

The Role of State Sharia Securities (SBSN) in Indonesia's Financing Sector

ABSTRACT

This study explores the role of Sharia State Securities (SBSN) in the financing sector in Indonesia. The data used are secondary data obtained from the official websites of the Ministry of Finance, Bappenas, Bank Indonesia, and literature sources related to SBSN and the Indonesian financing sector. This study used a descriptive qualitative approach. The result of this study is that SBSN plays a role in helping finance government projects so that the state budget as the primary source of state financing can be maximized without fear of lack of funds for the projects to be carried out.

Keywords: SBSN, state financing, APBN

1. INTRODUCTION

Investment can be divided into two main categories: real investment and financial investment. Natural or physical investment usually involves tangible assets such as land, machinery, or factories. In contrast, financial investing, or financial investing, involves written contracts such as common stock and bonds. Investment in financial assets is closely related to participation in the capital market. The capital market is a platform that combines parties with excess capital with those who need capital through buying and selling securities. Various long-term financial instruments, such as debt and equity, are traded in the capital market. In addition, the capital market also allows parties with excess funds to distribute it to those in need. (Puspa Gems & Ghoni, 2019)

Today, a deep understanding of investing is becoming increasingly important for many people. Individuals with a job or financial resources expect to have complete knowledge of managing their funds wisely. Wise management means directing funds to places that can provide future profits, namely by investing through the purchase of securities or other financial instruments. Investment involves delaying current consumption to obtain future consumption, which entails risks and requires compensation. Investment can be explained as allocating a certain amount of funds or other resources to get certain rewards in the future (Malinda & Martalena, 2011).

State Sharia Securities, or other names state sukuk, is a form of investment based on Islamic principles. People allocate excess funds owned or delay consumption and hope to get more consumption in the future to the government, where the funds are used in government work programs.

The public can support the domestic financing sector by investing in government bonds or government securities (SBN) in addition to paying taxes. There are two SBNs: conventional (Government Bonds / SUN) and Sharia-based (State Sharia Securities / SBSN / Sukuk).

Table 1 Differences between State Sharia Securities (SBSN) and Government Bonds (SUN)

Description	SBSN	SUN
Publisher	Government, Corporation	Government, Corporation
Underlying	There must be	It doesn't have to be

Asset		
Price	<i>Market price</i>	<i>Market price</i>
Use of publishing results	Must be Shariah compliant	Free
Contract	<i>Mudharabah, Musharakah, Ijarah, istihna'</i>	No contract
Possession	Certificate of ownership	Debt instruments

As the table above shows, there are many differences between State Sharia Securities and Government Bonds. The basic difference between Government Bonds (SUN) and State Sharia Securities (SBSN) is in the location of the management of these funds, whether the funds are used with Islamic principles or for projects that are allowed in Islam. Assets in State Sharia Securities are considered personal assets owned by the investors. Meanwhile, Government Bonds (SUN) are considered government bonds by investors. In SBSN, an underlying asset is needed because this is a requirement for its issuance. With the existence of underlying assets, investors can be guaranteed funds given to the state. Meanwhile, in SUN, there is no necessity for an underlying asset in its issuance.

By Law Number 19 of 2008 concerning State Sharia Securities, purchases made by investors on SBSN there are several contracts that investors can choose from, namely:

a. Ijarah

An agreement in which one party acts alone or on behalf of another person to lease the rights to an asset to another party by the rental price and period agreed by both parties.

b. Mudharabah

It is an agreement where there is a cooperation between two or more parties where there is a party who provides capital and the other party as a provider of energy or expertise. The benefits of this contract are determined at the beginning and have been agreed upon by all parties. If there is a loss, the capital owner will bear the financial loss, while the power provider will bear the loss in the form of energy, time, and ideas that have been spent. Unless the loss is caused by a negligent and intentional mistake that causes losses in the contract, the power provider is charged for the financial loss incurred.

c. Musyarakah

It is a contract that establishes cooperation between two or more parties in which each party spends capital. Capital here can be in the form of money. It can also be in the form of other property to obtain benefits for each party by the agreement of all parties. All parties will bear losses with the value of losses by the value of capital participation provided in this contract.

d. Istishna'

It is an agreement that involves the sale and purchase of assets as objects of financing between the parties involved, with specifications, methods, delivery periods, and the price of the assets determined by these parties.

