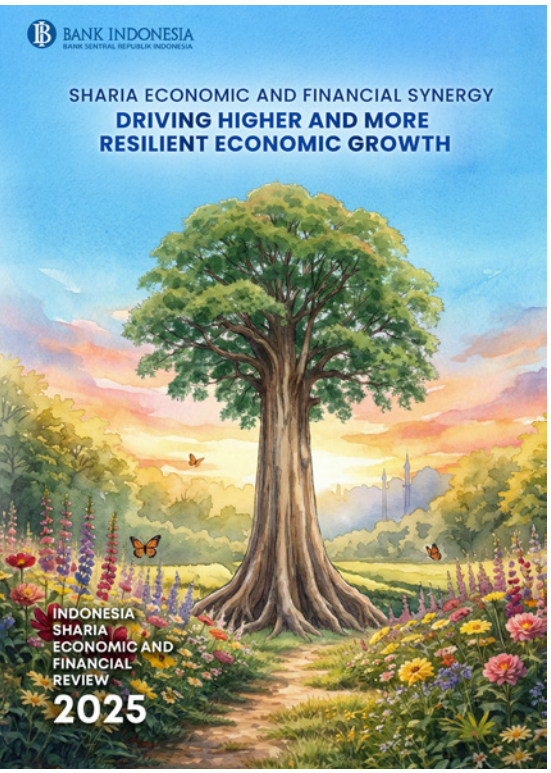
BANK INDONESIA
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SHARIA ECONOMIC AND FINANCIAL SYNERGY

DRIVING HIGHER AND MORE RESILIENT ECONOMIC GROWTH



INDONESIA SHARIA ECONOMIC AND FINANCIAL REVIEW 2025



This cover adopts an ecosystem concept through a harmonious painterly artistic approach, reflecting the character of the sharia economy and finance as one that is managed with prudence, wisdom, and a balance of values.

The ulin tree serves as the central symbol, representing a sharia economy that grows tall and remains resilient. As an ironwood tree native to Kalimantan, ulin symbolizes a foundation of justice, sustainability, and local wisdom that supports the long-term development of the sharia economy.

Its deep-reaching roots reflect the synergy of policies, institutions, and society as mutually reinforcing foundations, while its sturdy trunk affirms the stability of the sharia economic system in facing global dynamics and uncertainty. The interconnected branches represent the collaboration among sharia economy and finance stakeholders in sustaining the comprehensive and continuous growth of the ecosystem.

The harmonious natural background, illuminated by the light of sunrise, conveys optimism and a forward-looking direction, reflecting the development of a sharia economy and finance that is inclusive, resilient, and capable of delivering sustainable benefits for the well-being of the ummah.

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INDONESIA SHARIA ECONOMIC AND FINANCIAL REVIEW 2025

2025

SYNERGY BETWEEN ISLAMIC ECONOMICS AND FINANCE STRENGTHENS NATIONAL ECONOMIC STABILITY AND TRANSFORMATION

ISSN 2722-8665

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Foreword



PERRY WARJIYO
GOVERNOR OF BANK INDONESIA

> With inflation remaining under control, the national economy has continued to grow amid heightened global uncertainty. In line with this, the performance of the national Sharia economy and finance sector has also been able to maintain a positive recovery trend.

Bismillaahirrahmaanirrahiim

Assalamu'alaikum Warahmatullahi Wabarakatuh

All praise be to Allah SWT, the Almighty, for His mercy, permission, and guidance, so that the *Sharia Economic and Financial Review of Indonesia (KEKSI) 2025* can be prepared and published as part of Bank Indonesia's policy communication. May blessings and peace always be upon Prophet Muhammad SAW, his family, and companions, who conveyed the message of goodness and knowledge, the benefits of which we continue to feel today.

Alhamdulillah, Indonesia's sharia economy and finance in 2025 continued to grow positively and demonstrated resilience amid global economic dynamics still marked by uncertainty. The halal value chain remains one of the drivers of national economic growth with increasing contribution. This growth is supported by strong performance in the halal agriculture and food–beverage sector, Muslim-friendly tourism, and relatively stable modest fashion. In line with this, Islamic banking intermediation recorded positive growth with controlled risks, supported by Bank Indonesia's policy mix oriented toward stability and growth. Meanwhile, sharia social finance continued to expand along with greater public participation and stronger integration between social and commercial sharia finance. Literacy and inclusion in sharia economy and finance also improved through consistent and collaborative education and outreach programs.

Global uncertainty in 2025 remained high, influenced by intensifying trade wars and ongoing geopolitical tensions. This condition heightened financial market uncertainty, negatively affecting confidence among economic actors and investors worldwide. Nevertheless, global sharia economy and finance continued to show resilience, reflected in sustained economic growth in OIC and D-8 countries during the reporting period. Looking ahead, the global sharia economy and finance outlook for 2026 is projected to remain positive, supported by regulatory reforms, stronger industry structures, greater digitalization and product innovation, and rising preference for values-based economic activities.

Sharia economic and financial policy is an integral part of Bank Indonesia's policy mix aimed at maintaining macroeconomic and financial system stability while supporting sustainable economic growth. In 2025, Bank Indonesia strengthened sharia monetary policy integrated with deepening of the Islamic money market and foreign exchange market to safeguard liquidity and reinforce policy transmission. Sharia macroprudential policy was optimized through forward-looking Liquidity Incentive Macroprudential Policy (KLM) to encourage Islamic banking financing in priority sectors and support national economic transformation. In addition, sharia economic development in the real sector, strengthening of sharia social finance, and acceleration of literacy and inclusion were reinforced through synergy with the government, ministries/agencies, local governments, industry, and other stakeholders.

KEKSI 2025 was prepared with a more comprehensive and issues-driven analytical approach, not only through regular monitoring of key indicators but also by enriching analysis based on macroeconomic risks, financial system stability, and broader data utilization, including sharia social finance data. KEKSI 2025 also presents thematic deep-dives and policy boxes reflecting the strengthening and novelty of sharia economic and financial policies, including national and international policy synergies, as well as the role of sharia economy in supporting external stability, among others through developing trade potential in the hajj–umrah ecosystem.

Going forward, sharia economy and finance development will be further strengthened to support higher and more resilient economic growth. In 2026, Bank Indonesia's sharia economic and financial policy will focus on strengthening an integrated and competitive halal value chain ecosystem, optimizing sharia financing supported by deepening of Islamic money and FX markets, and enhancing literacy and inclusion, as outlined in the *Sharia Economic and Financial Blueprint 2030*. Implementation will be carried out through national synergy and collaboration in six strategic initiatives: (i) Gerbang Santri (Islamic boarding school and halal value chain development movement),(ii) Jawara Ekspor (Sharia entrepreneurship network to boost exports), (iii) Gema Halal (Collective halal acceleration movement), (iv) SAPA Syariah (Synergy of sharia trade and financing), (v) Kanal ZISWAF (National collaboration for zakat, infaq, sadaqah, and waqf development), and (vi) Lentera Emas (Literacy and inclusion movement toward Sharia Economy and Finance for Golden Indonesia).

The KEKSI 2025 book is expected to provide a comprehensive overview of the performance, prospects, and policy direction of Indonesia's sharia economy and finance, while serving as a useful reference for policymakers, industry players, academics, and all stakeholders. KEKSI 2025 also represents Bank Indonesia's accountability in transparently and sustainably presenting assessments, policies, and achievements in sharia economic and financial development.

In closing, we hope KEKSI 2025 will make a real contribution to supporting the formulation of sharia economic and financial policies that are increasingly effective, inclusive, and sustainable, while strengthening the role of sharia economy and finance as one of the new sources of national economic growth. May Allah SWT always provide guidance and blessings for every effort we undertake to realize Indonesia as a global centre of sharia economy and finance. *Aamiin YRA.*

Wassalamu'alaikum
Warahmatullahi Wabarakaatuh

Jakarta, 13 February 2026



Perry Warjiyo
Governor of Bank Indonesia

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OF MILESTONE


CLOSING
CEREMONY
ISEF
Indonesia Sharia Economic Festival






ISE
Indonesia Sharia Economic Fest


IN2 MOTION FEST


ISEF


Kementerian PPN/ Bappenas
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Kementerian Dalam Negeri Republik Indonesia
KNEKS
FORUM SINERGI PUSAT DAN DAERAH


OPENING CEREMONY
Indonesia Sharia Economic Festival 2025
Synergy of Islamic Economy and Finance to Strengthen Economic Self-Reliance and Inclusive Economic Growth
JAKARTA | 8 OCTOBER 2025


JAKARTA
MADRASAH COMPETITION
2025
8 - 11 OKTOBER 2025 | JIEXPO CONVENTION CENTER & THEATRE








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ATURAHIM
SANTREN




OPENING CEREMONY
Indonesia Sharia Economic Festival 2025
Synergy of Islamic Economy and Finance to Strengthen Economic Self-Reliance and Inclusive Economic Growth
JAKARTA | 8 OCTOBER 2025


PROGRAM PENDAMPINGAN UMKM NAIK KELAS?
Pendekatan Program dilakukan melalui :
Manfaat :
Sasaran :


THE 7th INTERNATIONAL
HAJJ FUND FORUM
SESSION 1:
uilding a Spiritually and Economically Sustainable
Hajj and Umrah Ecosystem






SAPA SYARIAH
Sinergi Pembiayaan Syariah


KEMENTERIAN PERDAGANGAN REPUBLIK INDONESIA
BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA
KEMEN UMKM
wonderful indonesia
ISEF
Islamic Economy
IN2 MOTION FEST

Overview

The Sharia economy and finance sectors demonstrated resilience and maintained a positive outlook despite the global economic slowdown. This persistence is aligned with ongoing global uncertainty, which is primarily driven by escalating geopolitical risks and the threat of unilateral tariff policies by the United States, although these challenges were somewhat mitigated by decreasing inflationary pressures on food and energy commodities. At the global level, member countries of the Organization of Islamic Cooperation (OIC) continued to exhibit relatively robust growth, supported by increasing global Muslim consumer expenditure and a resilient Islamic finance sector. This sector is underpinned by Islamic banking and the sukuk market, including green and sustainable sukuk. At the national level, Indonesia's sharia economy continued to grow stronger. The key sectors within the halal value chain, particularly agriculture and halal food and beverages, saw accelerated performance. Additionally, Muslim-friendly tourism (PRM) made a significant contribution to GDP and exports. This growth was supported by resilient Islamic banking financing and innovative Islamic social finance. Moving forward, integrated policy synergy in the sharia economy and finance—aligned with monetary and macroprudential policies, as well as real sector development—and further reinforced by literacy initiatives, inclusion efforts, and collaboration between central and regional entities—is anticipated to establish the sharia economy and finance as a strategic pillar. This will facilitate higher, more inclusive, and resilient economic growth in accordance with national development priorities.

Global Sharia Economy and Finance Performance and Outlook: Expanding amid Persistent Global Uncertainty

Global economic activity in 2025 continued to grow at a limited pace amid rising global uncertainty. World economic growth is projected to moderate from 3.3% in 2024 to 3.2% in 2025, in line with weakening global demand and increasing trade fragmentation stemming from unilateral tariff policies by the United States and countermeasures by its trading partners. The ongoing escalation of geopolitical conflicts further heightened global uncertainty, as reflected in the increase in the World Uncertainty Index (WUI) and the Geopolitical Risk Index (GPR). These developments weighed on international trade, exacerbated disruptions in global supply chains, and constrained improvements in global economic performance. On the other hand, global inflationary pressures generally eased alongside the normalization of energy and food commodity prices, although volatility remained relatively high due to weather-related factors and geopolitical developments.

Amid the global economic slowdown, the economies of Organisation of Islamic Cooperation (OIC) member countries continued to grow. Aggregate growth across OIC economies in 2025 is expected to reach 3.9% (yoy), increasing from 3.6% (yoy) in 2024. This performance was primarily supported by strengthened hydrocarbon and non-hydrocarbon sectors in the Gulf Cooperation Council (GCC) countries, particularly Saudi Arabia and the United Arab Emirates, as well as by the recovery of manufacturing and tourism in the Developing 8 (D8) countries such as Türkiye, Egypt, and Pakistan. Nevertheless, economic performance across OIC member countries remained constrained by ongoing geopolitical conflicts in the Middle East, with significant implications for regional economic and security stability.

Meanwhile, in line with easing global inflationary pressures, inflation in OIC countries also showed a declining trend. This development was supported by the moderation in global food commodity price pressures and maintained domestic supply conditions in several OIC countries. Nevertheless, inflation in certain Organization of Islamic Cooperation (OIC) economies experiencing structural difficulties and increased geopolitical instability, such as Türkiye and Egypt, persisted at comparatively elevated levels.. These conditions influenced exchange rate stability, inflation expectations, and the smooth functioning of regional supply chains, thereby underscoring the need to closely monitor inflation risks across OIC countries.

The continued growth of OIC economies supported the expansion of global sharia-compliant economic transactions. The value of global Muslim consumer spending across sharia-economy sectors, encompassing halal food and beverages, Muslim-friendly tourism, modest fashion, halal pharmaceuticals, halal cosmetics, and Islamic media and recreation, is projected to reach around USD 2.77 trillion in 2025. The halal food and beverages sector remained dominant, supported by easing food inflation pressures and sustained domestic demand in OIC countries. In line with this, higher community mobility also boosted transactions in Muslim-friendly tourism, halal cosmetics, and Islamic media and recreation.

Heightened global uncertainty also influenced global financial market dynamics. Volatility in global financial markets tended to increase, particularly in the first half of 2025, as reflected in higher volatility indices and a shift in global capital flows toward safe-haven assets, especially United States bonds and gold. The strengthening of the United States dollar and the upward trend in global gold prices reflected investors' cautious stance amid trade fragmentation and escalating geopolitical conflicts. These conditions could potentially tighten liquidity and increase external vulnerabilities in emerging market economies, including OIC countries, particularly amid the widening fiscal deficit trend that re-emerged in 2025.

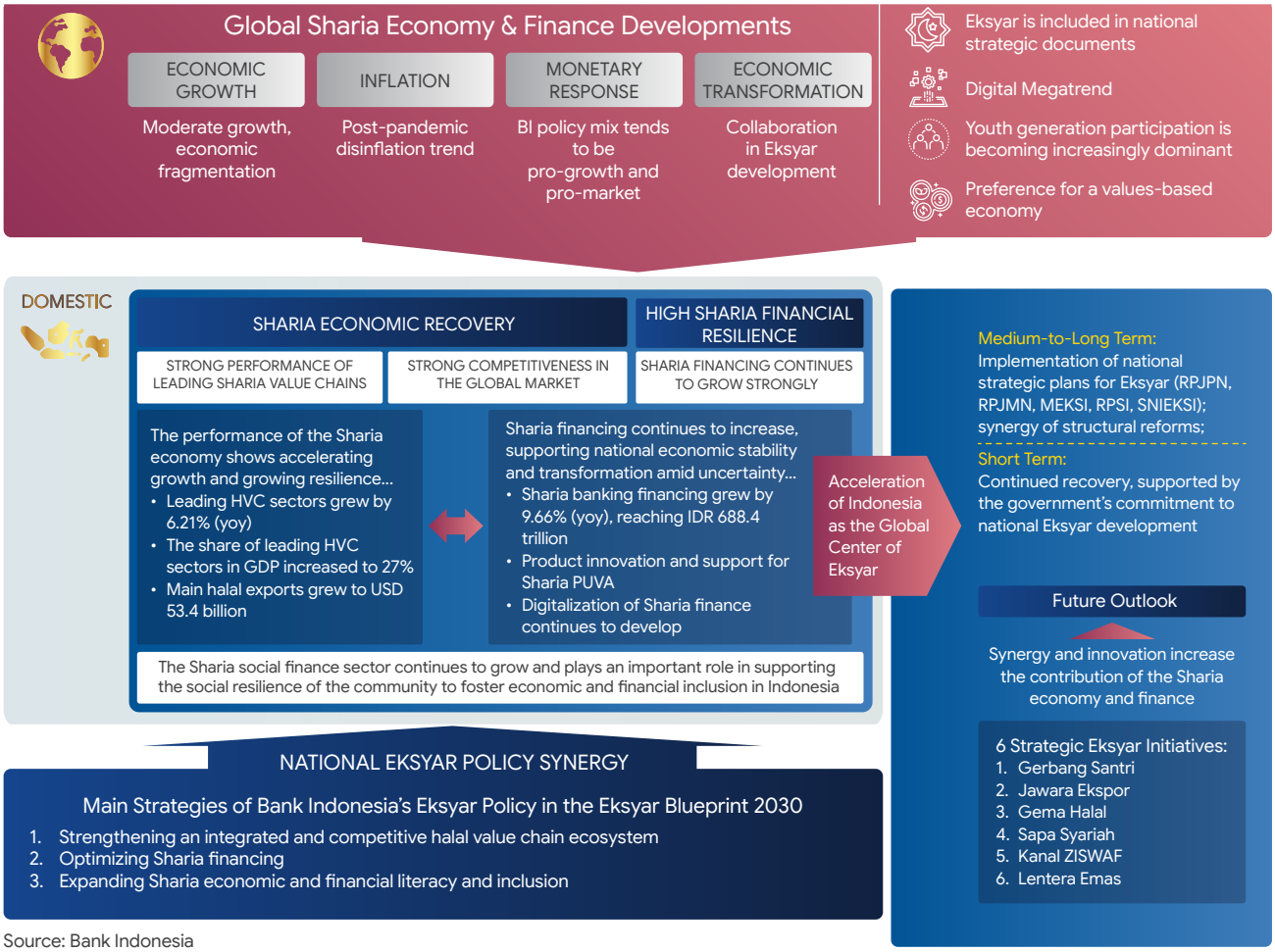
Amid these developments in global financial markets, the Islamic finance industry remained resilient and continued to expand solidly. Total global Islamic finance assets in 2024 recorded double-digit growth, nearly reaching USD 6 trillion, with Islamic banking continuing to dominate the industry's share. Iran, Saudi Arabia, Malaysia, the United Arab Emirates, and Kuwait remained the countries with the largest Islamic finance assets globally. In addition, the global sukuk market

continued to deepen, with total sukuk outstanding reaching around USD 1.03 trillion. Throughout 2025, this performance was supported by increased issuance of sovereign sukuk, including green and sustainable sukuk, particularly in the GCC and other emerging market economies.

Going forward, the outlook for the global sharia economy and finance is expected to remain positive despite persistent global uncertainty. In 2026, global economic growth is projected at around 3.1%, while growth in OIC economies is expected to rise to 4.2%, supported by higher oil production in several OIC hydrocarbon-producing countries and the recovery of domestic economic activity in non-hydrocarbon economies. This growth is expected to accelerate global sharia-compliant economic transactions and sustain the expansion of the Islamic finance industry.

