

EDITORIAL NOTES

Indonesian Horizons in Islamic Finance: Navigating Risk, Innovation, and Social Impact

ABSTRACT - This edition of "Share: Journal of Islamic Economics and Finance" presents a diverse range of insightful research and findings exploring various aspects of Islamic economics and finance. The studies cover topics such as the innovative Micro Waqf Bank model in Aceh, determinants of risk in Indonesian Islamic banking, Ibn Khaldun's nuanced theory of economic development, the potential of Cash Waqf Linked Deposit (CWLD) in revitalizing Islamic banking, financial performance evaluation of mining companies listed on the Jakarta Islamic Index, redefining Customer Relationship Management (CRM) for the digital age, the influence of Islamic marketing strategies on pre-loved clothing purchases, the nexus between Sharia governance and financial performance in Indonesian Islamic banks, mitigation strategies for Islamic financing risk, the impact of temporary shirkah funds on SME financing, a gravity model analysis of Indonesia's trade role within OIC economies, protection of Hajj and Umrah pilgrims from fraud, the role of fintech lending in expanding Sharia financial inclusion and human development, the mediating role of perceived usefulness in Sharia fintech adoption among Gen Z, the SDG-Islamic banking nexus in major OIC economies, the impact of macroeconomics on Islamic banking and MSME futures during the COVID-19 crisis, and the transition to Sharia-compliant finance in Aceh amidst miscommunication, misperceptions, and resistance. These studies employ various methodologies, including quantitative analysis, qualitative approaches, and mixed methods, to investigate the challenges, opportunities, and innovations within the field of Islamic economics and finance. The findings contribute to a deeper understanding of Islamic economic thought, sustainable development, risk management, financial inclusion, customer relationship management, and the role of Islamic finance in promoting economic growth and social welfare. The studies also offer practical implications and recommendations for policymakers, regulators, Islamic financial institutions, and researchers, paving the way for a more dynamic, inclusive, and sustainable Islamic financial landscape.

Keywords: Islamic economics, Islamic finance, sharia governance, financial performance, sustainable development, social finance

Introduction

It is with great pleasure that I present to you this edition of "Share: Jurnal Ekonomi dan Keuangan Islam [Share: Journal of Islamic Economics and Finance]," which is dedicated to exploring the dynamic landscape of Islamic finance in Indonesia. The carefully curated collection of articles within this edition offers a compelling analysis of the ongoing evolution of this vital sector, addressing critical issues that range from micro-level innovations in cash waqf management to macroeconomic challenges impacting Islamic banking and MSME financing.



The selection process for the articles featured in this edition was guided by a strong commitment to showcasing both rigorous scholarship and practical relevance. We actively sought contributions that not only advance our theoretical understanding of Islamic economics and finance but also offer valuable insights for policymakers, regulators, practitioners, and the wider community.

As the principles of Islamic economics and finance continue to gain prominence as a viable alternative within the ever-changing global economic landscape, our journal remains steadfast in its commitment to providing a platform for critical discussions and innovative ideas that contribute to the growth and development of this dynamic field.

Methodology

The articles featured in this edition were meticulously selected through a rigorous double-blind peer-review process. Each submission was evaluated on several critical criteria: originality, methodological soundness, contribution to the field, and clarity of exposition.

Particular emphasis was placed on research addressing contemporary issues in Islamic economics and finance, especially those pertinent to the Indonesian context. This prioritization ensures that the published articles not only advance theoretical understanding but also provide practical insights relevant to current challenges.

By adhering to this stringent selection process, the journal ensures that the articles included are of the highest quality and make meaningful contributions to the field of Islamic economics and finance.

Selected Manuscripts

This edition opens with an exploration of "Micro Waqf Bank Innovation Models in Aceh" by Syawal Harianto, Muhammad Ramadhan, and Andrie Soemitra. It explores the challenges and opportunities of utilizing cash waqf to support economic development in Aceh, Indonesia. The authors propose an inclusive, adaptive, participatory, and integrated Micro Waqf Bank Innovation Model to optimize cash waqf utilization and support real sector economic growth (Harianto et al., 2024).