When purchasing SBSN, investors are free to choose the type of contract built into the SBSN itself. Each contract has a different distribution of profits, maturity time, and risk level. Investors can choose which SBSN to invest in based on their risk level, the maturity time desired by investors, and the amount of profit sharing they want.

While in SUN, there are no contracts, as in SBSN; the SUN contract does not consider whether the transactions carried out are allowed in Islam, such as *riba*, *gharar*, and *maysir*. Transactions like this are essential so Muslim investors can legally manage their assets according to the rules of Islamic religious teachings.

The growth of a country is determined by many factors, such as equitable distribution of infrastructure, equitable distribution of education, increased contribution of income in each region, and equitable access to health. There are still other causes that can affect the growth of a country. This development is expected to increase economic growth in

Indonesia. To realize it, the government needs a huge budget. The existing state budget each year can only meet some work projects carried out by the government. As a result, the government always uses the State Budget with a deficit system, where the state receives less than the amount spent. Therefore, the government needs other funding supplies to reduce the deficit from the state budget and even make it a surplus.

The sources of Indonesian state financing have been regulated in the regulation of the Minister of Finance of the Republic of Indonesia number 225 / PMK.05 / 2020; in this regulation, the sources of state financing are:

a. Tax Revenue (PNBP)

Tax revenue includes all the state's income from domestic taxes and international trade taxes.

b. Non-Tax State Revenue (PNBP)

Non-Tax State Revenue (PNBP) is a type of revenue paid by individuals or business entities in exchange for benefits obtained from using services or resources and state rights, directly or indirectly, by applicable legal provisions. This revenue is part of central government revenue in the form of rupiah or foreign currency. It is not included in the tax revenue or grants regulated by the State Budget (APBN).

c. Grant Acceptance

Receipt from a grant is the provision of assistance, both from within and outside the country, to the state without the necessity of return in the form of cash.

d. Financing Acceptance

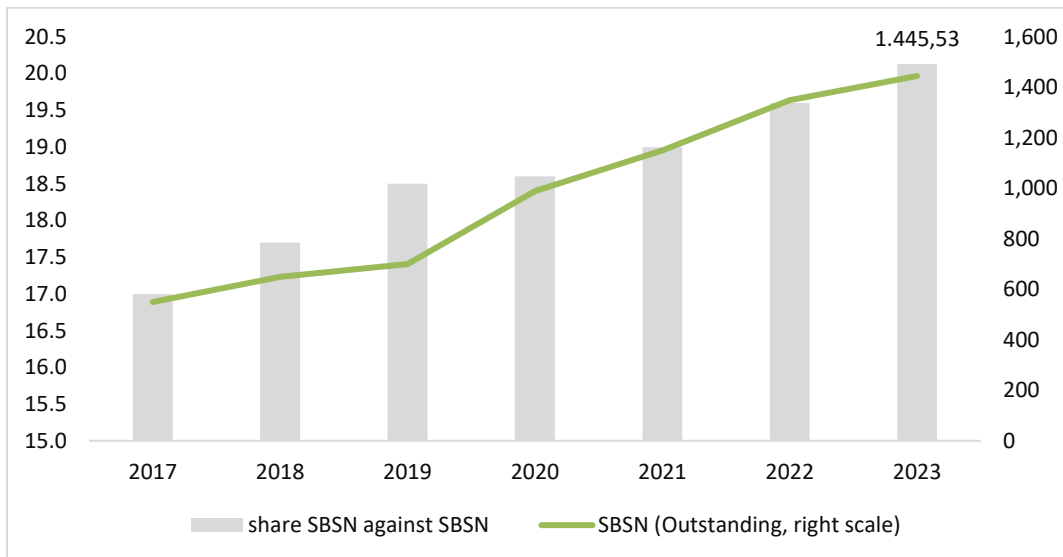
Financing receipts refer to funds received by the state to meet the financing needs of the State Budget. These funds can be sourced from the issuance of government securities, the issuance of cash loans, and proceeds from divestment.