Furthermore, strengthening industry structure and innovation will be key in reinforcing the resilience of the global sharia economy and finance. Increased issuance of green sukuk, the development of Islamic digital banks, strengthened inclusive finance and Islamic social finance (ISF), as well as regulatory reforms across jurisdictions, are expected to form the core foundation for enhancing the competitiveness of the global sharia economy and finance. Nevertheless, vigilance regarding risks arising from global uncertainty, trade fragmentation, fiscal pressures, and climate-related risks remain necessary to ensure that growth in the sharia economy and finance is sustained over the longer term.

Figure 1. Synergy of Sharia Economy and Finance in Driving Higher and More Resilient Economic Growth



Source: Bank Indonesia

National Sharia Economy and Finance Performance and Outlook: Leading Sharia Economy Sectors and Islamic Finance Supporting Higher Economic Growth

In accordance with the comparatively robust national economy, Indonesia's sharia economy performance in 2025 demonstrated a solid acceleration in growth. This development was reflected in the expansion of leading halal value chain (HVC) sectors, which grew by 6.21% (yoy), higher than 4.0% (yoy) in 2024. The acceleration was supported by strengthening domestic consumption, maintaining macroeconomic stability, and effective government spending that sustained economic activity in the second half of the year. Furthermore, collaborative policy efforts among the Government, Bank Indonesia, and relevant ministries or agencies in advancing the development of the halal ecosystem—such as expediting halal certification procedures and enhancing the capabilities of sharia MSMEs—serve to substantially reinforce the momentum of the national sharia economy..

The ongoing expansion of leading HVC sectors has consistently amplified their role within the national economic framework. In 2025, the proportion of leading HVC sectors in the nation's Gross Domestic Product (GDP) surpassed 27%, maintaining the upward trajectory observed in preceding years. This rising share indicates that leading HVC sectors expanded faster than other economic sectors, while reaffirming their role as a resilient new source of growth. The largest contribution came from agriculture and halal food and beverages, followed by Muslim-friendly tourism (PRM) and modest fashion, which together formed an increasingly strong and inclusive foundation for Indonesia's sharia economy.

The performance of the agriculture, halal food, and beverages sectors in 2025 strengthened significantly across both upstream and downstream segments. The agriculture sector experienced a growth of 5.57% year-on-year, significantly surpassing the 0.80% year-on-year increase observed in the preceding year. This growth is attributed to improved agricultural commodity prices, increased production of food crops and horticulture, as well as enhanced farmer welfare, as evidenced by the improvement in the Farmers' Terms of Trade (NTP). Downstream, the halal food and beverages sector recorded an accelerating growth of 6.38% (yoy), supported by strong domestic demand, improved purchasing power, and solid export performance. The continued expansion of halal certification acceleration also played an important role in strengthening consumer confidence and broadening market access for Indonesia's halal food and beverage products.

From an international trade perspective, Indonesia's halal food and beverages sector continued to demonstrate strong competitiveness in the global market. In 2025, halal food and beverage exports reached USD 53.4 billion, while imports totalled USD 23.05 billion, resulting in a significant trade surplus. The surplus was also reflected in trade with Organization of Islamic Cooperation (OIC) member countries, indicating that OIC markets remained strategic partners for Indonesia's halal exports. This performance underscores Indonesia's substantial opportunity to further strengthen integration into the global halal value chain, particularly through strengthened standardization, logistics, and sharia trade finance.

The Muslim-friendly tourism (PRM) sector in 2025 continued to grow strongly at 8.04% (yoy). Growth moderated slightly compared to the previous year, in line with the normalization of tourist arrivals in the post-pandemic period, particularly from OIC countries. Nevertheless, the sector's performance remained stronger than in the pre-pandemic period and was supported by strengthened tourism infrastructure, destination diversification, and improved Muslim-friendly service quality. Indonesia also maintained its position as one of the world's leading destinations for Muslim travellers, according to the Global Muslim Travel Index (GMTI), further reinforcing the attractiveness of the PRM sector as a driver of national sharia economy growth.

Meanwhile, the modest fashion sector continued to grow, albeit at a more moderate pace. In 2025, modest fashion grew by 3.51% (yoy), lower than 4.72% (yoy) in 2024, influenced by weakening export demand to the United States and Europe, as well as structural challenges in the domestic textile and textile products industry. Even so, the modest fashion sector continued to record a trade surplus and retained strong growth potential, in line with the strengthening of Indonesia's positioning as one of the world's modest fashion hubs.

In line with real-sector performance, national Islamic finance in 2025 continued to expand, albeit at a more moderate pace. Islamic banking financing grew by 9.66% (yoy), with outstanding financing of Rp684.9 trillion, reflecting the sustained intermediation function amid global and domestic economic uncertainty. The moderation in financing growth was influenced by a decline in purchasing power, intensifying competition with large conventional banks, and internal consolidation policies at several Islamic banks. Nonetheless, financing quality remained well maintained, with a relatively low Non-Performing Financing (NPF) ratio, indicating the resilience of the national Islamic banking industry.

Sharia financing to leading HVC sectors remained an important component of Islamic financial intermediation. Financing to agriculture, the halal food and beverages industry, and Muslim-friendly tourism recorded growth with relatively well-maintained risk profiles, while financing to the modest fashion sector continued to contract in line with ongoing structural adjustments in the industry. Overall, financing to leading HVC sectors continued to contribute significantly to strengthening a sustainable and inclusive halal ecosystem.

Amid financing expansion, Islamic banking liquidity conditions remained well maintained throughout 2025. Liquidity management was supported by the effective implementation of sharia monetary operations (Operasi Moneter Syariah/OMS) and strengthened activity in the Sharia Money Market and Foreign Exchange Market (PUVA) segments. Rupiah OMS was dominated by contractionary instruments to absorb excess liquidity, particularly in the second half of 2025 when Islamic banking liquidity began to loosen. Meanwhile, foreign exchange OMS was further strengthened through the utilization of Bank Indonesia FX Sukuk (Sukuk Valas Bank Indonesia/ SUVBI). In parallel, transaction activity in the sharia interbank money market (Pasar Uang Antarbank Syariah/PUAS) moderated throughout 2025. Although it softened in aggregate, a seasonal pattern emerged toward year-end, with transaction volume and frequency surging significantly in November–December 2025, driven by banks' anticipation of liquidity needs ahead of the Christmas and New Year holiday period.

Alongside Islamic banking financing, government financing through Surat Berharga Syariah Negara (SBSN) and capital market instruments also showed an upward trend. In 2025, SBSN outstanding reached Rp1,703 trillion, equivalent to 20% of total government securities outstanding, indicating that SBSN remained a strategic pillar of national financing. Meanwhile, public financing through the capital market, particularly corporate sukuk, increased compared to the previous year, with outstanding corporate sukuk reaching Rp164.59 trillion. However, Initial Public Offering (IPO) activity for sharia securities moderated, in line with investors' wait-and-see stance amid global dynamics.

The Islamic social finance segment continued to develop and played an important role in supporting the socio-economic resilience of communities. The collection and distribution of Zakat, Infaq, Sadaqah, and Waqf (ZISWAF) funds recorded a positive trend. In line with this, interbank ZIS collection and distribution transactions remained relatively stable, with net distribution reaching Rp94.52 billion in 2025, reflecting the sustained role of Islamic social finance in supporting social protection and economic inclusion. This performance was further supported by the development of innovations in blended finance instruments, including the Cash Waqf Linked Sukuk (CWLS). As of 2025, CWLS has accumulated total funds amounting to Rp1.16 trillion, which have been allocated for a variety of community empowerment and social development initiatives.

In line with the development of the sharia economy and finance, public literacy in this field continued to improve. Based on Bank Indonesia's survey, the sharia economy and finance (Eksyar) literacy index continued the upward trend observed since the 2022 national survey, reaching 50.18% or Well Literate in 2025. This improvement was reinforced by big data analytics results indicating higher awareness, more positive sentiment, and greater interaction intensity on sharia economy and finance issues. These dynamics suggest that the synergy in education and communication undertaken by Bank Indonesia, KNEKS, and other stakeholders has begun to yield results, although ample room for further literacy enhancement remains.

Going forward, the outlook for the national sharia economy and finance is expected to remain positive and increasingly strategic in supporting Indonesia's economic growth. Sharia economy growth in 2026 is projected to be in the range of 4.9–5.7%, supported by the expansion of leading HVC sectors and Islamic banking financing, which is expected to grow by 8–12%. The new administration's commitment through the implementation of Asta Cita, as well as the positioning of the sharia economy as a strategic pillar in the RPJPN 2025–2045 and RPJMN 2025–2029, is expected to further strengthen the role of the sharia economy and finance in supporting inclusive, equitable, and sustainable national development.

Sharia Economy and Finance Policy Synergy in 2025: Driving Higher and More Resilient Growth

The synergy of sharia economy and finance policy in 2025 was positioned as an essential component of Bank Indonesia's policy framework to safeguard macroeconomic stability while fostering an inclusive and sustainable national economic transformation. Amid elevated global uncertainty and domestic dynamics affecting inflation, exchange rates, and economic growth, sharia economy and finance policies were designed not to operate in isolation, but to be integrated with monetary, macroprudential, and payment system policies. This policy approach was directed towards maintaining price stability and exchange rate stability, enhancing the resilience of the financial system, and cultivating new sources of economic growth through the reinforcement of the sharia real sector, the halal industry, MSMEs, and Muslim-friendly tourism (PRM). Consequently, these measures aim to optimize and sustain the contribution of the sharia economy to the national economy.

Integrated sharia monetary policy, supported by the deepening of the Sharia Money Market and Foreign Exchange Market (PUVA) segment, continued to be strengthened to preserve stability and support adequate liquidity in Islamic banking. Policy integration with market development (pro-market monetary operations) has become a pivotal strategy to enhance the efficacy of sharia monetary policy transmission, particularly as liquidity conditions in Islamic banking are influenced by financing growth outpacing the growth of third-party funds (DPK). Bank Indonesia consistently supplied sharia-compliant monetary operation instruments that were liquid, secured, and tradable across various tenors, thereby ensuring that Islamic banks possessed adequate and efficient liquidity management options before resorting to central bank financing facilities.

The utilization of instruments for sharia monetary operations has increased substantially, indicating a deepening of the domestic sharia money market. Throughout 2025, the use of Sukuk Bank Indonesia (SUKBI) and Sukuk Valas Bank Indonesia (SUVBI) increased in both transaction value and the number of participating market players. This increase signified heightened industry confidence in sharia-compliant monetary instruments, as well as an improved capacity of Islamic banks to manage liquidity and exchange rate risks. Simultaneously, Islamic banks persisted in employing available instruments for liquidity

injection and absorption, thereby sustaining the stability of sharia-compliant monetary and foreign exchange markets amidst volatility in the global financial markets.

The development of Sharia PUVA was aimed at increasing liquidity and product innovation to meet industry needs, supported by comprehensive, long-term regulatory reforms. On the product side, several initiatives were implemented to optimize PUVA transactions, including expanding the SUKBI investor base, publishing the SUKBI ISIN by KSEI, and appointing PHEI as the provider of fair market prices for SUKBI in the secondary market. On the regulatory side, Bank Indonesia issued Bank Indonesia Regulation Number 6 of 2024 on Money Market and Foreign Exchange Market as the foundation for a comprehensive reform framework for PUVA regulation, development, and oversight, covering product aspects, pricing, market participants, and the implementation of financial market infrastructure. This reform was designed in line with the mandate of Law Number 4 of 2023 on Financial Sector Development and Strengthening, with interconnection, interoperability, and integration as core pillars. As a strategic direction moving forward, Bank Indonesia has also promulgated the Blueprint for Money Market and Foreign Exchange Market Development (BPPU) 2030 as a guiding framework for PUVA reforms, including sharia PUVA, aimed at enhancing depth, liquidity, and efficiency.

Strengthening the quality and competence of market participants was a key pillar for enhancing the effectiveness of sharia monetary policy and deepening sharia financial markets. Bank Indonesia continued to strengthen synergy with the National Sharia Council of the Indonesian Ulema Council (Dewan Syariah Nasional–MUI), Islamic banking associations, and market participants through the establishment of a sharia PUVA working group, the strengthening of the role of Sharia Money Market Experts (Ahli Syariah Pasar Uang/ASPU), and the development of competency standards and certification for sharia treasury. These efforts aimed to improve professionalism, sharia compliance, and market integrity, thereby enabling the Sharia money market to function optimally as a credible, transparent price discovery mechanism that reflects actual market conditions.

Sharia macroprudential policy in 2025 was consistently oriented toward encouraging growth in Islamic banking financing in priority economic sectors. Amid domestic economic dynamics that affect the capacity, risk, and expansion prospects of Islamic banks, Bank Indonesia strengthened the implementation of the Macroprudential Liquidity Incentive Policy (Kebijakan Insentif Likuiditas Makroprudensial/ KLM) through a more forward-looking approach. The KLM scheme was not only based on realized financing, but also on financing distribution plans (lending channel) and the effectiveness of interest rate or financing margin transmission (interest rate channel), thereby ensuring liquidity incentives were directed to support sectors with strong leverage effects on economic growth and financial inclusion.

The utilization of KLM liquidity incentives by Islamic banks underscored the significant role of macroprudential policy in supporting sustainable economic growth. By the end of 2025, the utilisation of KLM incentives by Islamic banks reached Rp35.13 trillion, primarily supporting financing for the food sector, the food and beverages industry, MSMEs, including ultra-micro enterprises, and other sectors that contribute to the development of the sharia economy and finance. In addition to KLM, other accommodative macroprudential policies, including Financing to Value (FTV), the sharia Macroprudential Intermediation Ratio (RIM), the sharia Macroprudential Liquidity Buffer (PLM), and the Countercyclical Capital Buffer (CCyB), were maintained to support financing expansion while preserving financial system stability.

To facilitate an inclusive and sustainable economic transformation, policy synergy aimed at empowering and developing Sharia business actors has been persistently reinforced through an ecosystem-based approach. Bank Indonesia focused development efforts on three leading halal value chain (HVC) sectors, namely halal food and beverages, including agriculture, modest fashion, and Muslim-friendly tourism (PRM), which have substantial potential as new sources of economic growth. The ecosystem approach referred to the business ecosystem concept of James F. Moore (1996), enabling integrated policy interventions across the core business actors, partner and consumer networks (extended enterprise), and supporting ecosystems comprising government, industry associations, financial institutions, and other strategic partners.

The development of the halal food and beverages ecosystem was implemented comprehensively from upstream to downstream to support food security, inflation control, and export strengthening. On the upstream side, the INFRATANI program and the strengthening of Sharia-economy-based villages continued to expand to increase agricultural productivity and national food resilience. On the downstream side, the IKRA Indonesia (Industri Kreatif Syariah/IKRA) program strengthened the capacity and quality of halal-processed products, while accelerating halal certification, strengthening halal traceability, and developing halal raw material stores were pursued to enhance consumer confidence and product competitiveness. This cross-layer ecosystem synergy was directed toward building an efficient, credible, and globally competitive halal value chain. By 2025, IKRA membership had reached 1,076 business actors across various regions of Indonesia, with the main concentration in the halal food and beverages sector. This strengthening was supported by accelerated halal certification, the development of halal traceability, and halal raw material store initiatives to improve consumer confidence, supply chain efficiency, and product competitiveness in both domestic and export markets.

Meanwhile, in the modest fashion and Muslim-friendly tourism sectors, efforts are focused on enhancing the extended enterprise and supporting ecosystem, while simultaneously strengthening the core business actors. In the modest fashion sector, Bank Indonesia strengthened production capacity, product quality, and market readiness through the IKRA program. In 2025, the number of modest fashion business actors participating in IKRA reached 523 across various regions of Indonesia. To further advance market preparedness, initiatives to facilitate promotion and broaden market access were also undertaken, encompassing twelve trade facilitation activities—seven domestic and five international. These initiatives were expected to increase the visibility of national modest fashion products, strengthen business networks, and broaden access to financing and strategic partnerships. In the Muslim-friendly tourism sector, the strengthening of extended services, including the provision of key amenities such as halal food, clean and adequate sanitation, and worship facilities, continued, with an emphasis on service excellence, covering responsiveness, assurance, and empathy. The success of this approach was evidenced by various achievements and accolades obtained by Muslim-friendly tourism villages at both national and international levels, including the 3rd ASEAN Public Toilet Award within the ASEAN Tourism Award series, awarded to Bilebante Tourism Village. In addition, Bilebante Tourism Village was also recognized as the Best National Tourism Village at the Wonderful Indonesia Award 2025, reflecting the successful integration of governance, service quality, sustainability, and community-based tourism experiences.

Beyond leading halal sectors, strengthening Islamic social finance remained an important component in advancing economic inclusion and more equitable development. Bank Indonesia continued to promote the digitalization of Islamic social finance through the development of an integrated ZISWAF data centre, metadata standardization, and strengthening the capacity of human resources managing zakat and waqf.

Business model innovations, including the development of a sovereign waqf entity and the utilization of Cash Waqf Linked Sukuk (CWLS), were directed to provide alternative non-APBN financing sources for education, health, and social infrastructure, while improving professionalism and ensuring the sustainability of waqf management.

Strengthening and expanding Sharia economy and finance literacy, alongside reinforcing the halal lifestyle, continued to be pursued to support Indonesia's vision of becoming a global halal industry hub. In 2025, Bank Indonesia strengthened literacy through three main strategies. i) Education, namely the *rebranding* of *flagship* programs to broaden outreach across diverse groups; ii) Communication, through strengthened social media *campaigns* leveraging *influencers*, religious figures, and *public figures*; and viii) Collaboration, namely the optimization of synergy and collaboration with relevant *stakeholders*. Under the first strategy, one key initiative was *rebranding* the Kompetisi Ekonomi Syariah Nasional (KESN) as the Olimpiade Ekonomi Syariah Nasional (OESN). The 2025 OESN, targeting students at the Senior High School (Sekolah Menengah Atas), Madrasah Aliyah, and Vocational High School (Sekolah Menengah Kejuruan) levels nationwide, was participated in by 9,427 students. Under the second strategy, communication was implemented through social media *campaigns* led by *Key Opinion Leaders*, including *influencers*, religious figures, and *public figures*.

Throughout 2025, Bank Indonesia persisted in enhancing and broadening awareness of the Sharia economy and finance, while also promoting the halal lifestyle, in order to support Indonesia's aspiration to become a globally recognized hub for the halal industry. Through ISEF social media channels, 48 pieces of Eksyar education and literacy content were produced, along with 7 video podcast publications; total viewers of Eksyar materials reached 795,629 from the 48 social media educational contents released, while 93,023 users downloaded Sharia economy literacy materials from Bank Indonesia's website. Under the third strategy, Bank Indonesia's active synergy and collaboration with a wide range of stakeholders remained a critical element in driving the effectiveness of education and literacy initiatives; during 2025, more than 14 education and outreach programs were implemented in collaboration with stakeholders, including communities, associations, Islamic organizations, students, pupils, and da'i/da'iyah. In addition, the implementation of Road to FESyar, regional FESyar, and the Indonesia Sharia Economic Festival (ISEF) 2025 served as strategic instruments to strengthen synergy among business actors, increase business transactions, and expand public awareness and positive sentiment toward the Sharia economy and finance at both national and international levels. ISEF 2025 involved 858 strategic partners and business actors, with total visitors reaching 106,291, both offline and online, and recorded sales transactions and business matching achievements totalling Rp2.72 trillion. Big data analytics and social media listening results indicated that ISEF 2025 dominated social media conversations, suggesting rising public enthusiasm for ISEF 2025.

