

# THE ROLE OF THE DIGITAL ECONOMY IN INCREASING PUBLIC INTEREST IN SHARIA MUTUAL FUND INVESTMENT THROUGH E-COMMERCE PLATFORMS

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**Abstract:** This study aims to determine the level of investment in sharia mutual funds to attract public interest in Indonesia through digital economic media such as e-commerce. Currently, sharia investment in Indonesia is less desirable, especially in the sharia mutual fund sector. Judging from the economic development, conventional mutual fund investment activities dominate. Then through the digital economy, business development or trade transactions that utilize digital media as a means of communication, collaboration and economic activities between companies or between individuals such as e-business and e-commerce continue to increase. The method used in this study is a qualitative research method, namely by using a literature review by taking references from several e-books and journals obtained from website or internet sources. The results showed that the digital economy through e-commerce in Indonesia has many positive impacts, but at the level of stock investment Islamic mutual funds are still less attractive to the public compared to conventional mutual funds.

**Keywords:** Digital Economy, Sharia Mutual Funds, Sharia Investment, E-Commerce

## INTRODUCTION

The digital economy can be explained as how humans choose to meet needs that are not limited to using just fingers, or the digital economy that deals with production, consumption, and distribution. The digital economy based on the concept of big data, the internet for all activities, artificial intelligence, robotics, and sensor technology will generally produce faster, cheaper, and efficient economic transactions. But in addition to its positive impact, the digital economy also has a negative impact. The development of technology based on elements of the digital economy cannot be separated from the influence of broad technological developments. Its existence is marked by the increasingly widespread development of commercial transactions or trade that utilize media Digitalization functions as a tool of communication, collaboration, and economic activity between companies or individuals, such as e-commerce and e-commerce. Electronic commerce or electronic commerce is a commercial activity that involves consumers, producers, service providers, and intermediaries using computer networks. With the development of science

and information technology, online trading systems (e-commerce) have provided enormous convenience for business people to interact and trade via the Internet. Online transactions (e-commerce) refer to transactions where sellers and buyers use internet media to make transactions directly through websites and transaction websites (for example: Tokopedia, Shopee, Bukalapak, Lazada, JD.id, etc.).

Actions taken by persons and legal entities to maintain and/or increase the value of their capital, whether in the form of cash, machinery, real estate, intellectual property, or knowledge, are known as capital grabs. The simple definition of investment is an action aimed at creating an asset and is the commitment of current funds or other resources with the aim of obtaining a certain amount of profit in the future. Investment through funds is one of the investment options available on e-commerce platforms. (conventional and sharia). The financial tools used by the investment industry to raise money are called mutual funds. After that, the fund manager oversees and distributes the money that has been raised through deposits, equities, bonds, or foreign currencies. Since 1997, sharia funds have grown in popularity in Indonesia, adding to a variety of conventional funds that have long been a popular choice for investors – not only Muslims, but investors in general. Compared to conventional funds, Sharia funds operate under a separate set of investment guidelines. It is important no matter what investment vehicle and mechanism is used; they must not contradict the principles of the Shari'a. The fact that all non-halal elements are removed from the portfolio management process is another difference.

## **LITERATUR REVIEW**

### **Digital Economy**

Digital Economy or Digital Economy is one of the branches of Communic Indonesia Broadcast Indonesia which discusses the impact or impact and potential development of the digital economy, how much impact it has on the development of the national economy, especially economic transactions. With the existence of sales technology as an economic transaction through mass media, it can make it easier for people to obtain services by designing a simple business order with the right decision-making steps and goals when conducting economic transactions. The digital economy is a complex economic system and is a new phenomenon involving microeconomics, macroeconomics, organizational management theory, and others. The digital economy is transforming the global economy, turning small industries into flexible and dynamic micro-industries. This provides a greater opportunity for startups to be born globally. The digital economy is a collection of application-based technology or information technology that provides a place or container for users to interact and communicate with other users. Digital platforms that support productivity or run a business must meet several requirements: ease of access, user convenience, and data access security. Management practitioners must know and understand twelve important characteristics of the digital economy, namely: knowledge, digitalization,

virtualization, molecularization, networking, disintermediation, integration, innovation, consumption, proximity, globalization and disharmony.