e. Other State Revenues

Other state revenues include funds received from the Third Fihak Calculation (PFK), shopping refunds, and deposits of remaining Supply Money (UP) or Additional Supply Money (TUP)

Investing in SBSN is very relevant when the government needs significant funds for the development and equitable distribution of all sectors in Indonesia. Contributing to the country's financing sector can quickly realize growth and development.

Over the years, Indonesia's problems have grown and become more complex. Resolving such problems requires funds or a large enough budget. The government's funds for solving problems in each region are very limited. The government cannot forever depend on debts from other countries.



Source: Bank Indonesia and Ministry of Finance, processed

The data shows that SBSN has increased revenue and requests from ministries that want their projects financed by SBSN. In 2023, the National Development Planning Agency will propose SBSN funds of IDR 29.5 trillion to the Ministry of Finance. Most SBSN funds are allocated to finance infrastructure projects to accelerate national economic growth. However, these funds must be considered adequate because the budget needs are significant. This is a challenge for the government, especially regarding how to increase state revenue. Various infrastructure financing strategies have been implemented and are being pursued with new methods, including public-private partnerships (PPP), viability gap funds, and, most recently, efforts to obtain funds from philanthropies or philanthropists through blended financing schemes.

As explained earlier, the question that often arises is whether State Sharia Securities (SBSN) have succeeded in supporting the financing sector in Indonesia. If not, is there a method for SBSN to have a significant role in the financing sector in Indonesia? Based on the background described, the author is interested in conducting research entitled "The Role of State Sharia Securities (SBSN) on the Indonesian Financing Sector."

2. MATERIAL AND METHODS

This study uses a descriptive qualitative approach with State Sharia Securities as the independent variable and the financing sector in Indonesia as the dependent variable. In the method, it is hoped that it can understand the role of SBSN in contributing to the funding sector in Indonesia.

This study uses secondary data obtained from annual financial statements available on the official websites of Bank Indonesia, the Ministry of Finance, the Ministry of National Development Planning, and the Financial Services Authority (OJK). Variables in research are targets used in carrying out studies. An independent variable is a variable that causes a change in the dependent variable or can also affect the dependent variable. In this study, the independent variable is State Sharia Securities (SBSN), while the dependent variable is the financing sector in Indonesia.

3. RESULTS AND DISCUSSION

Government Securities (SBN) is one of the instruments of state revenue; SBN is considered better than loans because loans require willingness from related parties to provide loans, especially abroad. In this case, lending from abroad is inseparable from the interests of the parties who provide loans. Meanwhile, SBN will be more free from intervention from investors. SBSN is one type of state financing in the form of debt securities issuance, which is then sold in the money market and aims to obtain several funds that are then used to help finance government projects.

Compared to Government Bonds (SUN), which are based on conventional principles, there is a difference, namely the existence of principles that must be based on Islamic religious teachings. From issuance and management systems to how to share the proceeds from SBSN, it must be through approval from the National Sharia Board of the Indonesian Ulama Council (DSN MUI).

In issuing SBSN, approval or confirmation is required that the project to be funded by SBSN must comply with Islamic sharia principles from institutions with the authority to determine sharia fatwas, per Law number 19 of 2008 concerning State Sharia Securities. Suppose the government, through the relevant minister (minister of finance), plans to issue SBSN. In that case, it must request a fatwa or confirmation that the project to be implemented is by Islamic Sharia principles from the institution authorized to establish sharia fatwas, namely the National Sharia Council of the Indonesian Ulama Council (DSN MUI).

Through this instrument, debt securities issued by the government will be managed and used to finance various productive projects. Therefore, this can be easily accounted for by the community as an investor with real development results and can be shown to the community at large.