At the global level, Indonesia's sharia economy and finance policy synergy was further strengthened through Bank Indonesia's active role in various international fora. Bank Indonesia's participation and leadership in the IFSB, IILM, IIFM, and IsDB were directed toward strengthening international standards, developing global Islamic financial markets, and reinforcing the role of Islamic social finance. Through the IFSB, Bank Indonesia promoted the strengthening of the Islamic Finance Regulatory Framework by contributing to the formulation and supporting the implementation of Islamic financial standards, and by actively participating in IFSB working groups and task forces responsible for standard-setting. Beyond the IFSB, Bank Indonesia also consistently encouraged the IIFM to strengthen the regulatory and market frameworks for the sukuk-based sharia money market. In the Sukuk Annual Report 2025, Bank Indonesia presented the implementation of the Sukuk Bank Indonesia (SukBI) policy, which served as an instrument to support monetary–fiscal integration and promote real sector growth; Bank Indonesia also actively shared best practices in

the IIFM's main discussion fora related to SUKBI, SUVBI, and Cash Waqf Linked Sukuk. In 2025, Bank Indonesia's international leadership was further reinforced through the participation of members of the Board of Governors and heads of Bank Indonesia departments as members and chairmen of boards at the IILM. In addition to the commercial finance domain, Bank Indonesia consistently played an active role in promoting the strengthening of Islamic social finance through IsDB. The synergy between Bank Indonesia and IsDB was in line with Asta Cita, which emphasizes strengthening the people's economy, national self-reliance, and the role of the sharia economy; cooperation between Bank Indonesia and IsDB focused on deepening Islamic finance, strengthening social finance governance, and developing inclusive Sharia financing instruments. Financing support and capacity building from IsDB strengthened the implementation of Asta Cita, particularly the agenda of building from the grassroots, while reinforcing Indonesia's position as a centre of Sharia economy and finance.

Overall, the Sharia economy and finance policy synergy in 2025 was directed toward strengthening stability while accelerating an inclusive, competitive, and sustainable national economic transformation. The integration of monetary policy, macroprudential policy, sharia real sector development, Islamic social finance, literacy, and international engagement is expected to further strengthen the contribution of the Sharia economy and finance as one of the engines of Indonesia's economic growth over the medium and long term.

Policy Direction for Sharia Economy and Finance in 2026: Strengthening Synergistic Implementation of Sharia Economy and Finance Development

The development of the Sharia economy and finance in 2026 is being pursued as a strategic instrument for Indonesia's national economic transformation toward greater competitiveness, inclusiveness, and sustainability through strengthened policy synergy among authorities and stakeholders. Bank Indonesia, as a member of the National Committee for Islamic Economy and Finance (KNEKS), will persist in fostering collaboration with ministries, agencies, local governments, industry stakeholders, and sharia economy communities to actualize Indonesia's aspiration of becoming a global hub for sharia economy and finance. This policy direction is formulated with reference to the Sharia Economy and Finance Policy Blueprint 2030 and aligned with the national development framework under the RPJPN 2025–2045 and RPJMN 2025–2029. In this context, Sharia economy and finance are positioned not merely as supporting sectors but as new sources of growth capable of strengthening the national economic structure, enhancing resilience to global shocks, and promoting more equitable welfare distribution through the integration of the real and financial sectors with Islamic social finance.

In line with national development priorities, Sharia economy and finance policy synergy places the halal ecosystem as a key pillar in strengthening Indonesia's competitiveness and economic value added. The RPJPN 2025–2045 underscores the role of the Sharia economy in supporting equitable, inclusive, and sustainable development through the strengthening of the entire ecosystem value chain, ranging from Islamic social finance and sharia financing to the halal industry. This policy direction is further operationalized in the RPJMN 2025–2029, which integrates Sharia economy and finance development into national priorities with clearly defined targets and measurable indicators. Targets concerning the augmentation of Sharia GDP contribution, halal product exports, halal certification, Sharia financial inclusion, and the optimization of Islamic social finance funds reaffirm that the development of the Sharia economy has become an essential element of Indonesia's economic transformation strategy, rather than being a standalone sectoral initiative.

Strengthening central–regional synergy remains critical to ensuring effective and equitable implementation of Sharia economy policies across Indonesia. The alignment of Sharia economy and finance content within Regional Long-Term Development Plans (RPJPD) and Regional Medium-Term Development Plans (RPJMD), through Asta Cita and regional leaders' visions

and missions, reinforces policy continuity from the national to the subnational level. The Central–Regional Synergy Forum and the role of Regional Sharia Economy and Finance Committees (KDEKS) serve as important instruments in promoting policy harmonization, while ensuring that Sharia economy development responds to local needs and potential. The formulation of Regional Action Plans (RAD) for Sharia Economy Development across regions is expected to accelerate the emergence of new Sharia Economy growth centres that are well integrated with the national ecosystem.

In line with the Sharia Economy and Finance Blueprint 2030, which aims to position Indonesia as a global sharia economy and finance hub, Bank Indonesia will focus in 2026 on three main strategies. First, strengthening an integrated and competitive halal value chain ecosystem, with an emphasis on leading sharia-economy sectors, namely halal food, modest fashion, and Muslim-friendly tourism. Second, optimizing sharia financing through strengthened Sharia monetary policy integrated with the Sharia Money Market and Foreign Exchange Market (PUVA). Thirdly, the expansion of Sharia economy and financial literacy and inclusion shall be achieved through the enhancement of Islamic social finance and the implementation of the National Strategy for Sharia Economy and Finance Literacy and Inclusion (SNLIEKSI) 2025. Beyond these three core strategies, collaborative efforts between ministries and agencies, as well as central–regional program synergies, shall persist in being strengthened, including through the implementation of integrated national campaigns focused on the sharia economy.

To accelerate the achievement of Sharia economy targets under the RPJMN 2025–2029 and as part of the core Sharia economy development strategy, Bank Indonesia has formulated six strategic Sharia economy policy initiatives in collaboration with the Indonesian Ulema Council (Majelis Ulama Indonesia, MUI) as national collaborative initiatives. These initiatives comprise (i) Islamic boarding school and halal value chain development movement (Gerbang Santri); (ii) Sharia entrepreneurship network to boost exports (JAWARA Ekspor); (iii) Collective halal acceleration movement (GEMA Halal); (iv) Synergy of sharia trade and financing (SAPA Syariah); (v) National collaboration for zakat, infaq, sadaqah, and waqf development (KANAL ZISWAF); and (vi) Literacy and inclusion movement toward Sharia Economy and Finance for Golden Indonesia (Lentera Emas). These six strategic initiatives will form an integral part of Bank Indonesia's main strategy to establish an integrated and competitive halal value chain ecosystem, optimize Sharia financing, and broaden Sharia economy and finance literacy and inclusion.

Strengthening the halal value chain ecosystem aims to create strong linkages across the upstream, midstream, and downstream segments of leading Sharia-economy sectors. In the halal food and beverages sector, development will focus on strengthening the production base through ecosystem area expansion, enhanced institutional capacity, and the integration of pesantren- and community-based enterprises. Communal business unit approaches, and the strengthening of pesantren digital holding business ecosystems will continue to be promoted through the Gerbang Santri initiative. Integration with downstream sectors through the strengthening of the processing industry, the IKRA Indonesia program, and the development of pesantren digital platforms will reinforce business consolidation and expand market access. These efforts will be supported by the expedited halal certification process and ongoing halal lifestyle campaigns, which serve as the foundation of consumer trust. This aligns with the GEMA Halal initiative, which underscores the significance of structured and sustained multi-stakeholder collaboration to expedite halal certification.

In the modest fashion and Muslim-friendly tourism sectors, policy direction emphasizes improving quality, product differentiation, and global competitiveness through strengthened branding and expanded access to international markets. These efforts are part of implementing the JAWARA Ekspor initiative under the Sharia Economy and Finance Blueprint 2030, which aims to enhance the readiness and competitiveness of sharia business actors to sustainably enter export markets. Modest fashion development

will focus on ready-to-wear products based on traditional textiles (wastra), supported by capacity building for designers and business actors through the IKRA Indonesia program, as well as positioning IN2MOTIONFEST as a global platform. Meanwhile, Muslim-friendly tourism will be developed as a strategic segment that is no longer niche, with emphasis on experience quality, inclusiveness, and halal ecosystem integration. Global dynamics, as reflected in the Global Muslim Travel Index, underscore the need for Indonesia to strengthen service standards, product innovation, and cross-sector collaboration to maintain and enhance competitiveness amid intensifying global destination competition.

Optimizing Shariah financing remains a fundamental pillar in supporting the growth of a sustainable Shariah economy amidst ongoing global uncertainty. Bank Indonesia will continue to pursue a pro-market Sharia monetary policy through liquidity expansion and the deepening of the Sharia PUVA using a 3P+I approach. Efforts to strengthen monetary instruments, develop Sharia-compliant money market products, establish Sharia reference rates, and improve the quality and participation of market participants are aimed at enhancing the efficiency of policy transmission and the management of liquidity within Islamic banking. On the macroprudential front, forward-looking Macroprudential Liquidity Incentives (KLM) through lending and interest channels will continue to be optimized to encourage financing toward priority sectors for growth and job creation, including MSMEs and sustainable sectors. The advancement of Sharia PUVA and the reinforcement of macroprudential policies constitute a fundamental element of the SAPA Syariah initiative, aimed at enhancing economic liquidity and fostering financing within the real sector.

Expanding the Sharia economy and finance literacy and inclusion are positioned as a fundamental prerequisite for the sustainability of the national Sharia ecosystem. Challenges related to the low conversion of literacy into inclusion have prompted Bank Indonesia to strengthen more segmented, data-driven education, communication, and collaboration strategies. Through the Lentera Emas movement, collaboration with a broader range of stakeholders will continue to be expanded. The implementation of the National Strategy for Sharia Economy and Finance Literacy and Inclusion (SNLIEKSI) 2025 will be reinforced through an omnichannel approach, engagement of cross-segment Key Opinion Leaders (KOLs), and strengthened policy message synergy across ministries and agencies. At the same time, efforts to strengthen Islamic social finance will be pursued through cross-authority policy synergy under the KANAL ZISWAF framework to ensure policy consistency, improve program efficiency, and support the achievement of national development objectives.

Overall, the 2026 policy direction for Sharia economy and finance reaffirm the commitment of Bank Indonesia and the Government to developing an economic system that not only promotes growth, but also emphasizes equity, inclusivity, and adherence to values. Enhanced national and sectoral policy synergy, the fortification of the halal ecosystem, the advancement of sharia financing, and the expansion of literacy and inclusion are anticipated to establish the Sharia economy and finance as a fundamental pillar of Indonesia's economic transformation. Through close collaboration and consistent implementation, the Sharia economy is expected to play a dual role as a new source of growth and as a mechanism for more equitable welfare distribution, thereby strengthening the resilience and sustainability of national development.

CHAPTER I

PERFORMANCE AND PROSPECTS OF GLOBAL SHARIA ECONOMICS AND FINANCE:

GROWTH AMID ONGOING ECONOMIC UNCERTAINTY

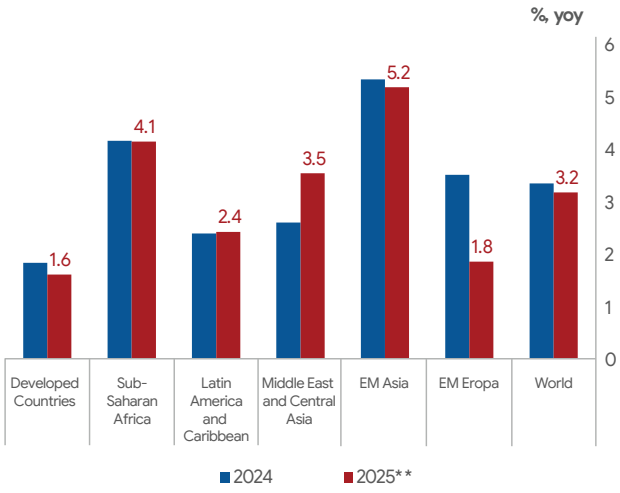
The global economy in 2025 experienced limited growth despite a continued decline in inflationary pressures, primarily due to weakened demand and heightened uncertainty stemming from ongoing geopolitical conflicts and unilateral trade tariffs imposed by the United States, along with responses from other nations. Notwithstanding these challenges, economic growth within Organization of Islamic Cooperation (OIC) member countries remained positive, albeit lower than initially projected, supported by stable domestic demand and declining inflation rates. On the financial front, uncertainty influenced capital flows toward emerging markets, including OIC countries, as gold gained prominence as a safe-haven asset. Caution is recommended given expansionary fiscal policies and escalating fiscal deficits in several OIC nations. The global shariah finance industry once again achieved double-digit growth, reaching approximately USD 6 trillion in assets. Looking ahead to 2026, continued growth is expected in the shariah economic and financial sectors, with OIC countries projected to grow at an annual rate of 4.2%. This outlook is underpinned by regulatory reforms, digitalization, innovations in shariah-compliant financial products, and initiatives promoting green and inclusive shariah finance, including Islamic social finance.

1.1 Development of the Global Sharia Economy

Global economic growth in 2025 is projected to remain moderate and limited, both in advanced economies and emerging markets. It is anticipated to decelerate from 3.3% in 2024 to 3.2% in 2025 (Graph 1.1). This projection aligns with the unilateral tariff measures implemented by the United States (US) commencing in April 2025 as well as retaliatory measures adopted by several of its trading partners, amid ongoing global geopolitical tensions. These conditions are reflected in the rise of the World Uncertainty Index (WUI) throughout 2025 (see Graph 1.2), which has negatively impacted international trade, exacerbated global supply-chain disruptions, and restrained global economic growth. This, in turn, could impede the global economic recovery and exert upward pressure on global inflation.

While the Geopolitical Risk (GPR) Index increased substantially, particularly in the first half of 2025 (see Graph 1.3), this trend was driven by escalating tensions in the Middle East and the ongoing Russia–Ukraine conflict. Consistent with rising global uncertainty, the Global Peace Index (GPI) map for 2025 indicates deterioration in peace across several regions. Overall, the deterioration in global peace was more pronounced in several OIC member countries, particularly in the Middle East and Africa (see Graph 1.4), amid rising armed conflicts, geopolitical tensions, and security instability.

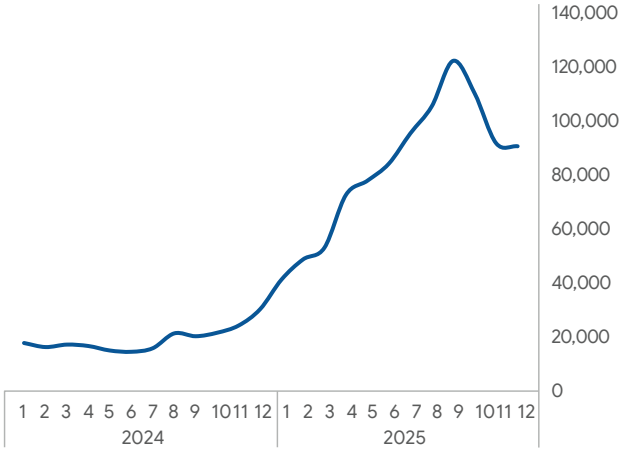
Graph 1.1. World Economic Growth: Advanced and Emerging Economies (%, yoy)



**Note: forecast

Source: World Economic Outlook (WEO)-IMF, processed

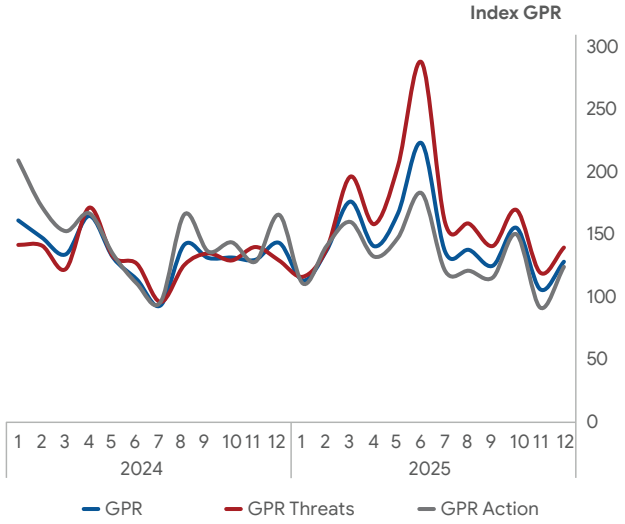
Graph 1.2. World Uncertainty Index (WUI)



Source: World Uncertainty Index, processed

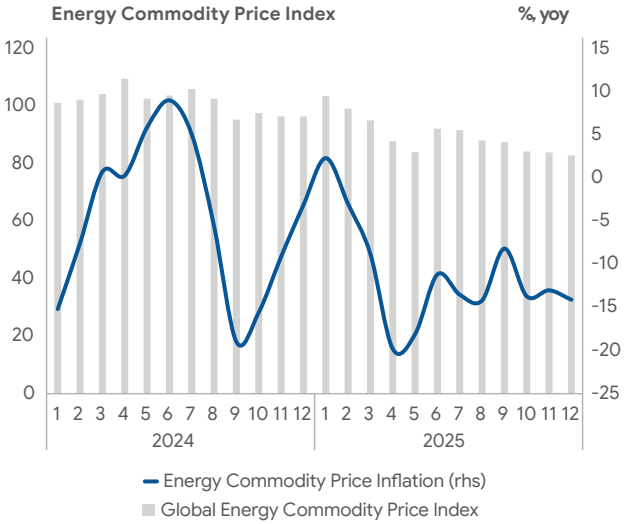
The movements of global energy and food commodity prices in 2025 demonstrated a trend towards normalization, albeit with relatively high volatility. During this period, global energy commodity prices tended to stabilize at comparatively low levels. Global demand growth remained subdued, particularly from China, due to a still-weak recovery in the industrial sector, while global energy supply remained ample, especially from the United States and Latin America (Graph 1.5). Concurrently, global food commodity prices in 2025 exhibited stability with a decelerating downward trend. This condition was supported by relatively adequate global supply, consistent with increased production of several key food commodities, including corn, rice, soybeans, and wheat. Nevertheless, global food price movements continued to face risks stemming from weather-related factors and potential disruptions to global supply chains (Graph 1.6).