### **Sharia Investment**

Todaro (2000: 137-138) argues that investment into capital formation increases production capacity, increases national income, and creates new jobs – which in this case will expand employment opportunities – investment plays an important role in improving the health of the national economy. In addition, Mankiw (2003: 61) argues that one element that can increase investment demand is technical innovation. Sukirno (2008:122) defines investment as the expenditure of funds by firms or investors on capital goods and equipment to increase their capacity to produce goods and services sold in the market. Islamic law strongly encourages investment because it makes one's own money more valuable and profitable for others. Sharia-based investment is known as sharia investment, using Islamic instruments in its implementation. In investing, one can choose from various forms of investment, one of which is investing your assets in the capital market. The capital market is a market where various financial instruments or long-term securities can be traded. in the form of money or own capital. In the capital market itself there are several important terms that must be known, including Bid (the price proposed by the buyer when he wants to buy a stock), Offer (the price proposed by the seller when he wants to sell a share), Supply (the number of shares available in a market), and demand (the number of enthusiasts for a share).

### **Sharia Mutual Funds**

As time goes by, more and more investment vehicles are considered ideal and one of them is mutual funds. There are two types of mutual funds, namely Islamic mutual funds and conventional mutual funds. This type of mutual fund is a diversified investment strategy that is an investment choice among the investment community, especially among small investors and those who do not have much time and expertise to calculate investment returns and risks. Sharia mutual funds are mutual funds that operate under sharia law. Sharia mutual funds are sharia securities that collect funds from individuals through the issuance of sharia mutual funds. Sharia securities must be the object of investment in sharia mutual funds. The basic agreement used is wakalah bil ujroh which can vary depending on the type of mutual fund. Every sharia mutual fund must avoid all practices prohibited by Islam such as maysir, gharar, usury. The entire portfolio management process is filtered and cleared of non-halal aspects. This clearly distinguishes Islamic mutual funds from conventional mutual funds. Sharia mutual funds outperformed conventional mutual funds based on the percentage growth in the number of products in 2019. The presence of sharia mutual funds in Indonesia since 1997 complements the diversity of traditional mutual funds that have previously become an investment choice for investors, not only Muslim investors but investors in

general. From 2010 to 2014, Islamic mutual funds showed positive performance and level of development.

## **E-Commerce**

E-commerce is a dynamic network of applications, business processes, and economies that facilitate the electronic exchange of products, services, and information between customers, companies, and specific communities. E-commerce is the buying and selling of goods and services through the exchange of data and information through media other than printed text. (Virtual). Legal actions taken by computers, computer networks, and/or other electronic media are defined in Article 1 paragraph 2 of Law Number 11 of 2008 concerning Electronic Information and Transactions. Trading using electronic systems, or e-commerce, is regulated by Law No. 7 of 2014 concerning Trade Article 1. This type of trading involves making transactions through a number of electronic tools and processes.

## **METHOD**

This research is a qualitative descriptive research that explains phenomena and data as well as previous research then draws conclusions from existing problems. The purpose of conducting research using this method is because qualitative research methods focus more on understanding problems in depth, more accurately and clearly based on facts. Data collection carried out for this study was carried out through literature research which is included in the category of secondary data sources that can confirm the validity of the data. Researchers then use primary literature from books, journals, articles, and research reports on the topic under study.

## **RESULTS AND DISCUSSION**

The digital economy is part of e-commerce in Indonesia that encourages economic growth in the form of daily economic activities by conducting digital transactions for buying and selling. The digital economy can change people's economic activities and ways of doing business from manual to automated. Furthermore, the digital economy is becoming an increasingly strategic phenomenon for global economic development. The current momentum of Indonesia's economic growth and digital investment is a valuable momentum that must be maintained. The development and adoption of technology has never been faster, which means Islamic mutual fund investors now have more choices of where to trade when investing, with various features such as: investment advice through robo-advisors, through online banking making verified payments automatically or through e-wallets on e-commerce platforms.

## **The Role of Digital Economy on Sharia Investment through E-Commerce**

Economic growth is an important and inseparable measure of economic development and public welfare. Economic growth is one of the reviews of success in economic development. There

are various factors that affect economic growth, one of which is e-commerce. With the test results that show the hypothesis that the development of e-commerce has a positive relationship with economic growth. The growth of Indonesia's e-commerce industry is expected to exceed US\$130 billion by 2025, making Indonesia one of the countries with the strongest digital economy in the world.

