

# IMPLEMENTATION OF SHARIA HEDGING TO MINIMIZE THE RISK OF FOREIGN EXCHANGE FLUCTUATIONS IN COMPANIES REGISTERED ON THE JAKARTA ISLAMIC INDEX (JII)

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**Abstract:** This research aims to determine and analyze the risk of foreign exchange losses faced by PT Astra Agro Lestari Tbk, PT AKR Corporindo Tbk, PT Astra Internasional Tbk, PT Perusahaan Gas Negara (Persero) Tbk, and PT Telekomunikasi Indonesia Tbk, as well as implementing forward contracts Sharia hedging so that risks can be minimized. This research uses a quantitative descriptive approach. The type of data used is secondary data using documentation methods from financial reports and annual reports of PT Astra Agro Lestari Tbk, PT AKR Corporindo Tbk, PT Astra Internasional Tbk, PT Perusahaan Gas Negara (Persero) Tbk, and PT Telekomunikasi Indonesia Tbk. The company chosen as the research object is a company registered with JII (Jakarta Islamic Index). The results of the research show that the application of sharia forward hedging contracts for net liabilities in foreign currency of PT Astra Agro Lestari Tbk, PT AKR Corporindo Tbk, PT Astra Internasional Tbk, PT Perusahaan Gas Negara (Persero) Tbk, and PT Telekomunikasi Indonesia Tbk can reduce the value foreign exchange losses during the year. The contract receivables account will increase the total asset balance while the contract payables account will increase the liabilities balance. Sharia forward hedging contracts can have a positive influence on companies which can be seen from changes that make financial reports better.

**Keyword :** Risk of Loss, Foreign Exchange Rates, Forward Contracts , Sharia Hedging

## INTRODUCTION

### I. Background

The development of information and communication technology is increasing, thus encouraging very rapid globalization in various aspects of life, including economic globalization that occurs in companies. On Generally, companies operating in national markets are interested in entering international markets. However, companies operating in international markets must be prepared to face the risk of exchange rate fluctuations. In international market trade involves two or more countries such as export – import and It is not the same as the domestic trading market, because every transaction that occurs involves two different currencies.

The initial emergence of this hedging instrument was in 2012 which was proposed by Bank Indonesia together with the Sharia Banking Working Group and the National Sharia Council and the Indonesian Ulema Council (MUI) until 2015. And finally on April 2 2015 the Fatwa on Sharia Hedging Transactions on Exchange Rates published by MUI. Bank Indonesia also issued Bank Indonesia Regulation (PBI) No.18/2/2016 concerning Hedging Transactions Based on Sharia Principles on February 26 2016 and made an external BI Circular (SE)

regarding sharia repo No.18/11/DEKS dated 12 May 2016 as guidance for the technical implementation of the PBI in question. Sharia Hedging is a technique or method of hedging exchange rates based on sharia principles. Hedging according to Faisal (2001:8) is an action to protect a company from exchange rate risk as a result of business transactions.

Based on Sharia Hedging, DSN-MUI has issued fatwa No.96/DSN-MUI/IV/2015 regarding sharia hedging transactions (Al- Tahawwuth Al-Islami/Islamic Hedging) which states that hedging in accordance with Islamic sharia is by using forward agreement/contract forward. The reason for choosing a company in JII is because there is a high level of fluctuation in exchange rate losses which will be a problem for the company in the future.

Therefore, it is necessary to hedge companies that experience the highest losses to reduce the risk of foreign exchange rate fluctuations. And finally, based on the data above and the phenomena that occurred, researchers were interested in creating a title as following, namely "Implementation Sharia Hedging in Minimizing the Risk of Foreign Exchange Exchange Fluctuations for Companies Listed on the Jakarta Islamic Index."

## II. Research Objectives and Benefits

The objectives of this research are as follows:

1. To analyze the risk of foreign exchange losses in companies registered with JII.
2. To analyze the implementation of sharia hedging so that the risks exchange rate losses can be minimized.