Graph 1.3. Geopolitical Risk Index



Source: Economic Policy Uncertainty

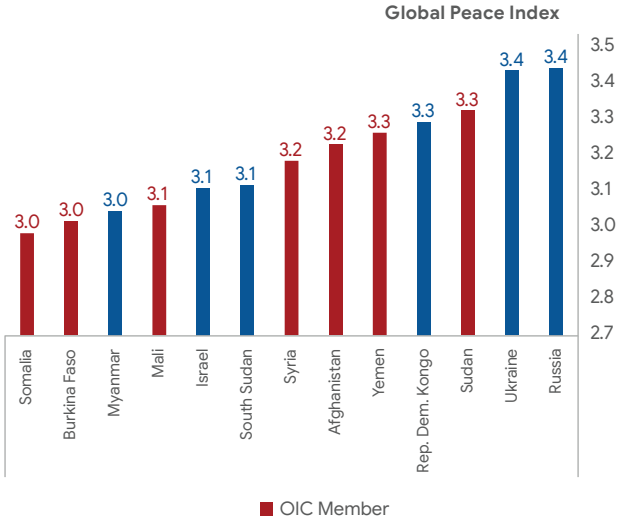
Graph 1.5. Global Energy Commodity Price Index



Source: World Bank Pink Sheet

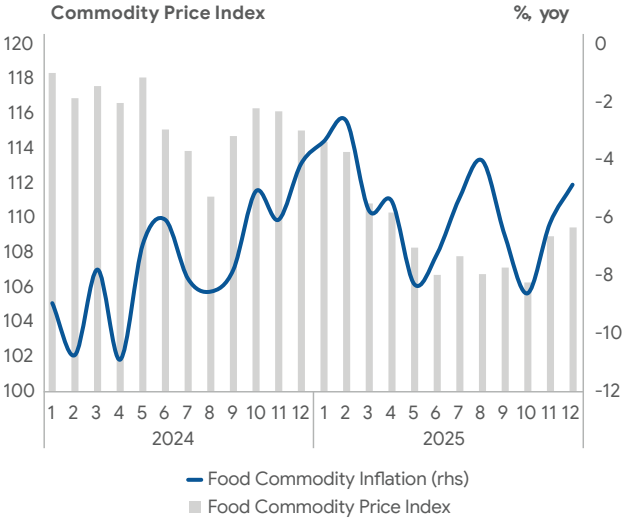
Amid trade-tariff pressures and global uncertainty, the global Purchasing Managers' Index (PMI) in 2025 consistently remained within the expansion zone. The PMI's upward trend (>50) (Graph 1.7) signified ongoing growth in global economic activity across both the manufacturing and services sectors. Throughout 2025, PMI movements were primarily influenced by trade tariffs, which prompted frontloading of orders, cost pressures, inventory accumulation, and weakening exports. Furthermore, the expansion was predominantly supported by the services sector, whereas manufacturing exhibited greater volatility and sensitivity to trade disruptions (e.g., tariffs, order frontloading, cost pressures, inventory buildups, and export weakness), resulting in fluctuations its contribution to the PMI. Conversely, business sentiment and labour market conditions remained relatively fragile, characterized by declining optimism and subdued employment growth, thereby constraining the sustainability of the expansionary momentum despite positive global output, particularly toward the end of the year.

Graph 1.4. List of Countries with the Highest Levels of Conflict in 2025



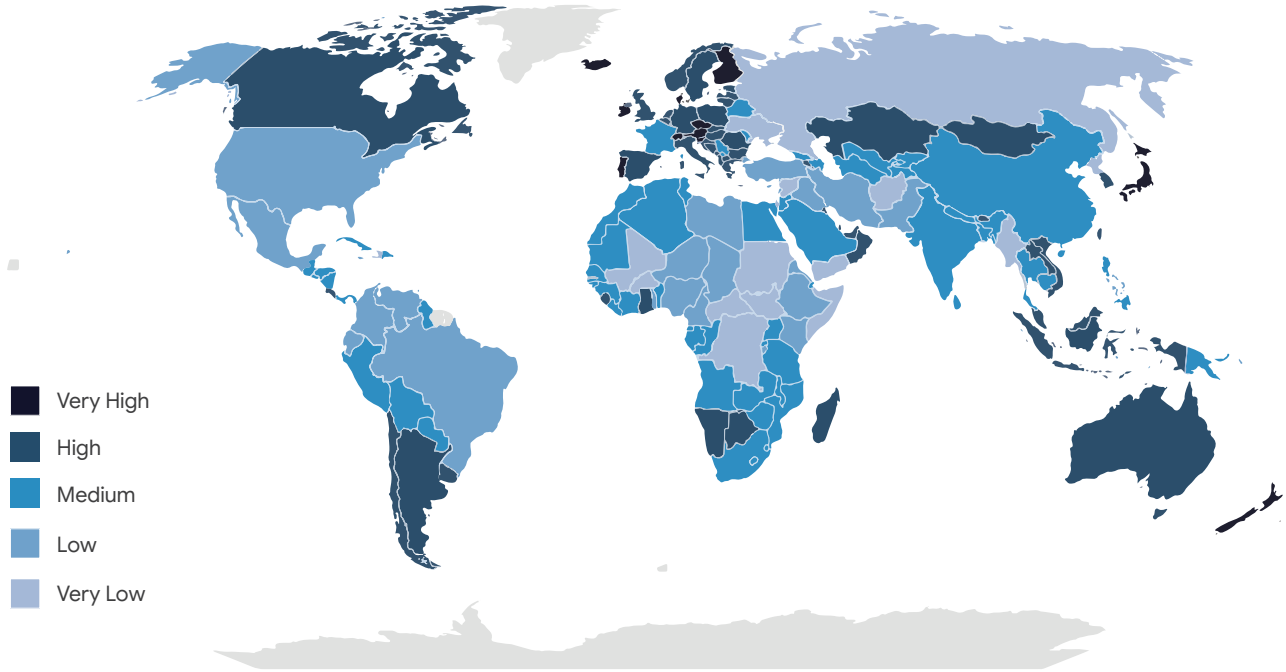
Source: Vision of Humanity, processed

Graph 1.6. Global Food Commodity Price Index



Source: World Bank Pink Sheet

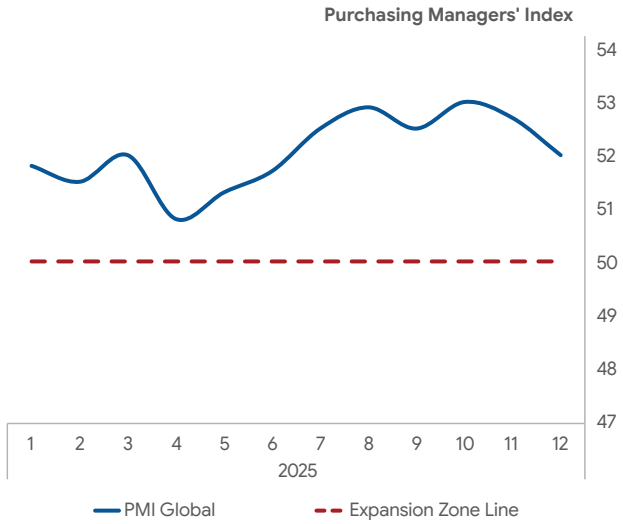
Figure 1.1. Global Peace Index Distribution Map 2025



Source: Vision of Humanity, processed

Amid ongoing global uncertainties, the economic development within OIC member countries continued on a positive trajectory, albeit below earlier expectations. Collectively, OIC countries' economic growth is estimated at 3.9% (yoy) in 2025, reflecting an increase from 3.6% (yoy) in 2024. This indicates sustained positive growth in OIC countries, bolstered by enhanced performance in the hydrocarbon sector among Gulf Cooperation Council[1] (GCC) members (notably Saudi Arabia and the United Arab Emirates) and further supported by expansion in non-oil sectors, Additionally, solid recoveries have been observed in several *Developing-8*[2] economies (e.g., Turkey, Egypt, and Pakistan), particularly in manufacturing and tourism sectors. However, higher growth in OIC countries was restrained by ongoing Middle East conflicts, which significantly impacted economic performance—most notably in Iran (refer to Graphs 1.8 and 1.9).

Graph 1.7. PMI Global Index

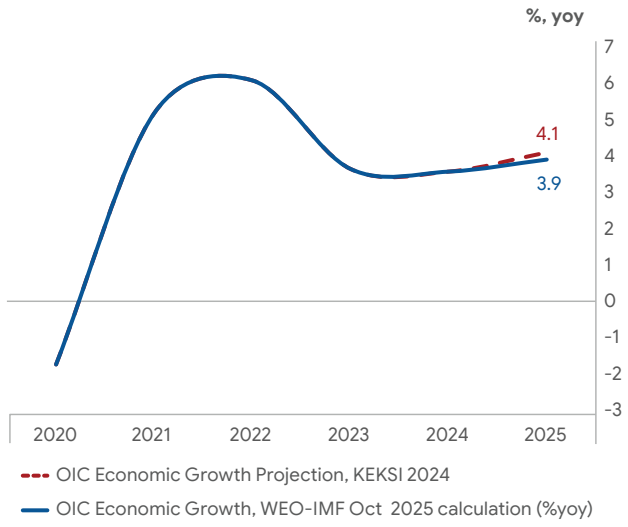


Source: S&P, processed

1 GCC or Gulf Cooperation Council is an organization consisting of six Arab countries in the Persian Gulf (Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar, and Oman) which aims to achieve coordination, integration, and interconnection between member countries in all fields

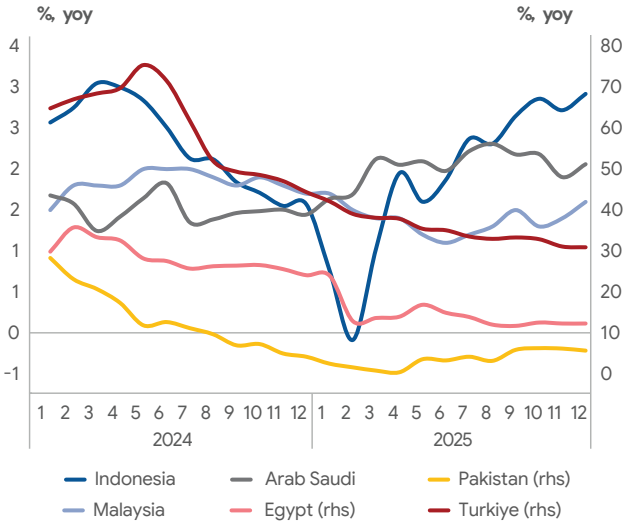
2 D8 or Developing 8 is an organization consisting of eight Muslim- majority countries (Indonesia, Malaysia, Turkey, Pakistan, Bangladesh, Egypt, Iran, and Nigeria), and aims to improve the position of member countries in the global economy, diversify and create new opportunities in trade relations, increase participation in decision-making at the international level, and improve living standards..

Graph 1.8. Economic Growth of OIC Countries



Source: WEO-IMF October 2025, processed

Graph 1.10. CPI Inflation in Selected OIC Countries

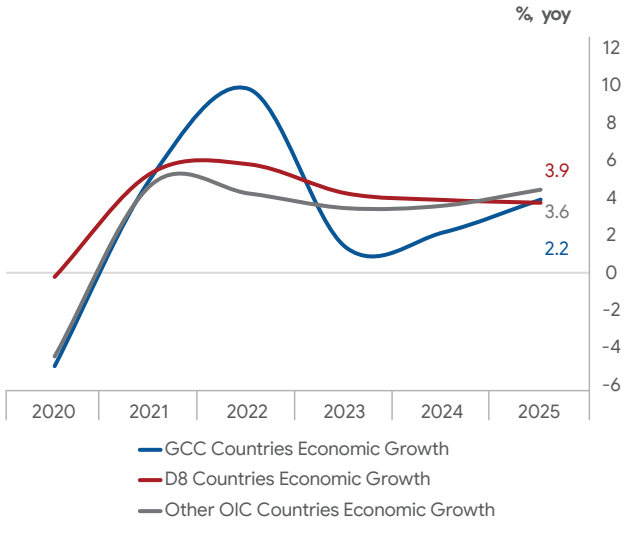


Source: CEIC, processed

In line with the mitigation of global inflationary pressures, inflation within OIC countries moderated, including in food commodity prices. This trend was evident in the declining CPI figures in several major OIC countries, aligning with the easing global food-commodity price pressures and the relative stability of domestic supplies (refer to Graphs 1.10 and 1.11). Nevertheless, inflation rates in certain OIC countries remained relatively high. This situation was particularly pronounced in nations confronting structural challenges and ongoing geopolitical uncertainties—such as Turkey and Egypt—which have impacted exchange-rate stability, inflation expectations, and the efficient operation of regional supply chains. Consequently, although inflationary pressures have generally abated, vigilance remains esstential as inflation risks in OIC countries continue to demand close monitoring amid widespread global uncertainties.

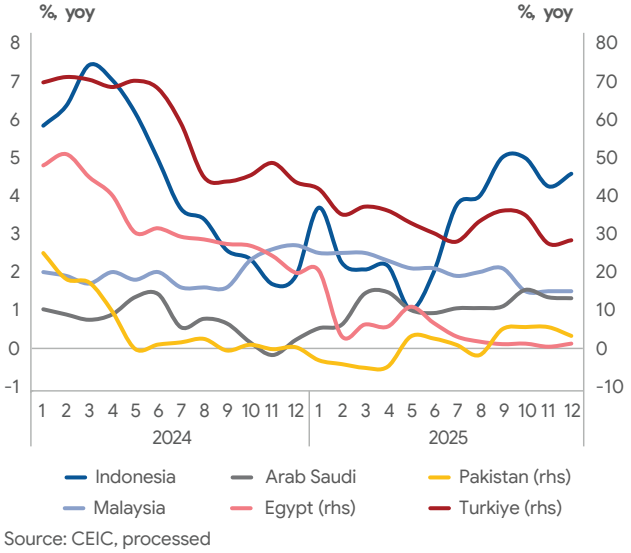
The decline in inflationary pressures in OIC countries has created opportunities for monetary easing in several member countries, aligning with policies adopted by the United States. Throughout 2025, monetary authorities in several OIC countries

Graph 1.9. Economic Growth of OIC Countries based on the Organization for Economic Cooperation Group



Source: WEO-IMF October 2025, processed

Graph 1.11. Food Inflation in Selected OIC Countries

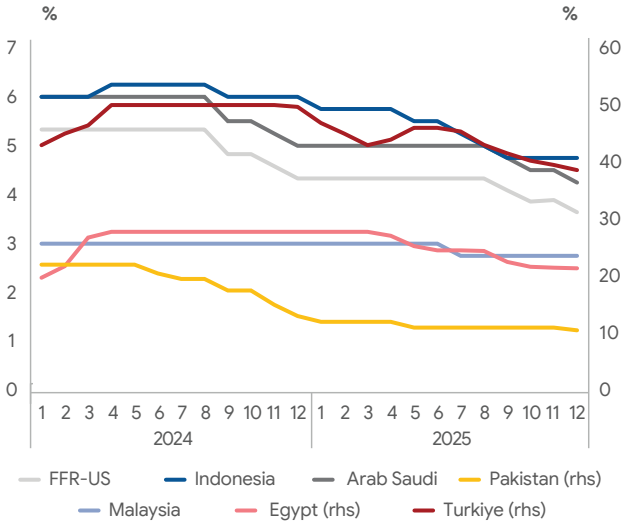


Source: CEIC, processed

lowered their policy interest rates (Graph 1.12). These rate reductions corresponded with declines in the US Federal Funds Rate (FFR), thereby allowing room for monetary easing consistent with lower inflationary pressures.

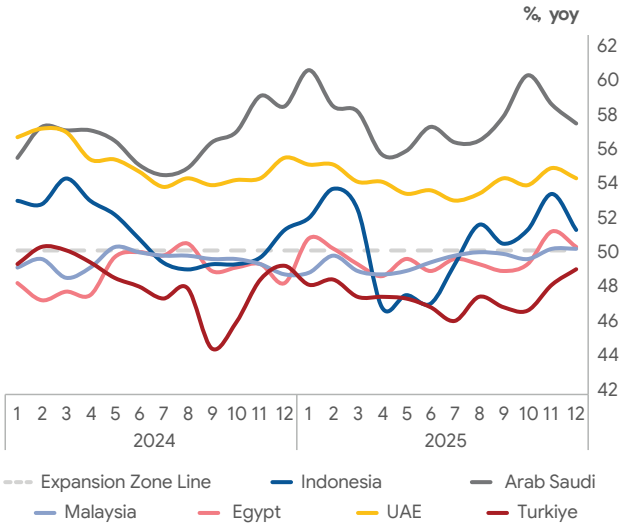
The easing inflationary pressures and monetary policy loosening have facilitated an environment conducive to increase of economic activity within OIC countries, despite continued weaknesses in global demand. Several OIC countries reported PMI figures that persistently remained within the expansion zone (see Graph 1.13). However, PMI levels in some countries showed a moderating trend compared with earlier periods. This was particularly evident in GCC members such as the United Arab Emirates (UAE), which—although still within the expansionary territory—experienced a weakening amid rising global uncertainty. Non-oil economic activity within the GCC remained sustained, supported by ongoing diversification initiatives, albeit at a more moderate growth pace. Meanwhile, D8 members such as Egypt, Turkey, and Malaysia experienced several periods of PMI readings in the contraction zone in 2025, partly due to weaker global demand affecting business activity in these countries.