The government, business, and academia agree that the digital economy is one of the pillars of the national economy in facing the Covid-19 pandemic. Facts prove that the digital economy continues to grow despite the downturn in various fields during the pandemic. One form to inject the growth potential of the digital economy is through investment. The Harod-Domar theory also emphasizes that an important aspect that needs to be considered is the presence of investment. Its role is dual in determining the direction of the economy. First, the relationship of investment with state income is positive. On that basis, the more investment activities continue to accumulate, the greater the state revenue. Second, economic production capacity is also supported by investment through capital stock increase schemes. So it can be concluded that with investment relationships that directly affect economic growth.

The development of technological innovation occurs in almost all business fields, and financial services are one of them. Technological innovation in the field of financial services which we call financial technology (Fintech) has become a phenomenon in this era. The main sign of the emergence of the fintech era is the emergence of various non-fintech companies that then penetrated into the field of financial services. Currently, the digital economy through e-commerce has become a forum for investors to invest in sharia law to develop Indonesia's digital economy sector.

### **Comparison of Sharia Mutual Fund Rate with Conventional Mutual Fund**

The following table or data will show a comparison of the development of Islamic mutual funds and conventional mutual funds.

**Table 1: Comparison Of The Development Of Sharia And Conventional Mutual Funds**

YEAR		COMPARISON OF MUTUAL FUND AMOUNTS				NAV COMPARISON (RP. BILLION)			
		MUTUAL FUNDS SHARIA	CONVENTIONAL MUTUAL FUNDS	MUTUAL FUNDS TOTAL	%	MUTUAL FUNDS SHARIA	CONVENTIONAL MUTUAL FUNDS	MUTUAL FUNDS TOTAL	%
2010		48	564	612	7,84%	5.225,78	143.861,59	149.087,37	3,51 %
2011		50	596	646	7,74%	5.564,79	162.672,10	168.236,89	3,31 %
2012		58	696	754	7,69%	8.050,07	204.541,97	212.592,04	3,79 %
2013		65	758	823	7,90%	9.432,19	183.112,33	192.544,52	4,90 %
2014		74	820	894	8,31%	11.158,00	230.304,09	241.462,09	4,65 %
2015		93	998	1.091	8,52%	11.019,43	260.949,57	271.969,00	4,05 %
2016		136	1.289	1.425	9,54%	14.914,63	323.835,18	338.749,80	4,40 %
2017		182	1.595	1.777	10,24%	28.311,77	429.194,80	457.506,57	6,19 %
2018		224	1.875	2.099	10,67%	34.491,17	470.899,13	505.390,30	6,82 %
2019		265	1.916	2.181	12,15%	53.735,58	488.460,78	542.196,36	9,91 %
2020		289	1.930	2.219	13,02%	74.367,44	499.174,70	573.542,15	12,97 %
2021		289	1.909	2.198	13,15%	44.004,18	534.434,11	578.438,29	7,61 %
2022		274	1.846	2.120	12,92%	40.605,11	464.257,31	504.862,42	8,04 %
2023	January	272	1.755	2.027	13,42%	42.207,66	467.156,65	509.364,31	8,29 %
	February	272	1.758	2.030	13,40%	43.023,90	462.994,41	506.018,31	8,50 %
	March	271	1.754	2.025	13,38%	42.650,15	458.160,15	500.810,30	8,52 %
	April	269	1.711	1.980	13,59%	43.477,38	453.524,89	497.002,27	8,75 %
	May	271	1.699	1.970	13,76%	42.946,71	461.744,87	504.691,58	8,51 %
	June	272	1.695	1.967	13,83%	42.947,06	465.116,27	508.063,33	8,45 %
	July	277	1.690	1.967	14,08%	43.261,86	473.403,97	516.665,83	8,37 %

	August	279	1.670	1.949	14,32%	43.192,30	470.043,65	513.235,94	8,42 %
	September	282	1.643	1.925	14,65%	43.110,74	463.180,57	506.291,31	8,52 %
	October	284	1.635	1.919	14,80%	42.666,74	451.979,92	494.646,66	8,63 %
	November	283	1.595	1.878	15,07%	42.750,39	449.964,68	492.715,06	8,68 %

Source: Department of Data Management and Statistics-Financial Services Authority, 2023

Sharia mutual funds are essentially the same as conventional mutual funds in that they are meant to raise public funds, which are then invested in money market and capital market instruments under the management of investment managers. (Collective investment strategy). The Sharia Fund was created to meet the demands of a specific group of investors who wanted to generate their investment income through ethical means that supported Sharia law and religious accounting.