The benefits of this research are as follows:

1. For researchers: It is hoped that the results of this research can become a reference for researchers in achieving targets as a comparison for developing economics course curricula related to financial accounting.
2. For companies: The results of this research are expected to contribute ideas to companies in carrying out import-export transaction activities implementing the system Sharia hedging to minimize future risks.
3. For future researchers/accounting science: Hopefully this research can serve as reference material, additional insight and knowledge in further research.

## THEORETICAL BASIS

### A. Previous Research

Research at PT Astra Agro Lestari, Tbk implemented a forward hedging contract on net liabilities in foreign currency which can reduce the value of exchange rate losses and can be minimized (Istutik and Tita Irbah, 2017).

### B. Sharia Hedging

Sharia hedging is a way or risk hedging techniques exchange rate changes based on sharia principles. According to Muchlis (2007:131) that to measure hedging based on sharia principles can be used by wearing the foreign exchange rate itself. According to PSAK 55 Hedging (Hedging) is a management technique risks by using derivative instruments or instruments other hedging to compensate (offset) changes in fair value or changes in cash flows related to assets, liabilities and future transactions. Thus hedging is a company's financial strategy to protect transaction value business by optimizing cooperation contracts (such as forward contracts) or it can also be done by buying and selling foreign exchange to avoid the risk of loss due to foreign exchange fluctuations.

Derivative instruments can be classified into three parts, namely as follows:

1. Hedge against the risk of changes in the fair value or liabilities that have been recognized, or against the risk of changes in the fair value of certain bonds that have not been recognized, which are related to certain risks.
2. Cash flow hedging, namely hedging against the risk of fluctuations in cash flows from recognized assets or liabilities or against transactions that are expected to occur, which are related to certain risks.
3. Hedge against foreign exchange risk on (1) unrecognized definite bonds (commitments) (hedging the fair value of foreign currency), (2) securities available for sale (hedging the fair value of foreign currency), (3) transactions that are expected to occur (foreign currency cash flow hedges), or (4) net investment in overseas operations.

### **C. Foreign Exchange Rates**

According to Eiteman (2009, p. 171) the foreign exchange rate is: The price of one currency expressed in terms of another currency. A foreign exchange quote/quotation is a statement of willingness to buy and sell at a announced exchange rate. By comparing the value of one country's currency to another country's currency, it creates a value, which can be called the foreign exchange rate.

Transactions carried out by Fatwa No.28/DSN-MUI/III/2002 are as follows:

- a. Not for speculation (chance)
- b. There is a need for transactions or just in case (savings)
- c. If transactions are carried out in similar currencies, the value must be the same and in cash (attaqabudh)
- d. If it is of a different type, it must be done at the exchange rate (exchange rate) in effect at the time the transaction is made and in cash.

According to Sri Nurhayati Wasilah (2015, p. 251) and Fatwa No.28/DSN-MUI/III/2002, types of foreign exchange (forex) transactions include:

- a. Spot Transactions, namely transactions for buying and selling foreign currency (forex) for delivery at that time (over the counter) or completion within a period of two days at the latest. The law is permissible because it is considered a settlement process that cannot be avoided and is an international transaction.
- b. Forward transactions, namely foreign currency purchase and sale transactions whose value is determined at now and is enforced for the future, between 2 x 24 hours to one year. The law is haram because the price used is the price which was agreed (muwa'adah) and the handover is carried out at a later date, even though The price at the time of delivery is not necessarily the same as the agreed value, unless it is done in the form of a forward agreement for unavoidable needs (lil hajah).
- c. Swap transaction, namely a contract to buy or sell foreign currency at a spot price combined with purchases between sales foreign currency equal to the forward price. It is haram because it contains elements of maisir (speculation).
- d. Option transaction, namely a contract to obtain the right to buy or the right to sell which does not have to be carried out on a number of foreign currency units at a certain price and time period or end date. It is haram because it contains elements of maisir (speculation).

### **D. Exchange Rate Risk**

Exchange rate risk is fluctuation – fluctuations in exchange rates or exchange rates uncertain foreign and impact on changes in value company.