Next, Sugeng Haryanto and colleagues investigate the determinants of risk in Indonesian Islamic banks from 2009 to 2022 in their article "Determinants of Risk in Indonesian Islamic Banking: An Empirical Investigation." Their findings suggest that Islamic banks should balance financing and deposits to manage risk



effectively and emphasize the importance of efficient operations and sustainable growth (Haryanto et al., 2024).

In "Economic Development Theory of Ibn Khaldun: Interrelation Between Justice and Umran Al-Alam," Ahmad Mahfudzi Mafrudlo and co-authors delve into Ibn Khaldun's nuanced theory of economic development, which integrates Islamic principles within a comprehensive framework. The study contributes to a more profound understanding of Islamic economic thought and its potential connections to contemporary notions of sustainable development (Mafrudlo et al., 2024).

Gunawan Setyo Utomo and Rifki Ismal explore the potential of the Cash Waqf Linked Deposit (CWLD) product to enhance Islamic bank participation in cash waqf management in their article "Cash Waqf Linked Deposit Potential for Revitalizing Islamic Banking in Indonesia." The study highlights the potential of CWLD to bridge the gap between Islamic banking and cash waqf in Indonesia, potentially contributing to a more dynamic Islamic banking landscape (Utomo & Ismal, 2024).

In "Evaluating Financial Performance of Mining Companies Listed on Jakarta Islamic Index," Luqmanul Hakiem Ajuna and Sri Dewi Yusuf assess the financial performance of mining companies listed on the Jakarta Islamic Index (JII) from 2017 to 2020. The research contributes to the understanding of financial performance variations within the JII's mining sector, highlights areas for potential improvement, and offers valuable insights for investors and policymakers (Ajuna & Yusuf, 2024).

Reni Furwanti, Casmini, and Muhammad Ghafur Wibowo refine Customer Relationship Management (CRM) for the digital era in their article "Redefining CRM for the Digital Age: The Role of Customer Data Protection from an Islamic Perspective." The study establishes five significant dimensions of CRM, forming a strategic framework referred to as the "5C CRM," which aligns with Islamic principles and fosters stronger customer relationships (Furwanti et al., 2024).

In "The Influence of Islamic Marketing, Lifestyle, and Price on Pre-Loved Clothing Purchases: Intention as a Mediator," Novi Indriyani Sitepu and Syifa Salsabila Akustia investigate the influence of Islamic marketing strategies, lifestyle factors, and pricing on pre-loved clothing purchase decisions. The results suggest that Islamic marketing strategies can be a valuable tool for businesses operating in the pre-loved clothing market (Sitepu & Akustia, 2024).

Hanifiyah Yuliatul Hijriah and colleagues critically evaluate the effectiveness of Islamic governance on the financial performance of Islamic banks in Indonesia in their article "Nexus Between Sharia Governance and Financial Performance:



Evidence from Indonesian Islamic Banking." The study advocates for clear and comprehensive regulations to strengthen Sharia Supervisory Board composition and competence, ultimately promoting the sustainable development of Islamic banking in Indonesia (Hijriah et al., 2024).

In "Mitigation Strategy of Islamic Financing Risk: A Case of Bank Jatim Syariah," Syaifuddin, Abu Sanmas, and Asep Hedi Turmudi examine the financing risk management practices of Bank Jatim Syariah. The study highlights the importance of proactive risk management strategies in maintaining the stability and growth of Islamic banking institutions (Syaifuddin et al., 2024).

Nur Fani Arisnawati investigates the impact of temporary shirkah funds on the financing of Small and Medium Enterprises (SMEs) in Indonesia in the article "Does ROE Moderate the Impact of Temporary Shirkah Funds on SMEs Financing in Indonesia?" The study contributes to the growing body of literature on Islamic finance and SME financing, offering practical implications for policymakers and Islamic financial institutions (Arisnawati, 2024).

In "Gravity Model Analysis of Indonesia's Trade Role within OIC Economies," Tajul 'Ula examines the factors influencing Indonesia's export performance and its economic interactions with the five largest economies within the Organization of Islamic Cooperation (OIC) member countries. The results advocate for the revitalization of trade agreements and the maintenance of conducive relations among OIC countries to fortify their collective economic strength ('Ula, 2024).