Indonesia, as a country with the largest Muslim population in the world, estimated at around 229 million people, needs to understand the challenges of investment instruments based on Islamic religious law. It is time for people to understand the importance of investment and which investment instrument is recommended in Islam. Investors in SBSN, in addition to getting benefits, can also take part in state savings and will also be counted as a reward because the funds derived from investors will be used for the public interest to improve the standard of life of the community at large.

The implementation of government projects requires a huge budget. The government cannot continuously run projects from APBN funds; limited APBN funds are the main factor, so the government needs sources of financing outside of the APBN. SBSN issuance is one of the instruments issued by the government to reduce state budget expenditures on development in Indonesia so that the government can manage existing funds without having to make loans from within and outside the country.

Projects funded by SBSN continue to increase every year. In December 2023, the total unpaid value of SBSN reached Rp1,445.53 trillion, an increase of 7.53% compared to 2022. Funds from SBSN are allocated to various ministries, with most of them used to support infrastructure development projects. Hopefully, this will make a significant contribution to accelerating economic growth nationally.

Table 2 Details of the List of Priority Projects (DPP) 2013 – 2023 in Indonesia

Government department	Project Type	Number of Projects
KEMENPUPR	Roads and Bridges	495
	Water Resources	596
KEMENHUB	Terminal	57
	Railway Facilities	88
	Airport	55
	Port	48
KEMHAN & POLRI	Official House	163
BRIN, BMKG	Laboratory	31
KEMENTAN	Farm	6
	Building	3
KEMENDIKBUDRISTEK	University	53
	Vocational Education	37
KEMENAG	Office of Religious Affairs	1219
	Madrasah	564

	UIN	151
	Hajj and Umroh	175
	Halal Products	1

Source : Bank Indonesia

Provinsi	Number of Projects	Total Budget (Billion)
DI ACEH	173	Rp4,628.4
NORTH SUMATRA	174	IDR 15,706.5
WEST SUMATRA	183	IDR 5,908.4
RIAU	126	Rp3.352,7
RIAU ISLAND	85	IDR 1,893
JAMBI	89	IDR 2,883.4
BENGKULU	77	Rp1.216,2
BANGKA BELITUNG ISLAND	51	Rp724,5
SOUTH SUMATRA	158	IDR 8,280.1
LAMPUNG	138	IDR 4,941.4
BANTAM	117	IDR 3,565.5
JAKARTA	121	IDR 17,754.2
WEST JAVA	315	IDR 17,854.6
JAWA TANGAH	463	IDR 24,927.6
IN YOGYAKARTA	111	IDR 4,098.4
JAWA TIMUR	397	IDR 18,549.9
BALI	64	IDR 2,244.7
NTB	110	IDR 3,192.7
NTT	128	IDR 5,732.4
WEST KALIMANTAN	160	Rp4.138,1
CENTRAL KALIMANTAN	112	IDR 2,972.5
NORTH KALIMANTAN	79	IDR 3,584.3
EAST KALIMANTAN	147	IDR 7,553
SOUTH KALIMANTAN	106	IDR 3,923.3
WEST SULAWESI	86	IDR 2,505.6
NORTH SULAWESI	86	IDR 2,477.7
CENTRAL SULAWESI	131	IDR 2,873.1
SOUTH SULAWESI	248	IDR 11,402.1
SOUTHEAST SULAWESI	121	IDR 2,931.8
GORONTALO	90	IDR 2,685.8
MALUKU	139	IDR 4,080.7
NORTH MALUKU	112	Rp2.819,1

PAPUA	211	IDR 11,093.1
PAPUA BARAT	167	Rp6.485,3

Source : DJPPR, processed

During 2013-2023, SBSN funding applications made by Bappenas for government projects were mainly used to finance infrastructure projects such as roads and bridges, transportation facilities, Water Resources, and educational buildings. Based on the location of SBSN allocation during 2013-2023, it is still dominated by areas on the island of Java.