- a. Standard method, this method can be done in three ways approaches namely the Basic Indicator Approach (BIA), Standardized Approach (ASA) and Alternative Standard Approach (ASA). However, measuring potential operational losses with The standard

method is only used by bank financial institutions that must comply with Bank Indonesia (BI) regulations.

- b. Internal or Advance method Measurement Approach (AMA), this method can used by all companies including banks who want to measure their operational risk.

For operational risk measurement it is used with AMA calculation includes:

- 1) Internal Measurement Approach (IMA), is measurement risk capital imposition operational ones using a multiplier For each where is your business/enterprise? the calculation is considered sufficient complicated, so rare used.
- 2) Loss Distribution Approach (LDA), calculation of internal operational loss data which is based on information that grouped into frequency distribution of events or events and distribution severity of operational losses.
- 3) Extreme value theory (EVT), measuring operational risk capital charges on data that rarely occurs and if it occurs results in large losses

## RESEARCH METHOD

This research uses type Descriptive research with a quantitative approach aims to describe the characteristics or nature of a situation that illustrates concepts and collects facts, but does not carry out hypothesis testing. The data collection method used in this research is documentation using secondary data in the form of historical notes or reports, namely:

1. Financial reports and annual reports for each company for the year 2019, 2020, and 2021 obtained from the Stock Exchange Indonesia.
2. Related articles with the company
3. Movement of exchange rates foreign January 2 2018 to by December 31, 2020 for (3 years) which was in get it from [www.bi.go.id](http://www.bi.go.id) which is used for predict the risk of loss exchange rate every year to the front.

Data analysis methods can be carried out in the following stages

1. Make an overview of assets and net liabilities in currency foreign exchange as well as reporting rates finance and currency spot rates supportive foreigners this research.
2. Calculating value risk exchange/exchange rate
  - 1) Calculate the size of the increase foreign exchange rate per day
  - 2) Determining threshold (u)
  - 3) Calculates parameter values Generalized Pareto Distribution (GPD)
  - 4) Calculating the VaR-GPD value
3. Calculating the forward rate sharia based on risk value exchange rate losses to protect the value of the company's cash flow.
4. Calculate the amount of debt and contract receivables in currency foreign money.
5. Make adjustments to the top sharia forward contract.
6. Analyzing profits or losses due to exchange rate differences after doing the calculations forward hedging contracts sharia
7. Make a conclusion above research results done

## RESEARCH RESULTS AND DISCUSSION

Based on the calculation stages carried out, the implementation of sharia hedging can be described as follows:

### a. Implementation of sharia hedging at the company PT Astra Agro Lestari, Tbk

Changes to the financial statements of PT Astra Agro Lestari, Tbk, namely that in the consolidated balance sheet 31 December 2019 the company will recognize the emergence of a contract receivable account on assets amounting to IDR 4,553,583,079,930 which will result

in total assets increasing to IDR 26,065,954,000,000 and recognize the existence of a contract payable account on liabilities amounting to IDR 4,168,126,977,370. In addition The company also recognized a foreign exchange gain of IDR 385,456,102,560 which will increase the balance of profit on equity to IDR 11,634,272,102,560 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR IDR 26,065,954,000,000.

In the profit/loss report, the foreign exchange loss is recorded before calculating the forward hedging contract, amounting to IDR - 580,368,000,000. After hedging, the exchange rate difference gain is IDR 385,456,102,560 so that the exchange rate loss suffered by the company will be reduced to IDR -194,911,897,440. The emergence of foreign exchange profits due to the hedging carried out will increase the total comprehensive profit obtained by the company to IDR 1,074,859,102,560.

Changes to the financial statements of PT Astra Agro Lestari, Tbk, namely that in the consolidated balance sheet 31 December 2020 the company will recognize the emergence of a contract receivables account on assets amounting to IDR 6,285,632,500,000 which will result in total assets increasing to IDR 30,511,754,500,000 and recognize the existence of a contract payable account on liabilities amounting to IDR 6,586,486,844,560. Apart from that, the company also recognized a foreign exchange loss of IDR -300,854,344,560 which will reduce the retained earnings on equity to IDR 16,834,429,655,440 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 30,511,754,500,000.