Graph 1.12. Policy Interest Rates of Selected OIC Countries and the US



Source: WEO-IMF October 2025, processed

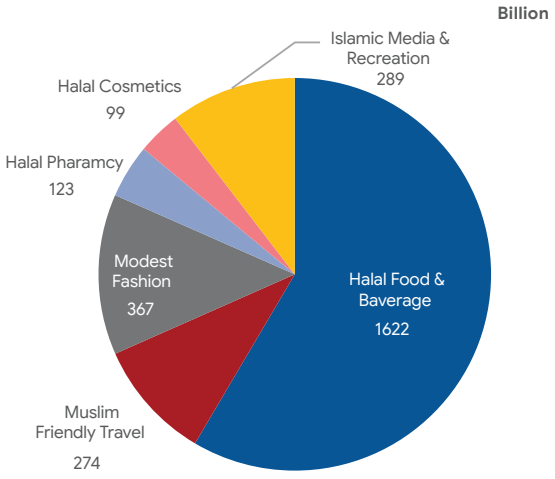
Graph 1.13. PMI Developments in OIC Countries



Source: WEO-IMF October 2025, processed

As economic growth in OIC countries remained positive, transactions within sectors associated with the sharia economy continued to exhibit positive growth. The value of global Muslim transactions in sharia-related sectors—comprising (i) halal food and beverages, (ii) Muslim-friendly tourism, (iii) modest fashion, (iv) halal

Graph 1.14. Global Muslim Transactions in Sectors Related to Sharia Economy



Source: SGIE Report 2024/25, WEO-IMF, processed[3]

3 Calculation are made with the baseline value of sharia economic sector transactions in the SGIE Report 2024/2025 publication, with adjustments based on the latest calculations of economic growth in OIC countries

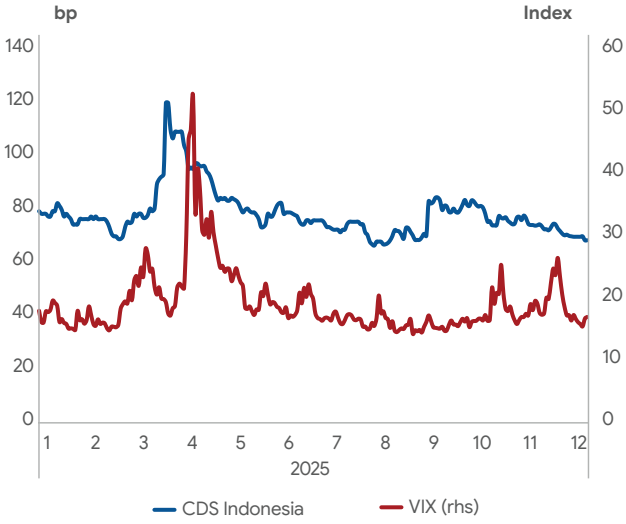
pharmaceuticals, (v) halal cosmetics, and (vi) Islamic media and recreation—is estimated to have reached USD 2.77 trillion in 2025 (see Graph 1.14). The halal food and beverage sector continued to dominate within OIC countries consistent with alleviation of food inflationary pressures. Furthermore, ongoing social and economic activities contributed to increased transactions in Muslim-friendly tourism, halal cosmetics, and Islamic media and recreation.

Consistent with this trend, progress in Indonesia–GCC FTA negotiations during Rounds 2 and 3 in 2025 further strengthened prospects for harnessing sharia economic opportunities in global markets, particularly in the Middle East. Negotiation outcomes indicated a deepening of cooperation that extended beyond tariff reduction to encompass the development of a more integrated halal value chain (HVC) ecosystem, including standardization, logistics, and facilitating smoother trade flows for halal products. Moreover, expanded collaboration in services and investment created opportunities to escalate sharia financing, especially to support cross-border trade, processing, and distribution of halal products. Considering the high purchasing power and substantial halal import demand in GCC countries, these negotiation developments are strategically significant for strengthening Indonesia's position as a key supplier and partner within the global sharia economic value chain. Going forward, efforts to enhance international economic cooperation will include extending free trade agreements (FTAs) with OIC countries outside the GCC, along with the augmentation of Mutual Recognition Agreements (MRAs), particularly concerning mutual recognition and equivalence of halal standards across nations. The enhancement of halal certification MRAs, facilitated by the Halal Product Assurance Organizing Agency, recorded significant progress throughout 2025, alongside the completion of halal-standard equivalence assessments by several partner halal authorities in the GCC and Southeast Asia. The synergy between FTAs and MRAs is expected to expand the diversification of Indonesia's halal export markets, strengthen cross-regional integration of the halal value chain, and improve efficiency and certainty in market access. Consequently, these initiatives will optimize the exploitation of global sharia economic opportunities while strengthening Indonesia's trade resilience amidst the dynamics of global economic uncertainty.

1.2 Development of Global Sharia Finance

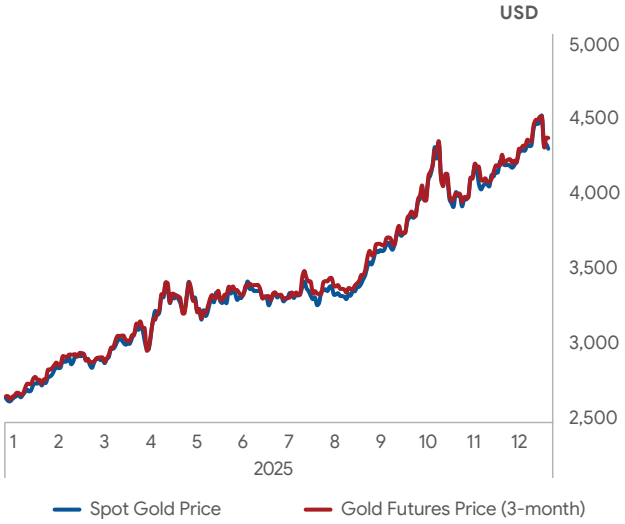
Global economic uncertainty persisted and remained volatile throughout 2025. In accordance with the projection that global growth would slow to 3.1% in 2025 and considering ongoing geopolitical tensions, pressures on financial markets were expected to increase. Financial market uncertainty was relatively elevated during the first half of 2025 due to geopolitical tensions involving Russia–Ukraine and Israel's attacks on Palestine. The volatility index of global financial market (VIX) and Indonesia's Credit Default Swap (CDS) exhibited upward trend, particularly in the first half of 2025, although they moderated subsequently during the remainder of the year (see Graph 1.15). Global financial market dynamics in 2025 were also affected by capital outflows from emerging markets toward safe-haven assets, notably US Treasuries and gold. This was reflected in persistently rising global gold prices, both spot and futures (see Graph 1.16). The unilateral imposition of "Liberation Day" import tariffs by President Trump further contributed to a global economic slowdown and widening cross-country fragmentation. US tariff policies and global geopolitical tensions have rendered the position

Graph 1.15. Global Financial Market Volatility Developments



Source: investing.com, processed

Graph 1.16. Global Gold Price Developments



Source: investing.com, processed

of central banks more challenging in formulating monetary policy, although the overall policy stance remained accommodating throughout the year.

The implementation of tariff policies imposed varied pressures on OIC member countries. Although not equally impacted, the Gulf Cooperation Council (GCC)—the strongest bloc within the OIC—continued efforts to accelerate non-oil economic diversification following the US declaration of a "National Energy Emergency." Meanwhile, OIC countries with low credit ratings experienced increased external debt burdens due to a stronger US dollar in the first half of 2025. In response to Western protectionism, D8 and GCC countries intensified intra-OIC trade synergy.

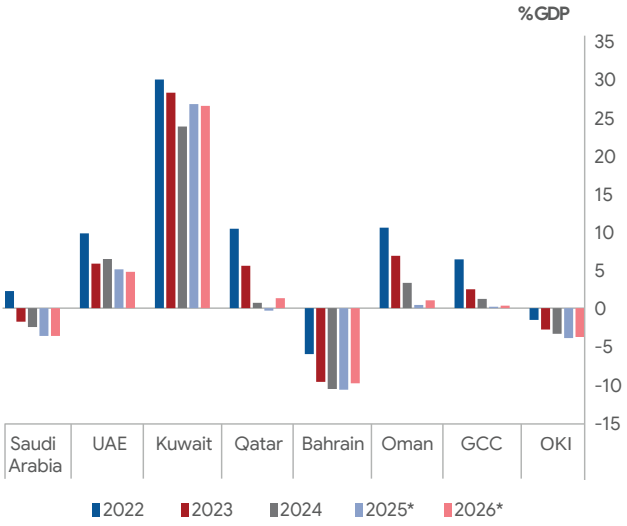
From a fiscal policy perspective, OIC countries mostly continued to exhibit widening fiscal deficits. After improving in 2023–2024, their deficits widened again in 2025, but are expected to moderate in 2026*. At the aggregate level, GCC countries no longer showed a strong fiscal surplus, instead they displayed moderate deficits with varied patterns across member states (see Graph 1.17). Meanwhile, D-8 countries, including Indonesia, continued to

run fiscal deficits in recent periods (Graph 1.18), due to governments ongoing efforts to support economic growth.

Amid global financial market volatility and growing demand for sharia-compliant financing—particularly among OIC countries—the global Islamic finance industry's assets nearly approached USD 6 trillion. In 2024, Islamic finance assets again recorded double-digit growth, rising 21% (yoy). Total global Islamic finance assets are projected to continue increasing, reaching USD 9.72 trillion by 2029. Iran, Saudi Arabia, Malaysia, the United Arab Emirates (UAE), and Kuwait continued to lead as the countries with the largest Islamic finance asset bases (Graph 1.19). This development was underpinned by the capabilities of the industry and Islamic financial institutions within GCC countries, alongside robust government support. Nevertheless, non-OIC countries have also begun contributing to the development of Islamic finance by establishing financial hubs in the United Kingdom, Luxembourg, Singapore, and South Africa.

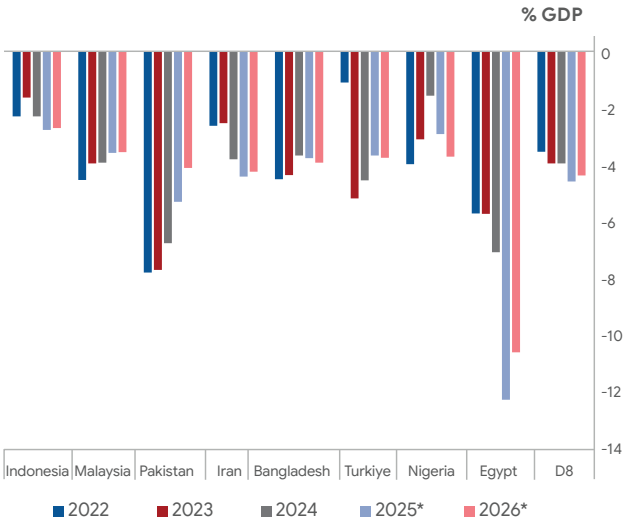
The sharia banking sector continued to dominate the global Islamic finance industry (refer to Graph 1.20), with total assets reaching USD 4.3 trillion and growing 21% (yoy) in 2024. Countries with the largest nominal sharia banking assets were Iran (USD 2.01 trillion), Saudi Arabia (USD 913 billion), and Malaysia (USD 312 billion). Growth in this sector was primarily driven by the expansion of sharia-compliant business units within the banking market across several African jurisdictions, including Benin and Togo. Furthermore, regulatory support from authorities contributed to the increase in global sharia banking assets, for instance in Kazakhstan—where conventional banks were permitted to establish sharia business units—and through the Bangko Sentral ng Pilipinas (BSP), which promoted sharia banking development via consolidation and transformation into universal banks.

Graph 1.17. Fiscal Deficit of OIC and GCC Countries



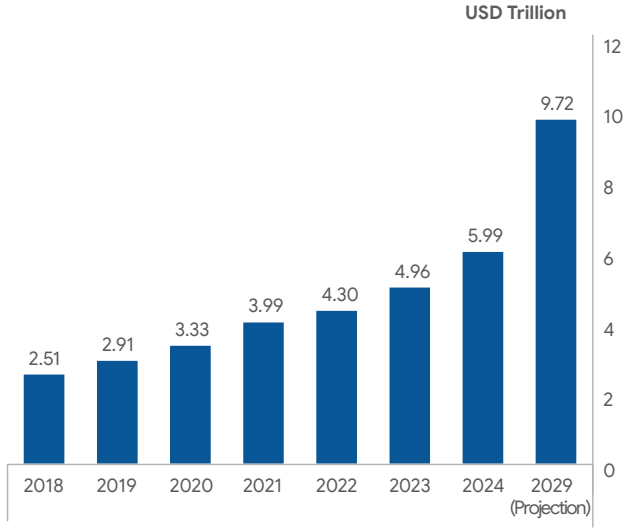
Source: IMF-WEO Database 2025, processed

Graph 1.18. Fiscal Positions of D8 Countries



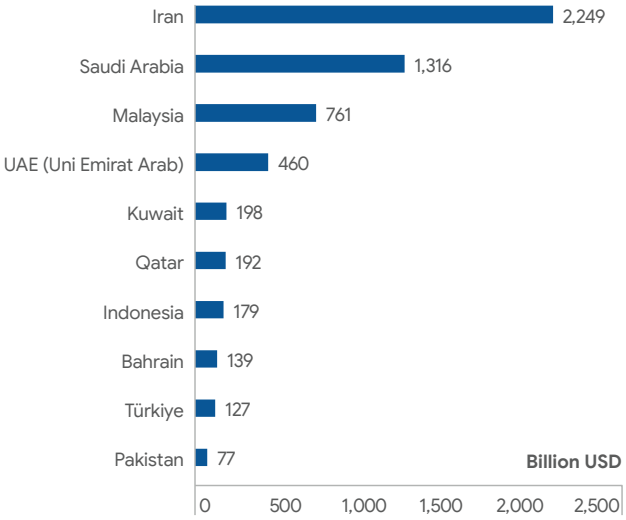
Source: IMF-WEO Database 2025, processed

Graph 1.19. Developments in the Global Islamic Finance Industry Assets



Source: LSEG Islamic Finance Development Report, 2025

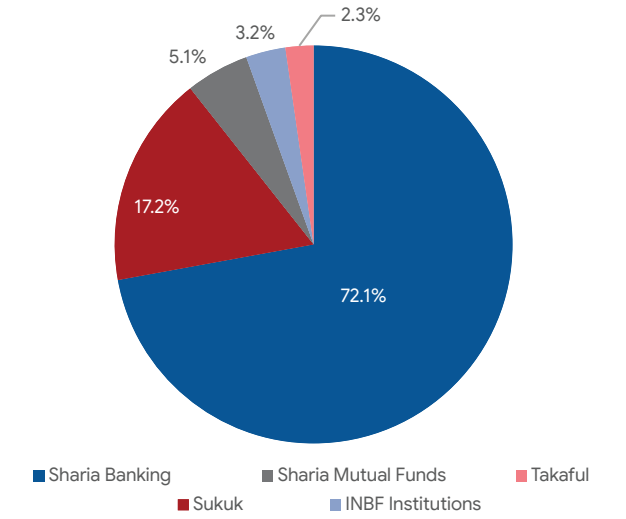
Graph 1.20. Nominal Global Islamic Finance Assets 2024



Source: LSEG Islamic Finance Development Report, 2025

Total global outstanding sukuk reached USD 1.03 trillion in 2024, reflecting a 20% from the preceeding year. Countries with the largest sukuk outstanding values included Malaysia, Saudi Arabia, and Indonesia (see Graph 1.21). Additionally, sukuk issuance in 2024 amounted to USD 254.3 billion, representing an 11% increase (yoy), primarily driven by increased sovereign sukuk issuance—particularly within the GCC—and by green and sustainable sukuk issuance. The commitment to Saudi Vision 2030 and the decline in oil revenues have created budgetary pressures on the Saudi government.

Graph 1.21. Global Islamic Finance Industry Asset Composition in 2024



Source: LSEG Islamic Finance Development Report, 2025

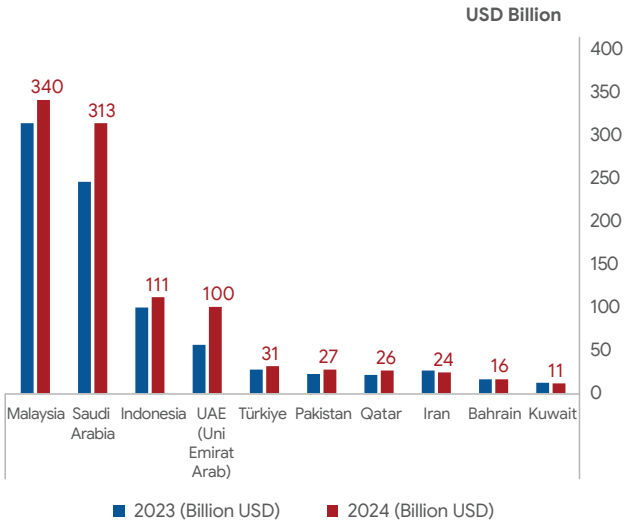
This circumstances served as a significant catalyst for increased sukuk issuance volumes within the GCC region, especially in Saudi Arabia, to meet financing needs.

Throughout 2025, various countries contributed to the expansion of global sharia finance through a variety of measures, encompassing regulatory enhancements and industry development initiatives. Several jurisdictions undertook regulatory improvements to foster sustainable economic development, attract investment, and improve public welfare. Concurrently, industry strengthening was characterized by accelerated digitalization, the introduction of innovative sharia financial products, and the adoption of green and sustainable initiatives across different countries.

Strengthening of global Sharia finance regulations

- Malaysia enhanced the regulatory framework governing the sharia financial market through a roundtable discussion held as part of the International Financial Market Conference (IFMC). During this event, regulatory authorities and industry participants formally signed a Sale and Buy Back Agreement (SBBA) and a Tahawwut Master Agreement (TMA) to improve market infrastructure efficiency and stability; this initiative was part of national efforts to

Graph 1.22. Total Outstanding Sukuk by Country (USD billion, 2024)



Source: LSEG Islamic Finance Development Report, 2025

facilitate the transition to the Malaysia Overnight Rate–Islamic (MYORi) by preparing a more structured roadmap and reforming sharia liquidity instruments to conform with global market standards.

- The Government of the United Arab Emirates has sanctioned the National Strategy for Islamic Finance and Halal Industry, establishing a comprehensive national framework that aims to elevate sharia-compliant banking assets to AED 2.56 trillion by the year 2031. Additionally, it mandates the establishment of a national regulatory committee responsible for coordinating industry reforms; this initiative is designed to enhance the competitiveness of the sharia sector and expand its contribution within the UAE economy.
- The Central Bank of Oman has enacted a new regulatory framework for sharia financing and leasing, introduced a national sharia liquidity system, and established a Supreme Sharia Supervisory Authority as the highest sharia compliance oversight body. These measures aim to fortify market infrastructure, improve liquidity stability for sharia institutions, and align Oman's sharia finance industry practices with international standards.
- The Bank of Tanzania has issued the Non-Interest Banking Regulations 2025, the first official legal framework governing sharia banking operations in Tanzania. These regulations specify licensing procedures, segregation of funds between sharia and conventional activities, institutional governance, and sharia-compliance mechanisms. The policy aims to protect the integrity of sharia financial products, bolster public confidence, and promote the expansion of sharia financial services across the country.
- The Government of Russia decided to extend the sharia financing pilot until 2028 through Federal Law 417-FZ, which was originally scheduled to end in 2025. This extension includes expanding the implementation area beyond the initial four pilot regions and drafting of supplementary regulations to strengthen the operational framework. The policy aims to evaluate the national-scale feasibility, broaden access to ethical financing, and enhance Russia's integration with global sharia financial markets.
- The Ethiopian Capital Market Authority (ECMA) has formulated an Islamic Capital Market Roadmap which comprises recommendations concerning sukuk regulation, sharia tax and accounting frameworks, the establishment of a Central Sharia Advisory Board, and phased implementation steps. The roadmap was developed to accelerate the development of Ethiopia's sharia-compliant capital market, attract global investors, and ensure governance that aligned with international standards.