Financing with the SBSN system plays a role in helping the government increase the supply of capital used in future developments. The increase in the number of SBSNs issued by the government every year shows that this SBSN can help the government. The benefits of SBSN issuance to the financing sector in Indonesia include:

- a. Increase the state revenue base
The implementation of projects run by the government certainly requires many funds. The State Budget cannot continue as the main fund in state financing therefore, additional funding sources are one solution to ease expenditures from the State Budget. SBSN is a form of debt securities in which the community can include the funds they have in state development.
- b. Assist in the growth and development of the domestic sharia financial market.
The increasing issuance and demand for SBSNs every year show that the government and the public believe that the Sharia-compliant financial system has many positive impacts on the state and society.
- c. Development of alternative investment instruments
SBSN can be used as one of the people's choices in investing. With a system and results from Islamic religious guidance, SBSN can be trusted in determining what investment the community wants to choose.
- d. Maximizing the utilization of state property
Projects that use SBSN are state assets, and funds from SBSN used for state financing are expected to be maximized to achieve the goal of state growth. Encourage orderly administration of the management of state property the nominal financing from SBSN is not tiny; with the emergence of various state financing systems, it is hoped that it can support the country's growth. Also, these funds must be managed using the specified procedures to achieve the expected goals.
- e. Assisting in the state budget deficit
The existing state budget cannot be used to finance all government projects SBSN is here to assist in expanding the country's financing sector so that the APBN can be used optimally without fear of a deficit.

Based on the above benefits, SBSN can support growth in Indonesia. Every year, problems that become more complex require many problem solvers. In solving these problems, the government certainly needs funds to deal with these increasingly complex problems. With the presence of SBSN, the government can get a fresh supply of funds from the community, which can support growth in Indonesia. Solving problems can not only be solved by the government; the community can also participate in helping the government increase the country's growth. One form of public participation is by investing in SBSN.

4. CONCLUSION

State Sharia Securities is the issuance of government project ownership letters to collect funds from the community where the funds can be used as financing in the government project, where the final result of the government will be profit sharing from the project according to the approved contract. In Indonesia's finance sector, SBSN plays a role in helping reduce existing APBN expenditures. SBSN can finance projects that the government wants to run to maximize existing APBN funds without worrying about a lack of funds to run existing projects.

REFERENCES

- Haq, M. R., Kudus, I., Conge, J., Kudus, N. B., Putri, D., Sari, F., Fadhillah, K., & Kudus, H. I. (n.d.). *The Role of Sukuk in Infrastructure Development* (Vol. 17, Issue 1). <http://ojs.diniyah.ac.id/index.php/AI-Mutharahah>
- Harahap, M. I., Imsar, I., & Dongoran, R. N. (2022). The Influence of Corporate Sukuk and Total Sharia Banking Assets on Economic Growth in Indonesia in 2016-2020. *Scientific Journal of Islamic Economics*, 8(1), 370. <https://doi.org/10.29040/jiei.v8i1.3592>

Latifah, Si. (2020). The Role of State Sharia Securities Sukuk (SBSN) in Indonesia's Economic Development Growth. *Scientific Journal of Islamic Economics*, 6(3), 421. <https://doi.org/10.29040/jiei.v6i3.1369>

Mu'awwanah Department, U., Sharia, E., Economics, F., Islam, B., Al, I., As, F., & Kencong-Jember, S. (n.d.). *Manifestation of Tazkiyah an-Nafs in the Role of "State Sukuk" as an Instrument of Multidimensional Economic Development*.

Nopijantoro, W., Finance, P., & Stan, N. (2017). *PROJECT BASED SUKUK STATE SHARIA SECURITIES (SBSN PBS): AN ALTERNATIVE INSTRUMENT OF PUBLIC PARTICIPATION IN INFRASTRUCTURE FINANCING* (Vol. 1).