In the profit/loss report, the foreign exchange profit recorded before calculating the forward hedging contract was IDR 200,613,000,000. After hedging, a foreign exchange loss of IDR 300,854,344,560 is obtained so that the foreign exchange profit obtained by the company will be reduced to IDR - 100,241,344,560. The emergence of foreign exchange losses due to hedging carried out will reduce the total comprehensive profit obtained by the company to IDR 2,079,545,655,440.

Changes to the financial statements of PT Astra Agro Lestari, Tbk, namely that in the consolidated balance sheet 31 December 2021 the company will recognize the emergence of a contract receivables account on assets amounting to IDR 2,361,596,881,760 which will result in total assets increasing to IDR 27,297,022,881,760 and recognize the existence of a contract payable account on liabilities amounting to IDR 2,369,194,705,940. Apart from that, the company also recognized a foreign exchange loss of IDR -7,597,824,180 which will reduce the retained earnings on equity to IDR 18,058,345,175,820 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 27,297,022,881,760.

In the profit/loss report, the foreign exchange profit recorded before calculating the forward hedging contract was IDR 4,912,000,000. After hedging, a foreign exchange loss of Rp. -7,597,824,180 is obtained so that the foreign exchange profit obtained by the company will be reduced to Rp. -2,685,824,180. The emergence of foreign exchange losses due to hedging carried out will increase the total comprehensive profit obtained by the company to IDR 2,056,417,175,820.

#### **b. Implementation of sharia hedging at the company PT AKR Corporindo, Tbk**

Changes to the financial statements of PT AKR Corporindo, Tbk, namely that in the consolidated balance sheet 31 December 2019 the company will recognize the emergence of a contract receivables account on assets amounting to IDR 2,344,304,677,115 which will result in total assets increasing to IDR 17,547,434,240,115 and recognize the existence of a contract payable account on liabilities amounting to IDR 2,145,861,708,535. Apart from that, the company also recognized a foreign exchange gain of IDR 198,442,968,580 which will increase the balance of profit on equity to IDR 6,288,779,345,580 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR IDR 17,547,434,240,115.

In the profit/loss report, the foreign exchange loss was recorded before calculating the forward hedging contract, amounting to IDR -63,243,038,000. After hedging, the exchange rate difference gain is IDR 198,442,968,580 so that the exchange rate loss suffered by the company will be reduced to IDR 135,199,930,580. The emergence of foreign exchange profits due to the hedging carried out will increase the total comprehensive profit obtained by the company to IDR 1,283,219,261,580.

Changes to the financial statements of PT AKR Corporindo, Tbk, namely that in the consolidated balance sheet on 31 December 2020 the company will recognize the emergence of a contract receivables account on assets amounting to IDR 992,690,327,187 which will result in total assets increasing to IDR 15,823,431,037,187 and recognize the existence of a contract payable account on liabilities amounting to IDR 1,040,204,272,321. Apart from that, the company also recognized a foreign exchange loss of IDR 47,513,945,134 which will reduce the balance of profit on equity to IDR 6,773,589,785,866 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 15,823,431,037,187.

In the profit/loss report, the foreign exchange profit recorded before calculating the forward hedging contract was IDR 28,547,072,000. After hedging, a foreign exchange loss of Rp. -47,513,945,134 is obtained so that the foreign exchange profit obtained by the company will be reduced to Rp. -18,966,873,134. The emergence of foreign exchange losses due to hedging carried out will reduce the total comprehensive profit obtained by the company to IDR 853,523,772,866.

In the financial report of PT AKR Corporindo, Tbk, namely in the consolidated balance sheet for 31 December 2021, the company will recognize the emergence of a contract receivable account on assets amounting to IDR 947,094,717,534 which will result in total assets increasing to IDR 17,770,303,248,534 and recognize the existence of a contract payable account on liabilities amounting to IDR 950,141,748,635. Apart from that, the company also recognized a foreign exchange loss of IDR 3,047,031,101 which will reduce the retained earnings on equity to IDR 7,554,943,836,899 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR. 17,770,303,248,534.

