Finance (ACKS) campaign

Increasing understanding of Sharia financial services products will be an important factor in the development of Sharia finance itself in Indonesia. And OJK certainly will synergize with stakeholders to jointly carry out a good socialization, promotion and education program by utilizing media publications, creating a brand image of the sharia lifestyle.

- b. Diversify targets and methods of Sharia financial education and education

The Sharia financial education and education program developed needs to be carried out in a more reintegrating manner with the development of related sectors. The point is that this development is not only related to the Sharia financial services industry, Sharia capital market, Sharia insurance, Sharia venture capital, Sharia pension programs and Sharia pawnshops, but can also involve non-financial sectors that influence public spending patterns such as the halal industry, Sharia creative industries and the social sector with the aim of making Islamic finance a part of everyday lifestyle society.

- c. Promoting Indonesian Sharia finance to the global market

The acceleration of the introduction of Sharia finance in the country must not stop as far as the existing area but can also be extended to global markets in several ways, among others, international class Sharia seminar participation, Short course Islamic finance programs for domestic and foreign participants.

- d. Socialization of investment products in the capital market to IKNB Syariah

Management activities of Sharia customer funds can be carried out optimally so that Sharia IKNB can fulfill the obligations of participants that can occur in the short and long term periods. This can be done by investing in the Sharia capital market through objective investment determination and minimum risk analysis potential so that it can choose the right investment portfolio instrument.

- e. Increased capacity of human resources that play an active role in the development and operation of Islamic finance.

The development of human resources (HR) includes increasing the quantity and quality of human resources aimed at all parties who play an active role in the development and operation of Islamic finance. To improve the quantity and quality of human resources, things can be done such as compiling a curriculum in higher education with the concept of "Link And Match" between teaching and the need for Sharia financial services,

Sharia financial training for trainers, Sharia based HR certification programs, collaboration with institutions - educational institutions to print reliable HR as well as empowering industry associations and improving the quality of Islamic finance HR.

- f. Increased coordination between stakeholders in the context of developing Islamic finance in Indonesia

The unification of one vision and mission between the Government, OJK or Sharia financial stakeholders is very important to encourage the development of Islamic finance in Indonesia, therefore several things can be implemented such as empowering the National Islamic Finance Committee (KNKS), a government-formed institution based on the regulations of the President of the Republic of Indonesia Number 91 of 2016 acts as a media policy coordinator for the government, OJK, Bank Indonesia and other stakeholders. This coordination is expected to harmonize various policies related to Islamic finance in order to support each other in the development of Islamic finance.

The results of research & surveys by Bank Indonesia show that public attention is high on Islamic bank products (89% accept sharia principles), from the largest Muslim population in the world + 227 million Indonesians and supported by wealth and culture that can support economic and financial growth stability, when compared with the Muslim population of the whole world amounting to 1.3 billion, it means that GDP of around 20% of the world's population can be represented by the Sharia market share and this GDP will be greater than 10% of the world GNP. The growth of Islamic finance in the future globally is greater than the development of the conventional financial sector. (Dr.Rifki's data on the latest developments and the blue print of the Islamic finance industry; 2012)

## CONCLUSIONS

1. Growth of growth In 2017 Indonesia's total financial industry assets reached Rp 13,092 trillion with Sharia banking market share of 8.01% consisting of 13 sharia public banks, 21 sharia unit banks, and 167 sharia BPRs, having total assets of Rp 389.7 trillion or 5.44 percent of total national banking assets. Sharia IKNB consists of 59 sharia insurance, 38 Islamic finance, 6 sharia guarantees, 10 sharia LKMs and 10 other sharia IKNBs.
2. The strategies and plans for Islamic financial finance development in Indonesia have been

carried out for more than 2 decades, various observations and studies carried out so far are part of efforts to strengthen Islamic finance in the country even though the conditions are still lagging behind the Middle Eastern countries and our neighbor Malaysia , because the country has been well coordinated with the aim of making the country concerned as one of the Islamic finance businesses in the world. But the potential of Indonesia as the largest Muslim country in the world should also be determined to become a center for Sharia-based economic and international finance, the involvement of all stakeholders in this large-scale international goal needs to be put forward with the establishment of various working groups and listening to the aspirations of various groups in the form of Focus Group Discussion. Studies of legal instruments in Indonesia and models of Islamic finance centers that are compatible with the ecosystem and Islamic finance industry on land need to be carried out to ensure that steps to become an international Islamic finance center can be achieved and provide benefits to all stakeholders involved in developing domestic Islamic finance. Comprehensive studies of the forms of Islamic finance development centers that already exist in the world are needed as a comparison to the concept of international Islamic finance that can be further developed in the country.

3. At the end of 2011 Indonesia was ranked IV in the journal Global Islamic Finance Report in the development of Dunias Sharia finance after the Iranian, Malaysian and Saudi countries. The data further shows that the Indonesian Islamic finance industry at the international awards level is quite proud of being proven by Indonesia along with other Muslim countries such as Qatar, Saudi Arabia, Malaysia, United Arab (UAE) and Turkey predicted to be the driving force behind the next big wave in Islamic Finance. The World (Ernst & Young, World Islamic Banking Competitiveness Report: 2013-2014); Indonesia and the UAE, Saudi Arabia, Malaysia and Bahrain are considered to be currently in a position to offer lessons to other countries in the world for the development of Islamic finance (Global Islamic Finance Report, UK: 2013),



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