The operational differences between sharia mutual funds and conventional mutual funds especially in the filtration process during portfolio building make this comparison clear. Stocks including illegal acts like usury, gharal, alcohol, gambling, pigs, cigarettes, prostitution, pornography, and other things will be blocked by sharia-based filtering. While conventional mutual funds do not consider these factors, regardless of whether the product is legal or not, Islamic funds aim to maximize the well-being of capital owners and earn high returns on their investments. In addition, they maintain their portfolio as an investment aspect of the company with good products that are legitimate and do not violate Islamic principles. The fund's current activity still contains many characteristics that are incompatible with sharia. Conventional funds have investment limits set by the Financial Services Authority. These Conventional Mutual Funds can invest in all types of financial products, including stocks, bonds, and time deposits. In contrast, Sharia mutual funds are limited to investing in securities that comply with Sharia legal guidelines and provisions, while still being bound by investment restrictions set by the Financial Services Authority.

Regarding the internal operations of mutual funds, investors entrust their money to fund managers, who act as agents on their behalf, for the management of Sharia funds. In this case, Islamic funds also sometimes known as investor fund managers will act as damages. The investment manager will then manage the investment into sharia securities that have been determined by the OJK. In its management, sharia mutual funds will be supervised by the Sharia Supervisory Board or DPS and Sharia mutual funds have also obtained fatwas from the National Sharia Council-Indonesian Ulema Council or DSN MUI.

### Advantages of Sharia Mutual Fund Investment on E-Commerce Platform

Given that Indonesia is home to a majority of Muslims around the world, there is a huge market for Sharia-compliant goods, especially finance. By providing sharia funds, Tokopedia and



investment portal Bareksa take advantage of this opportunity. Mandiri Bank Group's investment management company, PT Mandiri Investasi, is responsible for managing the product, called Mandiri Extra Sharia Money Market. Tokopedia Sharia Fund Corporate Communications Vice President Nuraini Razak stated that as it becomes easier to invest using mobile phones, Tokopedia Sharia Fund is expected to increase investment in Indonesia. Actually, all you need to invest is \$10,000. At Tokopedia Tower in Jakarta on Thursday night, Nuraini stated, "This is safer because sharia funds are regulated by the Financial Services Authority and the Sharia Supervisory Board." on September 5, 2019). "Investors can invest through Tokopedia's Sharia Fund, starting from IDR 10,000, and receive direct payments on trading days," he continued. This possibility is further reinforced by Financial Services Authority statistics, which show that assets under management, or AUM, for sharia funds have increased by 200% since 2014. Since the initial launch Friday, May 3, "the AUM (administrative assets) of daily Sharia funds has exceeded conventional funds," said Samuel Sentana, chief financial officer at Tokopedia Fintech. The emergence of fintech and e-commerce, according to Karaniya Dharmasaputra, founder and CEO of Bareksa, is becoming a strong platform for investment expansion, including sharia funds. "Fintech apps have government support; In just three years, fund investors saw an increase of nearly 600%. "I think this growth is going to be fast," he said. He explained that sharia funds on Bareksa now account for 13% of all funds managed on the platform. Tokopedia's involvement may lead to an increase in investors. About 40% of the total money raised by Bareksa comes from a partnership with Bukalapak, an e-commerce site that has attracted 500,000 customers. In addition, Bareksa Fund offers more than 165 fund products from 36 investment managers for sale to clients throughout Indonesia. According to capital market statistics for 2019, in April 2019, there were 2,093 funds registered with the Financial Services Authority, a decrease from the previous year. There were 2,099 products with an AUM of Rs 518.75 trillion at the end of 2018.

## CONCLUSION

This study shows that the digital economy has a large and positive role in the economy, one of which is e-commerce platforms as a means of sharia investment, especially sharia mutual funds. The level of investment in Islamic mutual funds on e-commerce platforms shows a positive value, but the level of investment in conventional mutual funds still dominates, as can be seen from data from the Ministry of Data and Statistics-Financial Services Authority in 2023. To increase public interest in investing in sharia mutual funds, evidence can be seen from one of the e-commerce platforms, namely Tokopedia, which has shown its superiority in this field, as seen from the statement of the founder and CEO of Bareksa Karaniya Dharmasaputra who said: Finance The development of technology and e-commerce has become a solid foundation for investment growth, including Islamic mutual funds. He revealed the reason for cooperating with Tokopedia because according to him, sales of sharia mutual fund products could be faster if marketed through digital platforms.



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