In the profit/loss report, the foreign exchange profit recorded before calculating the forward hedging contract was IDR 30,502,699,000. After hedging, a foreign exchange loss of Rp. The emergence of foreign exchange losses due to hedging carried out will reduce the total comprehensive profit obtained by the company to IDR 1,337,557,139,899.

### **c. Implementation of sharia hedging at the company PT Astra Internasional, Tbk**

Changes to the financial statements of PT Astra Internasional, Tbk, namely that in the consolidated balance sheet 31 December 2019 the company will recognize the emergence of a contract receivable account on assets amounting to IDR 30,848,490,554,663 which will result in total assets increasing to IDR 276,283,490,554,663 and recognize the existence of a contract payable account on liabilities amounting to IDR 28,237,197,704,541. In addition The company also recognized a foreign exchange gain of IDR 2,611,292,850,122 which will increase the balance of profit on equity to IDR 104,654,292,850,122 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 276,283,490,554,663.

In the profit/loss report, the foreign exchange loss is recorded before calculating the forward hedging contract, amounting to IDR - 291,000,000,000. After hedging, the exchange rate difference gain is IDR 2,611,292,850,122 so that the exchange rate loss suffered by the company will be reduced to IDR 2,320,000,000,000. The emergence of

foreign exchange profits due to the hedging carried out will increase the total comprehensive profit obtained by the company to IDR 19,065,292,850,122.

Changes to the financial statements of PT Astra Internasional, Tbk, namely that in the consolidated balance sheet on 31 December 2020 the company will recognize the emergence of a contract receivables account on assets amounting to IDR 26,696,566,944,687 which will result in total assets increasing to IDR 287,551,566,944,687 and recognize the existence of a contract payable account on liabilities amounting to IDR 27,974,366,458,124. Apart from that, the company also recognized a foreign exchange loss of Rp. - 1,277,799,513,437 which will reduce the balance of profit on equity to Rp. 110,673,200,486,563 so that the total liabilities and equity after calculating the sharia forward hedging contract is Rp. 287,551,566,944,687.

In the profit/loss report, the foreign exchange loss is recorded before calculating the forward hedging contract in the amount of IDR - 155,000,000,000. After hedging, a foreign exchange loss of Rp. -1,277,799,513,437 is obtained so that the exchange rate loss suffered by the company will increase to Rp. -1,432,799,513,437. The emergence of foreign exchange losses due to hedging carried out will reduce the total comprehensive profit obtained by the company to IDR 18,371,200,486,563.

Changes to the financial statements of PT Astra Internasional, Tbk, namely that in the consolidated balance sheet for December 31 2021, the company will recognize the emergence of a contract receivable account on assets amounting to IDR 15,879,066,215,180 which will result in total assets increasing to IDR 311,525,066,215,180 and recognize the existence of a contract payable account on liabilities amounting to IDR 15,930,152,983,704. Apart from that, the company also recognized a foreign exchange loss of Rp. - 51,086,768,524 which will reduce the balance of profit on equity to Rp. 123,593,913,231,476 so that the total liabilities and equity after calculating the sharia forward hedging contract is Rp. 311,525,066,215,180.

In the profit/loss report, the foreign exchange loss is recorded before calculating the forward hedging contract in the amount of IDR -9,000,000,000. After hedging, a foreign exchange loss of Rp. -51,086,768,524 is obtained so that the exchange rate loss suffered by the company will increase to Rp. -60,086,768,524. The emergence of foreign exchange losses due to hedging carried out will reduce the total comprehensive profit obtained by the company to IDR 22,575,913,231,476.