Strengthening of the global sharia finance industry

Digitalization developments

- D360 Bank has officially established itself as the first digital bank in Saudi Arabia and commenced operations in early 2025 following the acquisition of a license from the Saudi central bank (SAMA) in December 2024. D360 concentrates on the retail sector—primarily targeting millennials and Generation Z—employing a highly personalized strategy to meet customer needs, aligning with Saudi Vision 2030 to increase household savings and digital financial literacy.
- Malaysian sharia-compliant banks and financial technology entities accelerated digitalization under the Islamic Digital Economy Framework (IDEF). This industry introduced various products including sharia crowdfunding and P2P platforms, digital wealth management platforms (Wahed Invest, HelloGold), and integrated blockchain and Artificial Intelligence (AI) technologies to ensure smart sharia compliance and customized product offerings. This transformation was driven by major banks such as Maybank Islamic and CIMB Islamic, which adopted compliance automation and tokenization of sharia capital market instruments.

- Emirates Islamic strengthened its position as a leading digital sharia bank, launching innovations such as next-generation mobile banking, Apple Pay, and chat-banking services via WhatsApp—marking it as the first Islamic bank globally to offer these services. Furthermore, the bank also received the global award "The World's Best Islamic Digital Bank 2025," reflecting the UAE industry's leadership in digitalizing sharia services.

New product launches

- The Government of Algeria initiated the country's inaugural sovereign sukuk in accordance with the Finance Law 2025, a sharia financing instrument designed to attract substantial capital from the informal economy—estimated at 10 trillion dinars—enhance the formal financial system, improve transparency, and facilitate the country's access to international sharia-compliant financing markets. This measure was taken as part of a national strategy to expand the domestic financing base and reduce reliance on conventional financing mechanisms.

- Jordan has issued its inaugural dollar-denominated sovereign sukuk, representing a significant milestone for the country's entry into the global sukuk market. The issuance aims to expand sharia-compliant financing sources, capitalize on increasing sukuk penetration in emerging markets, and attract international investors interested in dollar-denominated sharia instruments. The initiative was intended to strengthen fiscal financing diversification and elevate Jordan's position in the global sharia finance ecosystem.

- Zanzibar, Tanzania, issued its first quasi-sovereign sukuk, facilitated by banking sector entities (e.g., KCB & CRDB) which had previously issued various corporate sukuk. This financial instrument inaugurated a new sharia-based financing market for public projects, driven by corporate and banking initiatives.

- In 2025, Nigeria obtained legislative approval to issue its inaugural international sovereign sukuk amounting to USD 500 million as part of the government's external financing strategy. The issuance was designed to support the financing of the 2025 budget deficit, refinance maturing eurobonds, and diversify funding sources toward green and sharia-compliant markets. This initiative resulted from a collaborative effort between Nigeria's financial sector and capital markets to facilitiate access for international investors—particularly from sharia finance markets—in alignment with the government's strategy to broaden the investor base and enhance fiscal sustainability.

Green and sustainable initiatives

- The world's inaugural Climate Sukuk, valued at RMB 118 million, was launched by Unity Group Holdings International Ltd and Tek Securities Ltd under the Labuan IBFC framework at GIFF 2025. The financial instrument integrated digital tokenization, carbon-credit monetization, and green infrastructure financing, supported by 40,400 tons of carbon credits derived from Selangor energy-efficiency initiatives. This issuance distinguished itself as an innovative model that promotes climate action and demonstrates industry—rather than government—leadership in the development of sharia-compliant green finance instruments.

- Pakistan's first Green Sukuk was issued in May 2025 through an industry-led initiative supported by Meezan Bank and the Pakistan Stock Exchange. This Ijarah-based financial instrument was oversubscribed by a factor of 5.4×, with an initial offering of Rs30 billion and total bids exceeding Rs161 billion. The sukuk was underpin by green infrastructure assets such as the Garuk and Naigaj dams, as well as the Shagarthang power plant, demonstrating the expansion of the domestic sukuk market through industry-driven initiatives in environmentally-friendly financing.

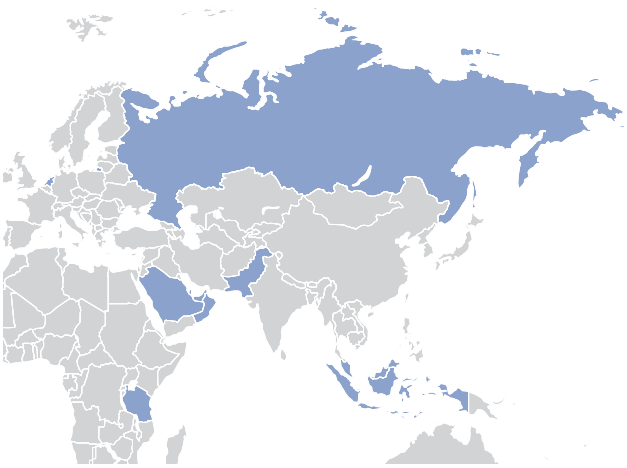
- In October 2025, the Islamic Development Bank (IsDB) issued a €500 million Green Sukuk under its updated 2025 Sustainable Finance Framework. This five-year sukuk became an industry benchmark with 5 times oversubscription and attracted significant interest from European, MENA, and official institutional investors. Proceeds were allocated

to environmental projects, including climate adaptation, food-security resilience, renewable energy, and other green projects aligned with ICMA 2025 standards. This issuance reaffirmed IsDB's status as an active AAA issuer in the EUR market and a leader in sustainable finance instruments.

Sharia financial inclusion initiatives

- In October 2025, the IFC established its first sharia financing partnership in Sub-Saharan Africa with Banque Islamique du Sénégal (BIS), providing up to USD 40 million to expand MSME financing. At least 10% of the facility was designated for businesses owned or led by women. The IFC estimated that this facility could enable BIS to expand its MSME financing portfolio to approximately USD 350 million within a five-year period and potentially create approximately 7,000 direct and indirect jobs.
- An industry consortium comprising AFC, AAOIFI, UNIDO, and UAB established IFETAA in June 2025 as a sharia-compliant financing alliance to mobilize at least 20% of financial institutions' portfolios—equivalent to over USD 1 trillion—toward MSMEs. The initiative operates across Africa, the Middle East, and South Asia, focusing on low- and lower-middle-income countries. IFETAA aims to enhance MSME resilience and productivity, support vulnerable entrepreneurship, and assist underserved groups through sharia-compliant financing, capacity building, and technical assistance based on UNIDO's EDIP model.
- Akhuwat Islamic Microfinance in Pakistan, in partnership with the Punjab Social Protection Authority, implemented a 2025 disability-inclusive initiative providing Qard Hasan sharia financing specifically for people with disabilities. The program provided funding up to PKR 50,000, an 18-month repayment period, and 3–4 weeks of business mentoring, contingent upon recipients being certified persons with disabilities and possessing a viable business plan. The program targeted productive individuals with disabilities as micro-entrepreneurs through social-business assessment and mandatory mentoring prior to disbursement.
- UAE awqaf has launched a digital platform for corporate zakat as part of the Emirates Digital Program, under the campaign "My Zakat is a Blessing for My Business." The platform provides automated services for calculating corporate zakat in accordance with sharia principles and contemporary accounting standards, encompassing commercial, industrial, and service sectors. It facilitates multi-company registration, preserves records of previous calculations, and business data updates. The initiative aims to increase corporate zakat compliance, expand the social contribution of the private sector, and support the UAE's digital transformation strategy in zakat governance.
- The African Risk Capacity (ARC) Group has launched the WAQF ReTakaful Facility, marking the first waqf-based retakaful facility in Africa. This facility offers sharia-compliant risk protection to enhance climate resilience, social protection, and disaster-risk financing. Functioning as a non-profit mutual platform which consolidates risks among member countries, thereby providing affordable re-takaful capacity for takaful operators with a particular focus on agricultural and climate-related risks.

Figure 1.2. Countries with Regulatory and Industry Strengthening Initiatives in Sharia Finance



Source: Bank Indonesia, processed

1.3 Prospect of Global Sharia Economy and Finance

Economic growth among OIC countries is projected to continue its positive trend in 2026 amid rising global uncertainty. The global GDP is projected to grow by 3.1% in 2026, marginally below the 3.2% projection for 2025. At the same time[4], OIC countries' economic growth is expected to continue rising from 3.9% in 2024 to 4.2% in 2026 (see Table 1.1). This positive outlook is primarily supported to the expeted increased growth in oil-producing OIC economies—such as the United Arab Emirates and Nigeria—which are anticipated to increase oil production pursuant to agreements within the OPEC+ consortium.[5] Meanwhile, other OIC countries, including Egypt and Pakistan, are expected to record higher growth supported by lower inflation forecasts and the commencement of infrastructure development initiatives. Furthermore, Malaysia and Indonesia are expected to benefit from anticipated increases in crude palm oil (CPO) prices driven by the expansion of biodiesel programs in various countries as a sustainable alternative to fossil fuels.[6]

Positive growth in OIC economies is expected to strengthen global sharia economic transactions. Global Muslim transactions in sharia-related sectors are projected to grow at an average rate of 6.2% (CAGR) through 2028 (see Graph 1.23). Factors such as positive economic growth in OIC countries and growing awareness of halal lifestyles will underpin rising demand among the global Muslim population for products from these sectors. The halal food and beverage sector is anticipated to remain the largest share of global Muslim transactions. At the same time, Muslim-friendly tourism is projected to record the highest growth rate as demand for personalized travel experiences (e.g., halal cuisine and prayer facilities) continues

Table 1.1. Projection and Development of OCI Countries

%	2022	2023	2024	Projection 2025	Projection 2026	Share to GPD (PPP) OIC (2024)
Saudi Arabia	12.0	0.5	2.0	4.0	4.0	8.6
Bangladesh	7.1	5.8	4.2	3.8	4.9	5.7
Indonesia	5.3	5.0	5.0	4.9	4.9	15.9
Iran	4.4	5.3	3.7	0.6	1.1	6.2
Malaysia	9.0	3.5	5.1	4.5	4.0	4.7
Egypt	6.7	3.8	2.4	4.3	4.5	7.6
Nigeria	4.3	3.3	4.1	3.9	4.2	7.2
Pakistan	6.2	-0.2	2.5	2.7	3.6	5.4
Turkey	5.4	5.0	3.3	3.5	3.7	12.1
Uni Arab Emirates	7.5	4.3	4.0	4.8	5.0	3.0
GCC	9.8	1.3	2.2	3.9	4.3	14.8
D8	5.8	4.2	3.9	3.7	4.0	64.8
Others OIC	4.2	3.5	3.6	4.4	4.6	20.4
OIC	**6.1**	**3.6**	**3.6**	**3.9**	**4.2**	

Source: Bank IMF-WEO October 2025, processed

4 WEO IMF Oktober 2025.

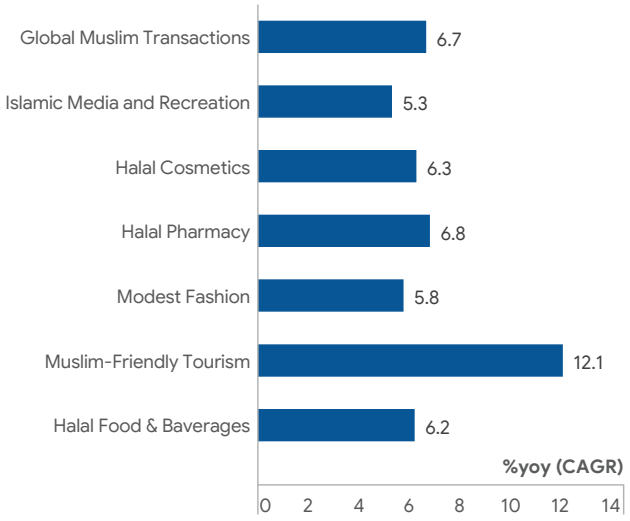
5 World Bank Commodity Markets Outlook, Oktober 2024.

6 World Bank Commodity Markets Outlook, Oktober 2024.

to rise and new tourist destinations emerge in post-conflict areas such as Syria, Bangladesh, and Bosnia. The success of these new destinations will depend on infrastructure development and political stability.

The global Islamic finance industry is also expected to continue its expansion during 2025–2026, primarily driven by enhanced regulatory frameworks and policy support across various jurisdictions. Initiatives aimed at strengthening regulation and policy to foster the development of sharia-compliant finance—encompassing banking, sukuk, and other sharia financial products—are expected to lay a foundation for further global industry growth. Moreover, fiscal projections in several OIC countries are likely to increase financing needs, particularly concerning sukuk. The Islamic finance industry is projected to grow by approximately 9% in 2024[7], with total global Islamic financial assets expected to reach USD 7.5 trillion by the same year 2028[8].

Graph 1.23. Global Muslim Transaction Growth Projections in Sectors Related to Sharia Economy



Source: SGIE Report 2023/24, WEO IMF, processed[7]

Sharia financial innovation moving forward is expected to align with global priorities concerning green finance and digitalization. The issuance of green sukuk is projected to increase in accordance with international green investment strategies and policies, particularly in the UAE and Indonesia, facilitated by the momentum generated from COP29 in Baku, Azerbaijan[9]. Furthermore, ongoing digitalization trends are expected to bolster innovation in sustainable financial products and services through improved traceability, increased efficiency, and broader financial inclusion.

Vigilance is required regarding several risk factors in the surveillance of the prospective development of the global sharia economy. Principal risks include rising global uncertainty stemming from major economies' policy actions and enduring geopolitical conflicts, climate-related shocks potentially impacting agricultural productivity and global food production, as well as cross-border supply-chain disruptions stemming from geopolitical fragmentation. Furthermore, managing inflation and maintaining consumer confidence will be critical to sustaining the anticipated levels of Muslim consumer transactions.[10]

Finally, several structural challenges require long-term solutions to support the growth of sharia economies and finance. Research conducted by the IsDB Institute reveals that many Muslim-majority IsDB member countries encounter development traps that hinder economic transformation—particularly the middle-income trap, natural-resource dependence, and debt traps—thereby reducing the effectiveness of development strategies and increasing vulnerability to global market fluctuations. Addressing these issues will entail measures such as (i) institutional reform; (ii) capacity building for human resources; and (iii) the accelerated adoption of technology and innovation.[11]

7 S&P Global 2024.

8 IFDI 2024.

9 IFN 2023.

10 *State of Global Islamic Economy Report* 2024/2025, processed.

11 Quoted from the IsDB Institute report at the following link: https://isdbinstitute.org/product/development-traps-role-islamic-finance/

Box 1.1

JAWARA EKSPOR (SHARIA ENTREPRENEURSHIP NETWORK TO BOOST EXPORTS)

1. Rationale for Development

The global sharia economy continued to demonstrate a favorable and resilient response amidst prevailing global economic conditions. The State of the Global Islamic Economy (SGIE) 2024/2025 report documented global Muslim consumer expenditure at approximately USD 2.43 trillion in 2023 and projected it to increase to USD 3.36 trillion by 2028. Concerning trade, demand for halal products is also evidenced by the imports of OIC member countries, which amounted to approximately USD 407.75 billion in 2023 and are projected to increase to USD 608.36 billion by 2028, indicating extensive export opportunities for producing countries to supply an underserved global market. Furthermore, Indonesia was ranked third in the Global Islamic Economy Indicator (SGIE) 2024/25, reflecting an ecosystem readiness that should translate into stronger export performance.

In the first half of 2025, halal exports amounted to USD 25.08 billion, with the export composition predominantly comprising halal food and beverages, followed by fashion, cosmetics, and pharmaceuticals, indicating potential value-addition through strengthened downstream processing and global standardization. From a market perspective, penetration into China and the United States affirms opportunities for Indonesian halal expansion in non-traditional markets, while simultaneously necessitating improvements in competitiveness, quality assurance, and integration of logistics financing. These measures are essential to ensure that halal exports grow not only in volume but also achieve sustainable development. Moreover, with primary export destinations including China, the United States, India, Pakistan, and Malaysia, Indonesia maintains strategic opportunities to deepen its market penetration into OIC markets that demostrate substantial and captive halal demand. Such efforts are integral to market diversification and to strengthening Indonesia's position in the global halal value chain.

Strengthening Indonesia's halal product exports continues to encounter multiple challenges. Limited availability of domestic raw materials and the volatility of global commodity prices create production-cost uncertainty and weaken international competitiveness. In addition, deficiencies in production technology, quality management, and distribution infrastructure impact the ability to consistently meet the requisite quality standards of target markets. Moreover, limited market intelligence and export financing access—including pre- and post-shipment financing, guarantees, and trade insurance—persist as significant barriers, particularly for small-scale enterprises with limited financial resources and export literacy. These issues collectively impede capacity building and hinder sustainable export expansion.

2. Implementation Strategy

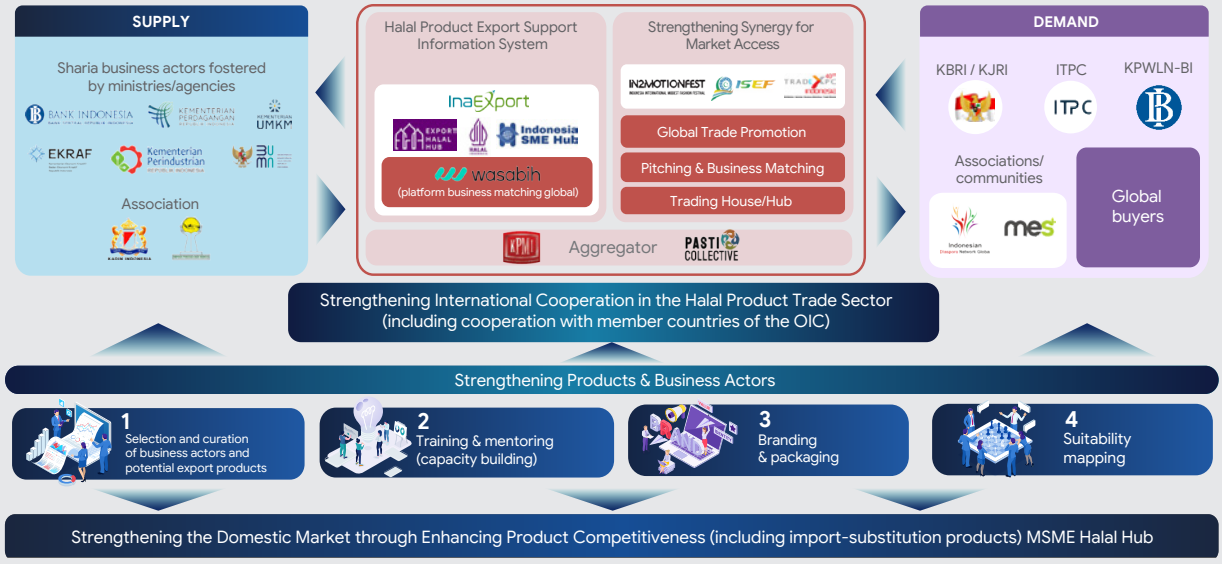
JAWARA Ekspor (sharia entrepreneurship network to boost exports) is a national initiative designed as a cross-ecosystem orchestration to enhance and promote Indonesian halal product exports. The initiative seeks to cultivate a resilient and sustainable base of halal exporters by strengthening upstream capacities, ensuring that sharia-based enterprises not only comply with halal requirements but also possess adequate production capacity, meet quality standards, and demonstrate administrative and logistical readiness aligned with international trade demands. To accomplish these objectives,

JAWARA Ekspor implementation is carried out through close collaboration among Bank Indonesia, relevant ministries/agencies, regional governments, industry associations, and demand-driven thematic working groups—including the Indonesia Halal Export Incorporated Working Group (Pokja IHEI) and the Hajj and Umrah Food Ecosystem Working Group (Pokja)—to facilitate the integration of enterprises into export value chains and enable structured access to global markets.