Nanang Setiawan and Noorlailie Soewarno explore the prevalence of fraud targeting Hajj and Umrah pilgrims in Indonesia and examine the government's role in protecting these pilgrims in their article "Protection of Hajj and Umrah Pilgrims from Fraud: Evidence from Indonesia." The study enhances understanding of the protective measures available for Hajj and Umrah pilgrims in Indonesia and provides recommendations for improving fraud prevention programs for future pilgrims (Setiawan & Soewarno, 2024).

In "The Role of Fintech Lending in Expanding Sharia Financial Inclusion and Human Development in Indonesia," Lukman Hakim and colleagues investigate the impact of fintech peer-to-peer (P2P) lending on community well-being in Indonesia by analyzing its role in promoting Sharia financial inclusion. The results suggest that fintech P2P lending in Indonesia, by directing funds towards productive businesses, contributes to the improvement of community well-being through enhanced Sharia financial inclusion (Hakim et al., 2024).

M. Arif Hakim and Agus Supriyanto investigate the mediating role of perceived usefulness in the adoption of Sharia fintech among Generation Z individuals in



Java Island, Indonesia, in their article "Sharia Fintech and Gen Z: The Mediating Role of Perceived Usefulness." The study contributes to the understanding of the factors driving the adoption of Sharia fintech and offers practical implications for fintech service providers (Hakim & Supriyanto, 2024).

In "The SDG-Islamic Banking Nexus: Insights from the OIC Top Economies," Ebrahim Omar Basalma investigates the relationship between the performance of Islamic Banking and Finance (IBF) in five major Organization of Islamic Cooperation (OIC) countries and key Sustainable Development Goal (SDG) indicators. The study contributes to the growing body of literature on the role of IBF in promoting sustainable development and has important implications for regulators, policymakers, and Islamic banking institutions (Basalma, 2024).

Akmal Huda Nasution and Ulumuddin Nurul Fakhri examine the impact of the COVID-19 pandemic on the nexus between macroeconomic conditions, Islamic banking performance, and MSME financing in Indonesia in their article "From Crisis to Stability: How Macroeconomics Shapes Islamic Banking and MSME Futures?" The results highlight the critical role of macroeconomic stability as a primary determinant of financial performance for both Islamic banks and MSMEs, particularly during periods of economic crisis (Nasution & Fakhri, 2024).

Finally, in "Transition to Sharia-Compliant Finance in Aceh: Miscommunication, Misperceptions, and Resistance," Muhamad Rahman Bayumi, Rizal Alfit Jaya, and M. Junestrada Diem investigate the discourse contestation surrounding the prohibition of conventional banks in Aceh. The study proposes solutions, strategies, and models to facilitate the effective implementation of the Qanun, aiming to realize its intended benefits and contribute to Aceh's sustainable progress through the advancement of maqashid sharia (Bayumi et al., 2024).

Conclusion

This edition presents a rich tapestry of research that significantly contributes to a deeper understanding of the challenges, opportunities, and innovations shaping the Islamic finance industry in Indonesia. We trust that the insights offered in these articles will stimulate further research and inform policy decisions aimed at fostering a more robust, inclusive, and impactful Islamic financial system.

We extend our heartfelt appreciation to all the authors, reviewers, and editorial board members who have dedicated their expertise and time to ensuring the quality and rigor of the articles published in this issue. Their commitment to advancing knowledge in the field of Islamic economics and finance is truly commendable. Additionally, we would like to express our gratitude to our



readers for their continued support and interest in the Journal of Islamic Economics and Finance. Your engagement and feedback are invaluable in shaping the future direction of the journal. We hope that this issue stimulates fruitful discussions and inspires further research in the field of Islamic economics and finance.

As we continue to navigate the complexities of the modern financial world, the "Share: Journal of Islamic Economics and Finance" remains dedicated to fostering meaningful dialogue, promoting ethical practices, and inspiring positive change. We invite our readers to engage with the ideas presented in this issue and join us in the ongoing pursuit of knowledge and understanding in this vital field.

Warmest regards,

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