#### **d. Implementation of sharia hedging in the company PT Perusahaan Gas Negara, Tbk**

Changes to the financial statements of PT Perusahaan Gas Negara, Tbk, namely that in the consolidated balance sheet on 31 December 2019 the company will recognize the emergence of a contract receivables account on assets amounting to IDR 3,877,552,660,695 which will result in total assets increasing to IDR 93,838,413,329,395 and recognize the existence of a contract payable account on liabilities amounting to IDR 3,549,321,834,590. Apart from that, the company also recognized a foreign exchange gain of IDR 328,230,826,105 which will increase the balance of profit on equity to IDR 42,162,396,414,630 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 93,838,413,329,395.

In the profit/loss report, the foreign exchange loss is recorded before calculating the forward hedging contract, amounting to IDR - 198,121,945,775. After hedging, the exchange rate difference gain is IDR 328,230,826,105 so that the exchange rate loss suffered by the company will be reduced to IDR 130,108,880,330. The emergence of foreign exchange profits due to the hedging carried out will increase the total comprehensive profit obtained by the company to IDR 6,126,308,344,005

Changes to the financial statements of PT Perusahaan Gas Negara, Tbk, namely that in the consolidated balance sheet on 31 December 2020 the company will recognize the emergence of a contract receivables account on assets amounting to IDR 3,930,348,806,875 which will result in total assets increasing to IDR 98,588,420,517,400 and recognize the existence of a contract payable account on liabilities amounting to IDR 4,118,470,290,939. Apart from that, the company also recognized a foreign exchange loss of IDR 188,121,484,064 which will reduce the retained earnings on equity to IDR 43,624,187,055,511 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 98,588,420,517,400.

In the profit/loss report, the foreign exchange loss is recorded before calculating the forward hedging contract, amounting to IDR -70,918,209,550. After hedging, a foreign exchange loss of Rp. -188,121,484,064 is obtained so that the exchange rate loss suffered by the company will increase to Rp. -259,039,693,614. The emergence of foreign exchange losses due to hedging carried out will reduce the total comprehensive profit obtained by the company to IDR 4,178,306,698,261.

Changes to the financial statements of PT Perusahaan Gas Negara, Tbk, namely that in the consolidated balance sheet for December 31 2021, the company will recognize the emergence of a contract receivables account on assets of IDR 3,698,540,826,381 which will result in total assets increasing to IDR 90,863,030,428,706 and recognize the existence of a contract payables account on liabilities of IDR. 3,710,439,920,226. Apart from that, the company also recognized a foreign exchange loss of IDR 11,899,093,845 which will reduce the retained earnings on equity to IDR 43,869,333,966,005 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 90,863,030,428,706.

In the profit/loss report, the foreign exchange profit is recorded before calculating the forward hedging contract, amounting to IDR - 102,563,797,175. After hedging, the exchange rate loss is IDR -11,899,093,845, so the company's exchange rate loss will increase to IDR -114,462,891,020. The emergence of foreign exchange losses due to hedging carried out will reduce the total comprehensive profit obtained by the company to IDR 2,013,893,151,430.

#### **e. Implementation of sharia hedging at the company PT Telekomunikasi Indonesia Tbk**

Changes to the financial statements of PT Telekomunikasi Indonesia, Tbk, namely that in the consolidated balance sheet 31 December 2019 the company will recognize the emergence of a contract receivables account on assets amounting to IDR 566,198,920,800 which will result in total assets increasing to IDR 75,702,198,920,800 and recognize the existence of a contract payable account on liabilities amounting to IDR 518,270,767,200. Apart from that, the company also recognized a foreign exchange gain of IDR 47,928,153,600 which will increase the balance of profit on equity to IDR 75,183,928,153.60 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 75,702,198,920,800. In the profit/loss report, the foreign exchange loss is recorded before calculating the forward hedging contract, amounting to IDR -46,000,000,000. After hedging, the exchange rate difference gain is IDR 47,928,153,600 so that the exchange rate loss suffered by the company will be reduced to IDR 1,928,153,600. The emergence of foreign exchange profits due to the hedging carried out will increase the total comprehensive profit obtained by the company to IDR 23,995,928,153,600.