JAWARA Ekspor is further supported by the development of digital infrastructure and strengthened market access. This digital infrastructure comprises an integrated halal export information system that connects various national platforms such as export/MSME hubs, halal directories, and global business-matching networks. The system functions as a unified dashboard that consolidates data on enterprises, products, certification status, financing and logistics requirements, and market opportunities categorized by country This enables comprehensive monitoring of curation, mentoring, promotion, and transaction follow-ups. Regarding market access, Indonesia's overseas representations, Indonesia Trade Promotion Centres (ITPCs), Bank Indonesia representative offices, diaspora communities, and associations serve as primary sources of market intelligence. These efforts are further reinforced through promotional and business-matching platforms such as ISEF, IN2MOTIONFEST, and Trade Expo Indonesia, which serve as global promotion channels, scheduled business matching with verified buyers, and trading hubs and aggregators. These platforms facilitate volume consolidation, quality control, and export facilitation for MSMEs.

Operationally, JAWARA Ekspor is implemented through four main stages. The initial stage involves selecting and curating enterprises and products exhibiting export potential, based on criteria such as halal compliance, legality, production capacity, and quality readiness. The second stage comprises training and mentoring, encompassing the enhancement of halal quality management, understanding HS codes and customs procedures, trade contracts, trade finance, and risk management. The third stage emphasizes the strengthening of branding and packaging

Figure 1.3. JAWARA Ekspor Initiative Framework



Source: Bank Indonesia, processed

to ensure that products meet target market standards while highlighting Indonesia's halal differentiation. The final stage involves mapping product–market fit by country or segment, which serves as the foundation for determining promotional channels, incoterms schemes, and logistics routes. All stages are supported by initiatives aimed at strengthening products and enterprises, as well as developing the domestic market as a demand base to achieve scale, including through import substitution supported by Halal MSME Hubs as domestic market testing venues prior to global expansion, while also providing collective quality assurance to ensure consistent thayyib quality in accordance with target-market standards.

3. Institutional

The complexity of the halal export value chain requires JAWARA Ekspor to be implemented through a multi-stakeholder collaborative approach, assigning roles to each stakeholder in accordance with their mandates and institutional strengths. This approach is intended to ensure effective and coordinated implementation to promote the sustainable growth of the halal export market. At the authority level, Bank Indonesia, in conjunction with relevant ministries and agencies—including the Ministry of Trade, the Ministry of Industry, the Ministry of Cooperatives, the Ministry of MSMEs, and the Ministry of Tourism—plays a strategic role in strengthening both supply and demand sides through capacity building initiatives for sharia enterprises, facilitation of business matching, and global trade promotion, thereby ensuring that enterprises are integrated into the national export strategy rather than functioning in a fragmented manner.

To support scaling and enhance export resilience, the sharia financial services industry serves as a primary facilitator, providing access to financing and export risk-mitigation strategies, including supply-chain financing and sharia-compliant hedging instruments. Concurrently, aggregators, business-matching platforms, and industry associations serve as market linkages, connecting enterprises with global markets, consolidating production, maintaining quality consistency, and facilitating negotiations with international buyers. This role is further reinforced by the network of Indonesian Embassies/Consulates (KBRI/KJRI), Indonesia Trade Promotion Centres (ITPCs), and Bank Indonesia representative offices abroad, which act as market entry points and demand stimulators through the provision of market intelligence, facilitation of business matching, and promotion of Indonesian halal products. Through this collaborative framework among multiple stakeholders, JAWARA Ekspor is positioned as a national initiative that bridges enterprise development, financing, and structured access to global markets.

CHAPTER II

PERFORMANCE AND PROSPECTS OF THE NATIONAL SHARIA ECONOMY AND FINANCE:

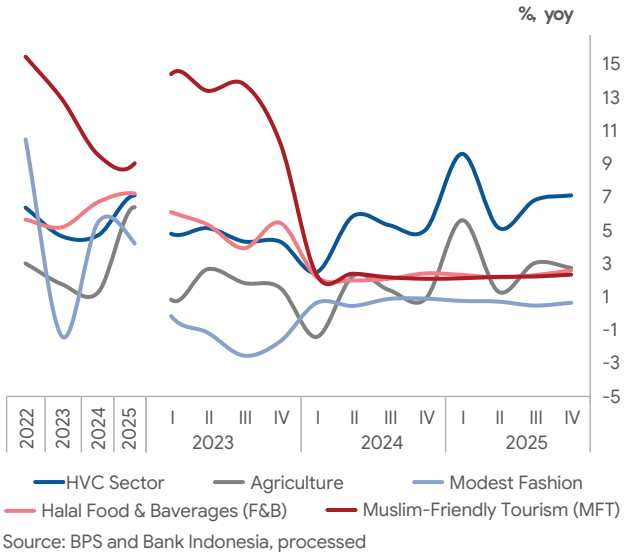
LEADING SHARIA ECONOMY SECTORS AND ISLAMIC FINANCE SUPPORT HIGHER GROWTH

The performance of Indonesia's sharia economy and finance has strengthened in accordance with robust national economic activity. Leading sectors within the halal value chain (HVC) outperformed last year, driven by accelerated performance in agriculture, halal food and beverages, robust growth in Muslim-friendly tourism (PRM), and sustained success in modest fashion. Both the financial services industry and the government-backed Sharia financing expanded in tandem with rising consumer confidence. Islamic social finance also improved, supported by increasingly collaborative digitalization efforts and the development of innovative instruments that combine commercial and social finance. Indonesia's sharia economic literacy index continues to grow, supported by Bank Indonesia's outreach efforts and educational initiatives. These efforts involve collaboration with relevant stakeholders, such as regional Sharia Economic Festival (FESyar) events and the globally recognized Indonesia Sharia Economic Festival (ISEF). Going forward, the sharia economy is projected to grow at 4.9–5.7%, supported by sharia banking financing, which is expected to expand by 8–12%. Short-term drivers include various government programs, innovations in sharia financial products, and technological innovations that reinforce the halal ecosystem. In the medium term, the implementation of the 2025–2029 National Medium-Term Development Plan (RPJMN) at the regional level is expected to provide a clearer development direction.

2.1 National Sharia Economy Performance

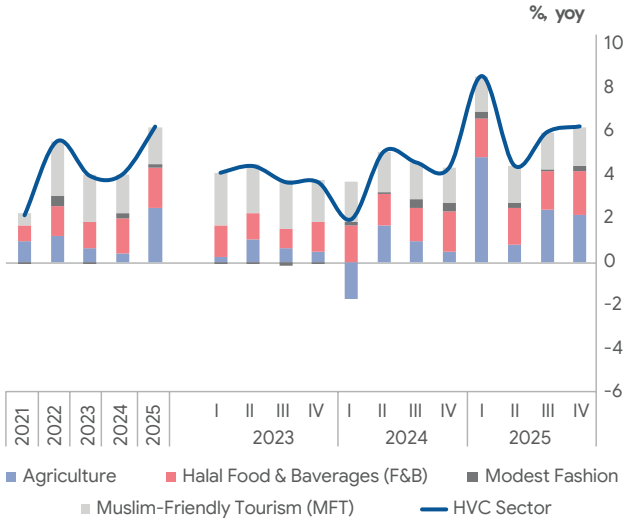
In line with the strengthening of the national economy, the sharia economy's performance also improved. The national sharia economy, as indicated by the leading sectors of the halal value chain (HVC), grew by 6.21% year-on-year (yoy) in 2025, an increase from 4.0% (yoy) in 2024 (see Graph 2.1). Growth in the HVC's leading sectors was supported by improved performance in agriculture and halal food and beverages, strong growth in Muslim-friendly tourism (PRM), and continued positive results in modest fashion (see Graph 2.2). The acceleration in growth was driven by robust household consumption—supported by price stability and government stimulus programs—as well as by improved investment levels. Following a period of relatively subdued economic activity in the first half of 2025 due to government budget efficiency measures, the economy regained momentum in the second half of 2025 consequent to the relaxation of such measures. This shift was aligned with the government focus on spending efficacy through the implementation of priority programs such as Makan Bergizi Gratis (MBG), initiatives to strengthen and protect purchasing power, stabilization of prices and production, and improvements in public infrastructure and productivity.

Graph 2.1. HVC Flagship Sectors Growth



Source: BPS and Bank Indonesia, processed

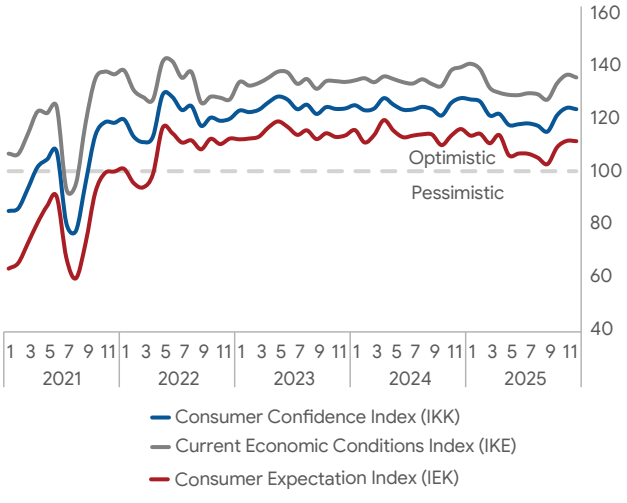
Graph 2.2. Sources of Growth for HVC Leading Sectors



Source: BPS and Bank Indonesia, processed

Various current economic indicators continue to signal the growth of the leading sectors within the halal value chain (HVC), demonstrated by steady demand and supply in the economy. According to Bank Indonesia's Consumer Survey, the Consumer Confidence Index (IKK) remained at optimistic levels through 2025, supported by a relatively high Consumer Expectations Index (IEK) and an improving Current Economic Conditions Index (IKE), with limited fluctuations (see Graph 2.3). These conditions highlight the resilience

Graph 2.3. Consumer Indicators

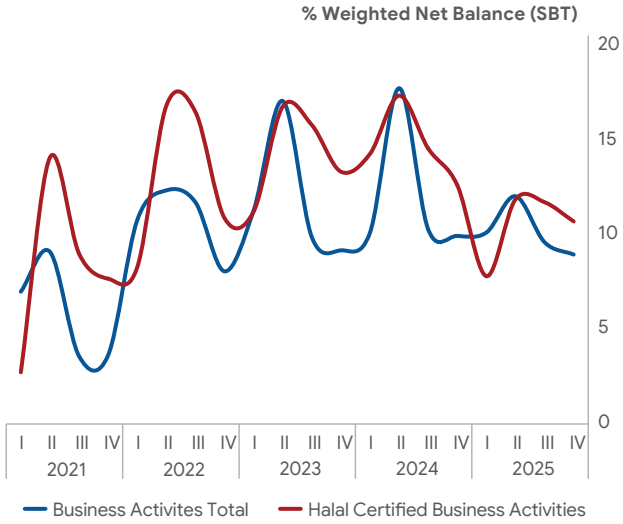


Source: Bank Indonesia, processed

of household consumption, including demand for halal-based goods and services. Meanwhile, Bank Indonesia's Business Activity Survey (SKDU) indicates that economic activity remains in an expansionary phase, albeit undergoing normalization, with the Weighted Net Balance (SBT) for halal-certified businesses consistently higher than that for overall businesses (see Graph 2.4). This performance indicates that halal-based enterprises exhibit stronger resilience and growth prospects, underscoring the HVC 's role as a key driver of sustainable development in the national sharia economy.

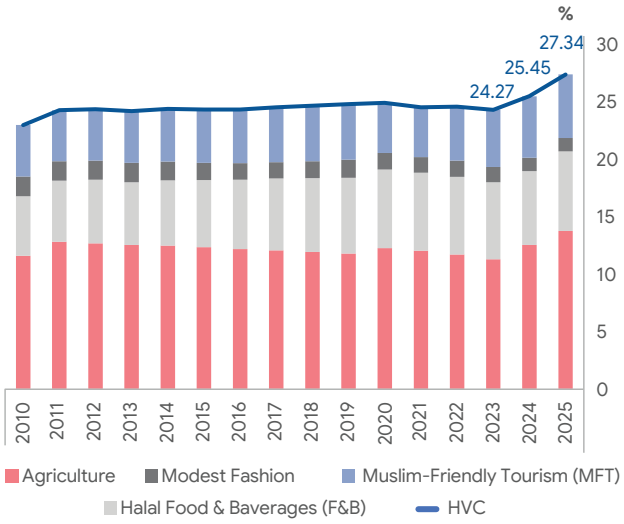
The acceleration in growth has increased the share of the flagship HVC sector in the national economy. Overall, in 2025 the flagship HVC sector accounted for more than 27% of the national economy, primarily contributed by agriculture, halal food and beverages, Muslim-friendly tourism (PRM), and modest fashion, in that order (see Graph 2.5). This share has exhibitied an upward trend over the past three years, indicating that, on average, the flagship HVC sector has experienced faster growth than other sectors within GDP. This trend further affirms the strategic position of the flagship HVC sector as a source of new, higher-quality growth, thereby supporting stronger and more resilient national economic expansion.

Graph 2.4. Indicators of Halal-Certified Business Activities



Source: Bank Indonesia, processed

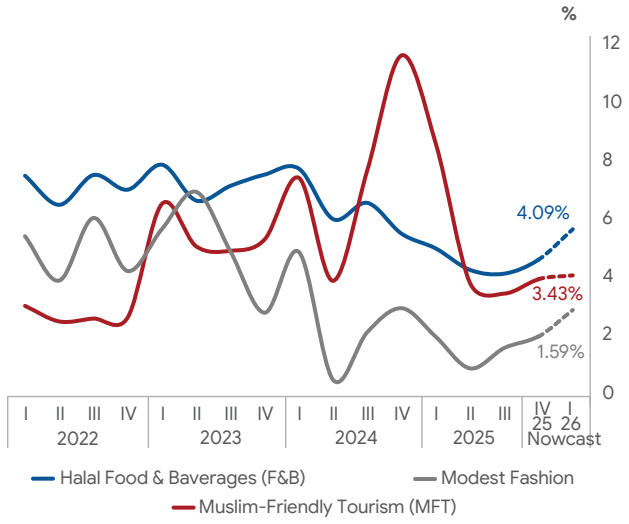
Graph 2.5. Share of HVC Flaghsip Sectors to GDP



Source: BPS and Bank Indonesia, processed

Corporate performance in the leading sharia economy sectors, as reflected by the Cash Recovery Rate (CRR), demonstrated sustained resilience, exhibiting a patter of normalization in 2024 and a trend toward stability in 2025. The halal food and beverage sector consistently recorded comparatively higher and more stable performance relative to other sectors (Graph 2.6), reflecting a robust domestic consumption base and the essential nature of these products, thereby supporting corporate sustainability. Conversely, the Muslim-friendly tourism sector demonstrated greater volatility, aligning with a cautious "wait-and-see" approach among firms responding to demand fluctuations and cautious expansion amid uncertainty regarding consumer spending prospects. Meanwhile, the modest fashion sector recorded relatively lower and more fluctuating performance, reflecting challenges associated with cost structure, competitive intensity, and increasingly selective demand. Overall, these dynamics indicate that corporate performance in the dominant sectors of the sharia economy sectors retains selective growth potential, with the halal food and beverage sector continuing to serve as the principal pillar in accordance with the HVC's growth achievements.

Graph 2.6. Trend in CRR for HVC sectors

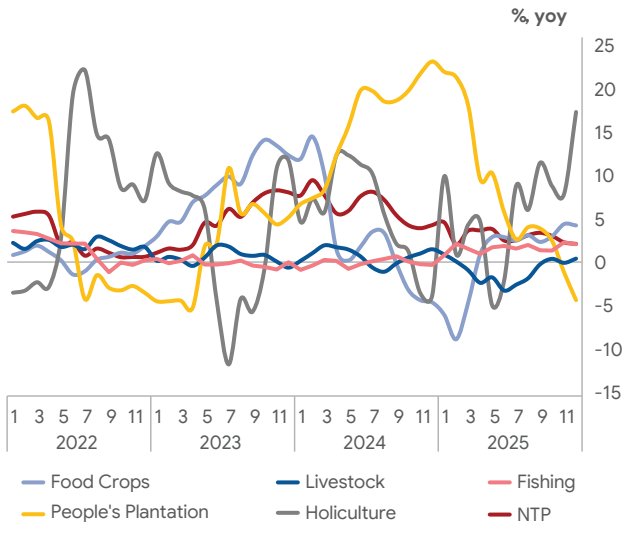


Source: BPS and Bank Indonesia, processed

2.1.1. Agriculture and Halal Food and Beverages Sector

The agricultural sector's performance in 2025 strengthened, as evidenced by an increase in the Farmer Exchange Rate (NTP). Agriculture expanded by 5.57% year-on-year (yoy) in 2025, surpassing the 0.80% (yoy) growth recorded in 2024 (see Graph 2.7). This positive development was driven by improved performance in several key subsectors, particularly horticulture and food crops, which were the main contributors to higher farmer incomes as demonstrated by the strengthening NTP throughout 2025. These conditions were in line with improved commodity prices and sustained demand. Overall, this performance reaffirms the critical role of agriculture as an important pillar supporting the national economy amidst ongoing global economic challenges.