Normasyhuri, K., Budimansyah, B., & Triyadi, E. (2022). The Impact of Government Bond Issuance (SUN) and State Sharia Securities (SBSN) on Indonesia's Economic Growth in the Covid-19 Pandemic Era: An Islamic Economic Review. *Scientific Journal of Islamic Economics*, 8(1), 688. <https://doi.org/10.29040/jiei.v8i1.4619>

Nurbiyanto, N., & Personal, Y. (2020). Project-Based State Sharia Securities at the Ministry of Religious Affairs: Alternative Government Infrastructure Financing. *Jesya (Journal of Islamic Economics & Economics)*, 3(2), 320–329. <https://doi.org/10.36778/jesya.v3i2.151>

Puspa Permata, C., & Ghoni, M. A. (2019). THE ROLE OF THE CAPITAL MARKET IN THE INDONESIAN ECONOMY. *AkunStie Journal (JAS)*, 5(2).

Ramadayanti, R. S., Mainata, D., & Pratiwi, A. (2018). The Role of State Sukuk in Infrastructure Financing. *Al-Tijary*, 2(2), 155. <https://doi.org/10.21093/at.v2i2.788>

Uin, A. I., Gunung, S., & Bandung, D. (2020). STATE SUKUK AND INFRASTRUCTURE DEVELOPMENT IN INDONESIA. *Finansha-Journal of Sharia Financial Management*, 1(2), 22. <https://journal.uinsgd.ac.id/index.php/finansha>

Yahya, M. (2015). *Muchlis Yahya Volume VI/Issue 2/October*.

Adiatna, P. (2016). Opportunities for State Sharia Securities (SBSN) as an alternative to transportation infrastructure financing. Bandung Institute of Technology.

Widiyanti, M., & Sari, N. (2019). Sharia Capital Market Study in Influencing Economic Growth in Indonesia. *Journal of Economists*, 19(1), 455072.

Jaenudin, J., Sofyan, A., Aliyudin, A., & Nasrudin, N. (2020). Review of sharia economic law on State Sharia Securities (SBSN) as safe investment products. Review of Sharia Economic Law on State Sharia Securities (SBSN) as a safe investment product.

Anam, M. K. (2018). The role of state sukuk as a sharia financial instrument towards the financing of the Indonesian State Budget. *Misykat al-Anwar Journal of Islamic and Social Studies*, 1(1), 45-56.

Beik, I. S. (2019). Strengthening the role of state sukuk in Indonesia's economic development. *Al-Infaq: Journal of Islamic Economics*, 2(2).

Inayah, A. I., Khudin, F., & Sumriyah, S. (2023). The role of State Sharia Securities Sukuk (SBSN) in the growth of economic development in Indonesia. *Journal of Public Relations*, 1(2), 263-272.

Nisak, K. (2022). State Sukuk as an Alternative to State Budget Financing in Indonesia. *Etiad: Journal of Islamic Banking and Finance*, 2(1), 57-72.

Yuliani, A. E., Fitrijanti, T., & Sari, P. Y. (2020). State Sukuk as an Alternative to Financing Infrastructure Projects in Indonesia: Systematic Literature Review. *Journal of Theoretical and Applied Sharia Economics*, 7(12), 2361-2374.

Oktapriyono, A., Kuntadi, C., & Karunia, R. L. (2023). Government Securities and Their Effects on Government Capital Expenditure, Gross Domestic Product, and Poverty. *Journal of Management, Accounting and Logistics (JUMATI)*, 1(2), 220-230.

Hariyanto, E. (2021). Increased role of state sukuk in infrastructure financing. *Indonesian Journal of Budget and Finance (ACCURACY)*, 3(2), 56-72.

Nasrullah, A. (2015). Government securities study: A comparative analysis of state sukuk with government bonds in financing the state budget deficit. *LANTERN JOURNAL: Religious, Scientific and Technological Studies*, 13(2), 152-168.

Mulyani, R., & Setiawan, I. (2020). State retail sukuk, a halal investment instrument to develop the country. *Iqtisadiya: Journal of Islamic Economics*, 7(14).

UNDER PEER REVIEW