\Changes to the financial statements of PT Telekomunikasi Indonesia, Tbk, namely that in the consolidated balance sheet 31 December 2020 the company will recognize the emergence of a contract receivables account on assets amounting to IDR 2,332,212,500 which will result in total assets increasing to R 179,613,332,212,500 and recognize the

existence of a contract payable account on liabilities amounting to R 2,443,841,085,200. Apart from that, the company also recognized a foreign exchange loss of IDR -111,628,585,200 which will reduce the retained earnings on equity to IDR 84,272,371,414,800 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 179,613,332,212,500.

In the profit/loss report, the foreign exchange loss is recorded before calculating the forward hedging contract, amounting to IDR -52,000,000,000. After hedging, a foreign exchange loss of Rp. -111,629,585,200 is obtained so that the exchange rate loss suffered by the company will increase to Rp. -163,629,585,200. The emergence of foreign exchange losses due to hedging carried out will reduce the total comprehensive profit obtained by the company to IDR 26,961,370,414,800.

In the financial report of PT Telekomunikasi Indonesia, Tbk, namely in the consolidated balance sheet 31 December 2021, the company will recognize the emergence of a contract receivables account on assets amounting to IDR 706,167,625,600 which will result in total assets increasing to IDR 199,190,167,625,600 and recognize the existence of a contract payable account on liabilities amounting to IDR 708,439,536,400. Apart from that, the company also recognized a foreign exchange loss of IDR -2,271,910,800 which will reduce the retained earnings on equity to IDR 92,710,728,089,200 so that the total liabilities and equity after calculating the sharia forward hedging contract is IDR 199,190,167,625,600.

In the profit/loss report, the foreign exchange loss is recorded before calculating the forward hedging contract, amounting to IDR -51,000,000,000. After hedging, a foreign exchange loss of Rp. -2,271,910,800 is obtained so that the exchange rate loss suffered by the company will increase to Rp. -53,271,910,800. The emergence of foreign exchange losses due to hedging carried out will reduce the total comprehensive profit obtained by the company to IDR 30,366,728,089,200.

## CONCLUSIONS AND RECOMMENDATIONS

### A. Conclusion

Based on the research results above, the researcher concluded that after carrying out a sharia forward hedging contract, it can have a positive influence on the company which can be seen from the changes that make the company's financial reports better. These changes are in the form of the emergence of a contract receivables account of IDR 4,553,583 (millions of rupiah), an increase in assets to IDR 26,065,954 (millions of rupiah) and recognizing the existence of a contract payable account for liabilities of IDR 4,168,127 (millions of rupiah), recognizing profit on hedging of IDR 385,456 (millions rupiah), increase in retained earnings in equity to IDR 11,670,272 (millions of rupiah). Reduced exchange rate loss of IDR 385,456 (millions of rupiah) so that the value changes from IDR 580,368 (millions of rupiah) to IDR 194,912 (millions of rupiah).

Apart from using sharia forward hedging contracts which were more profitable in 2019, in 2020 there was a decline due to high exchange rate losses but in 2021 these losses can be minimized with sharia forward hedging contracts. Apart from that, the use of sharia forward hedging contracts complies with the DSN-MUI fatwa: No.96/DSN-MUI/IV/2015 concerning Sharia Hedging Transactions (Al-Tahawwuth Al-Islami/Islamic Hedging).

### B. Recommendation

Based on the research results, here the researchers provide various suggestions, including the following:

1. For Companies: It is advisable for third parties to hedge every year for companies that experience exchange rate losses in foreign currencies using sharia forward hedging contracts, in order to minimize the risk of losses in foreign exchange rates.
2. For the next researcher:

- It is recommended to add several research objects, whether from companies listed on the IDX or stand-alone companies in one company sector.
- To increase the time period in analyzing a company report so that the research obtained is better and more optimal than previous researchers.
- It is hoped that relevant data analysis techniques will be used so that the research results can be satisfactory and unbiased.
- If you want to carry out research like this, the researcher suggests that the company that will be the object of the research must experience foreign exchange losses in its profit/loss report, so that the results obtained are as expected.

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