Graph 2.7. Farmer Exchange Rate (NTP) Growth

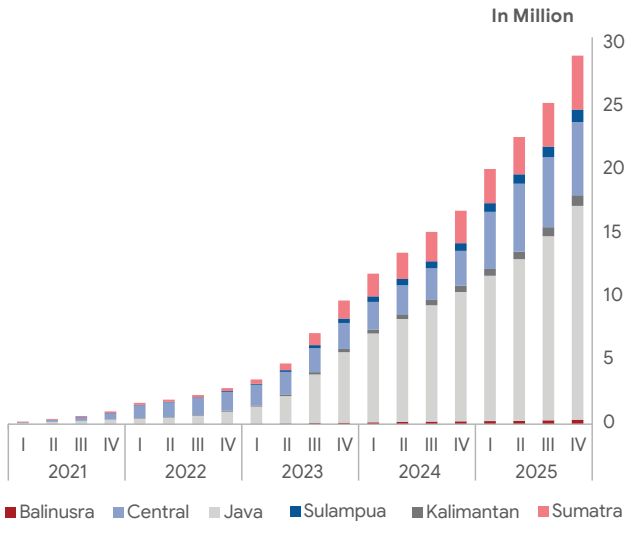


Source: BPS, processed

Meanwhile, the halal food and beverage (F&B) sector also experienced accelerated growth, supported by robust domestic consumption and extensive halal certification efforts. The halal F&B sector grew by 6.38% (yoy) in 2025, an increase from 5.90% (yoy) in 2024. This growth was underpinned by sustained domestic demand and improved performance in halal F&B exports. In addition, the sector's acceleration was supported by increased halal certification achievements at both central and regional levels (see Graph 2.8). These achievements resulted from the collaboration between the Halal Product Assurance Organizing Agency (BPJPH) and various institutions, including Bank Indonesia, through measures such as streamlining certification processes, strengthening halal centre capacity, digitalizing halal certification services, promoting halal lifestyle campaigns, and partnering with regional governments and local communities to expand certification outreach, particularly for MSMEs.

On the external front, Indonesia's halal food and beverage sector continued to demonstrate robust trade performance in 2025, with an increasing trade surplus. The realized exports and imports of halal F&B in 2025 reached USD 53.4 billion and USD 23.05 billion, respectively, resulting in net exports of USD 27.16 billion, higher compared

Graph 2.8. Number of Halal-Certified Products at Central and Regional Levels



Source: BPJPH (ptsp.halal.go.id)

with the previous year's figure of USD 30.36 billion, and indicating a substantial growth relative to the 2024 record (Graph 2.9). The widening surplus reflects the maintained competitiveness of Indonesia's halal F&B exports amidst global trade dynamics. Correspondingly, Indonesia's trade with OIC member countries also recorded a surplus in 2025, with exports and imports totaling USD 36.93 billion and USD 12.09 billion, respectively, yielding net exports of USD 24.84 billion (Graph 2.10). These outcomes underscore the strategic significance of OIC countries as key trading partners for Indonesia, with a relatively stable trade share with potential for further expansion going forward.

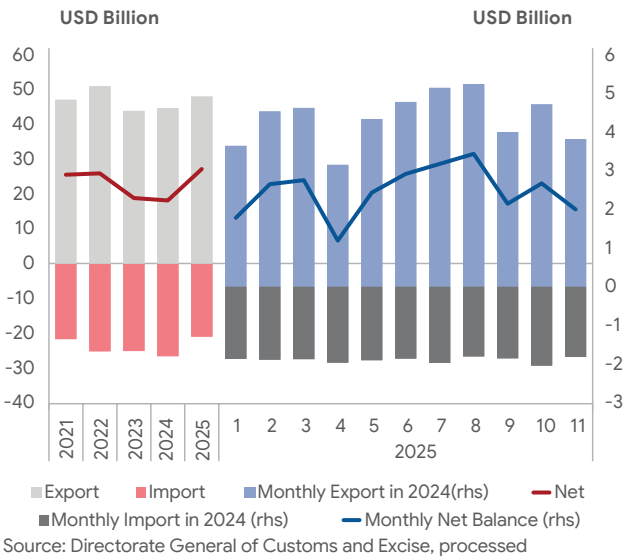
2.1.2. Muslim-Friendly Tourism (PRM) Sector

The Muslim-friendly tourism (PRM) sector continued to demonstrate solid growth, supported by an increase in arrivals to Indonesia's primary domestic destinations. PRM expanded by 8.04% year-on-year (yoy) in 2025, slightly below the 8.50% (yoy) recorded in 2024. Over an extended period, PRM has undergone a normalization of growth following the sharp rebound in 2022–2023 consequent to the end of the pandemic. This normalization is reflected in a moderation of both foreign and domestic tourist arrivals—particularly from OIC countries (Graph 2.11)—to various halal tourism destinations across Indonesia. Nevertheless, PRM performance in 2025 remained stronger than the pre-pandemic average, which typically grew around 6–7%. Indonesia continued to be ranked among the world's leading Muslim travel destinations according to the Global Muslim Travel Index (GMTI), although its ranking declined relative to the previous year as peer countries' PRM sectors advanced more rapidly (Table 2.1).

2.1.3. Muslim Fashion Sector

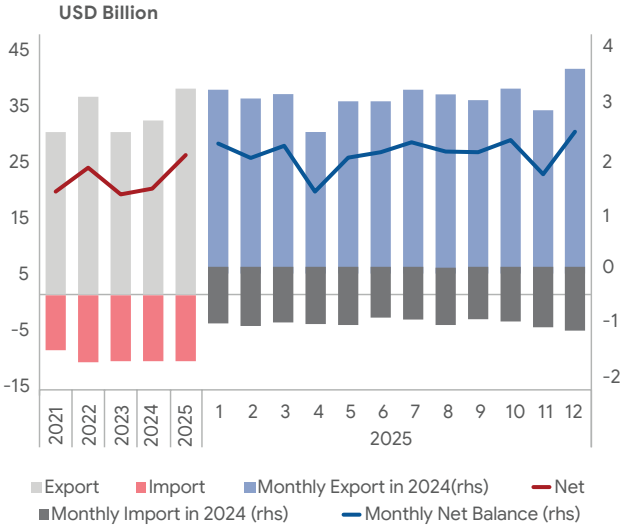
Indonesia's Muslim fashion sector maintained positive performance supported by sustained export activity. The sector grew by 3.51% (yoy) in 2025, moderating from 4.72% (yoy) in 2024. This slowdown was mainly driven by weaker export

Graph 2.9. Exports and Imports of Indonesia Halal F&B



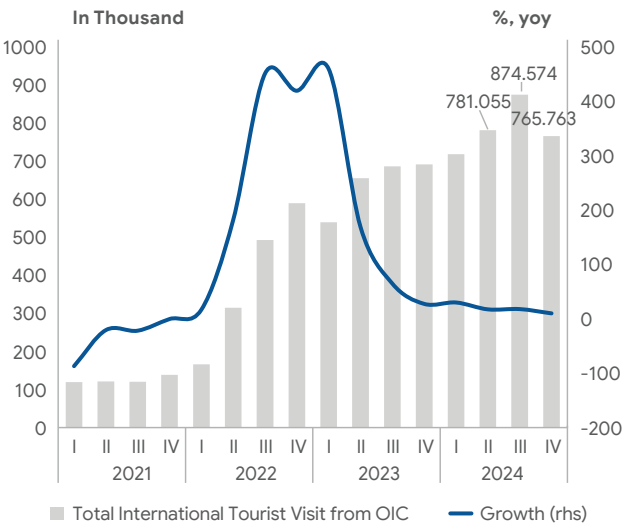
Source: Directorate General of Customs and Excise, processed

Graph 2.10. Indonesia's Exports-Imports with OIC Countries



Source: Directorate General of Customs and Excise, processed

Graph 2.11. International Tourism Visits from OIC Countries



Source: BPS and Bank Indonesia, processed

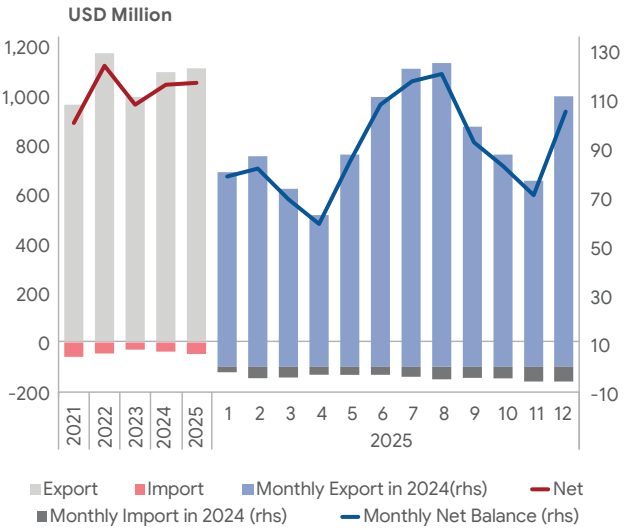
Table 2.1. Top Ten Global Muslim Travel Destinations

GMTI 2025 Rank	Change VS 2024	Destination	GMTI 2025 Scores	Change VS 2024
1	0	Malaysia	79	+3
2	+2	Turkiye	78	+5
2	+1	Saudi Arabia	78	+4
2	+3	Uni Arab Emirats	78	+6
5	-4	Indonesia	76	0
5	+1	Qatar	76	+5
7	+1	Oman	74	+8
7	+5	Kuwait	74	+9
9	-1	Jordan	73	+7
9	-2	Iran	73	+6

Source: Global Muslim Travel Index (GMTI 2023, Crescent Rating)

demand for apparel, accessories, and footwear to the United States and several European markets. Indonesian Muslim fashion exports expanded modestly by 1.27% (yoy) in 2025, down from 9.48% (yoy) in 2024, although the sector still recorded net exports of USD 1.05 billion (see Graph 2.12). These outcomes align with global trends reported by The State of Fashion (McKinsey), which noted softer fashion sales in the US and Europe in 2025 while sales in China remained relatively stable. The national Muslim fashion industry also faces structural challenges, including business closures in the textile sector and a generally cautious long-term outlook for the industry.

Graph 2.12. Exports and Imports of Indonesia Modest Fashion



Source: BPS and Bank Indonesia, processed

2.2 National Sharia Finance Performance

2.2.1. Development of Sharia Financing

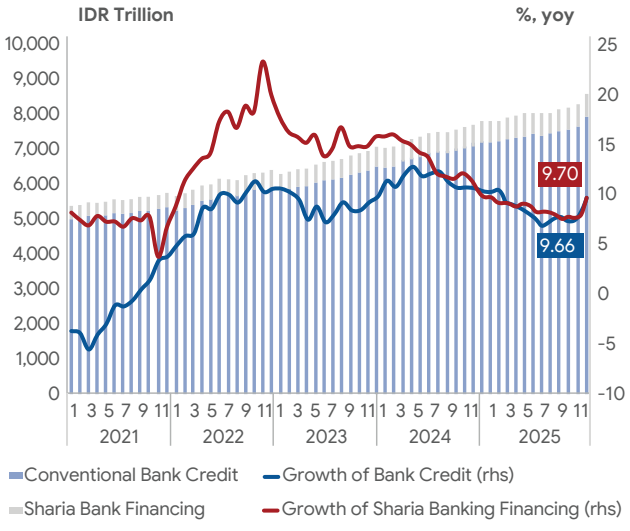
Sharia banking financing in 2025 continued to demonstrate positive growth, albeit at a slightly more restrained pace compared with the previous year. This performance was supported by maintained economic and monetary prospects as well as relatively controlled credit risk, amid persistent global uncertainty. In 2025, sharia banking financing expanded by 9.66% year-on-year (yoy), marginally below the 9.87% (yoy) growth recorded in the prior year (see Graph 2.13). Within the context of national banking intermediation, the growth of sharia financing remained broadly consistent with the credit dynamic of conventional banks, underscoring the sustained role of sharia banking in financing the economy during a phase of growth consolidation.

The moderation in sharia financing growth in 2025 reflected a more cautious intermediation response to both global and domestic dynamics. On the global side, lingering economic uncertainty weighed on growth prospects and restrained investment expansion, prompting firms and banks to be more selective in credit allocation.

Domestically, funding for sharia banks remained dominated by relatively high-cost liabilities, limiting room to adjust financing pricing and thereby constraining the pace of intermediation expansion. At the same time, subdued purchasing power—particularly among lower-to-middle income groups including MSMEs—raised demand risk for financing and encouraged sharia banks to adopt more prudent lending standards. Moreover, some sharia banks prioritized internal consolidation by improving asset quality and strengthening risk management.

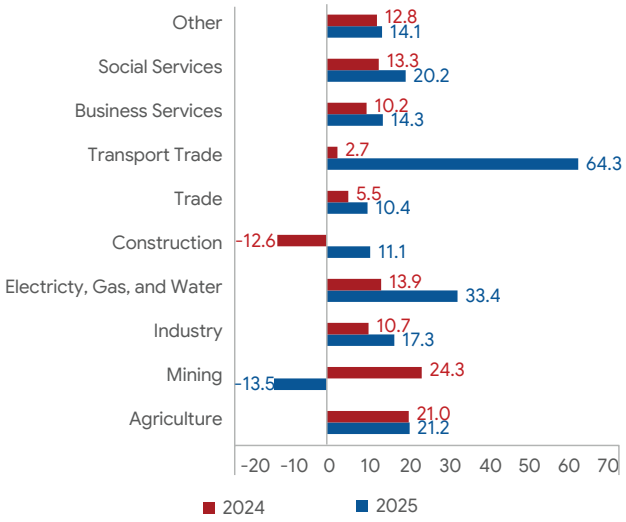
Sharia banking financing in 2025 exhibited heterogeneous growth across economic sectors, with notable strengthening in trade and service-oriented sectors amid moderation in primary and utility sectors. The trade and transportation sectors experienced significant acceleration, expanding by 14.93% and 18.00%, respectively, supported by increased distribution activity and enhanced economic mobility (Graph 2.14). Financing performance in business and social services remained resilient with stable growth, reflecting sustained financing demand within the services sector. Conversely, several sectors—

Graph 2.13. Sharia Banking Financing



Source: Bank Indonesia, processed*

Graph 2.14. Sharia Banking Financing by Economic Sector



Source: Bank Indonesia, processed

such as agriculture, mining, manufacturing, and electricity, gas, and water—experienced moderated growth as part of normalization and business cycle adjustments. Overall, these dynamics indicate that sharia banking financing remained adaptive and selective in its allocation amidst evolving economic conditions.

Spatial Performance of Sharia Banking Financing

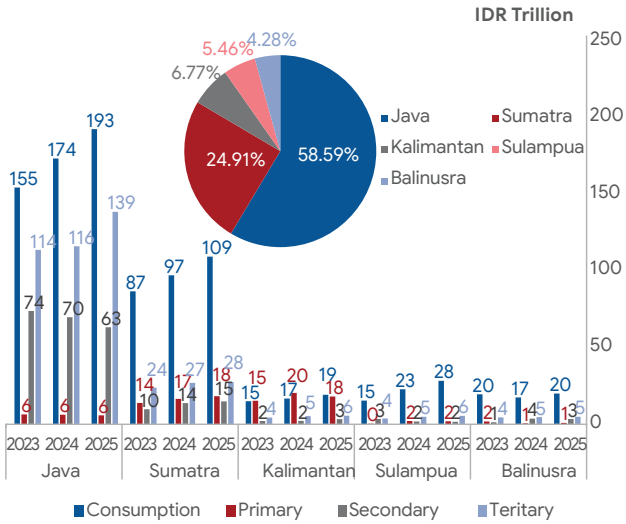
The spatial distribution of sharia banking financing in 2025 continued to demonstrate a significant concentration in Java, dominated by consumer and tertiary sector lending. In nominal terms, Java accounted for approximately 58.59% of total national financing, followed by Sumatra with 24.91%. Conversely, Kalimantan, Sulawesi-Maluku-Papua (Sulampua), and Bali-Nusa Tenggara (Balinusra) each maintained relatively smaller shares (see Graph 2.15). Structurally, financing was dominated by the consumer segment and tertiary sectors, reflecting the fundamental role of sharia banking in supporting household, trade, and service activities. Overall, this pattern indicates that sharia banking intermediation remains spatially and sectorally concentrated, consistent with the structure of national economic activity.

Consistent with the moderation in national financing growth, the spatial performance of sharia banking financing showed a relatively uniform slowdown across regions. The deceleration in 2025 was widespread across most regions, with Java and Kalimantan experiencing declines in growth rates (see Graph 2.16). These developments were mainly driven by moderated financing to the corporate and MSME segments across regions, reflecting with a cautious approach among businesses and adjustments to expansion strategies following a period of comparatively high growth in the previous year. Conversely, household financing in the majority of regions remained resilient and continued to serve as the primary catalyst for growth, enabling national sharia banking financing to maintain positive, albeit restrained, growth (Graph 2.17).

Financing Performance to HVC Leading Sectors

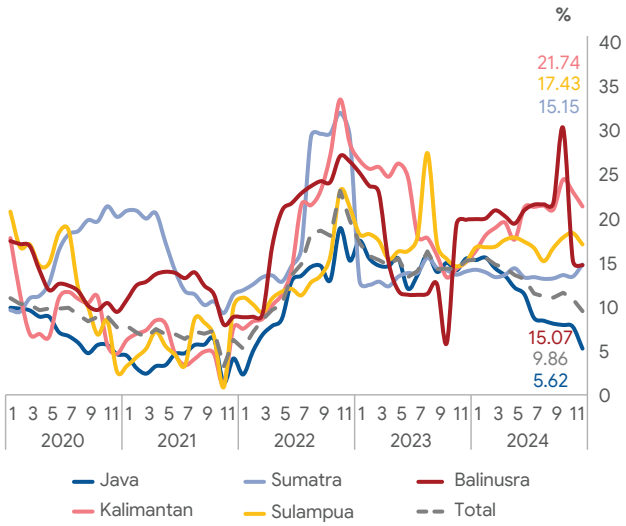
Disbursement of sharia banking financing to the Halal Value Chain (HVC) leading sectors in 2025 remained well maintained with relatively good quality despite moderation in the national financing landscape. This performance was primarily supported by positive growth in the halal food and beverage (F&B) sector and

Graph 2.15. Sharia Banking Financing by Region.



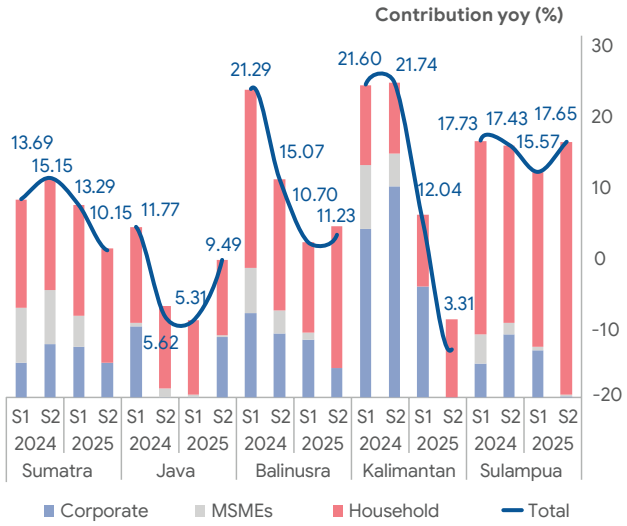
Source: Bank Indonesia, processed

Graph 2.16. Growth of Sharia Banking Financing by Region



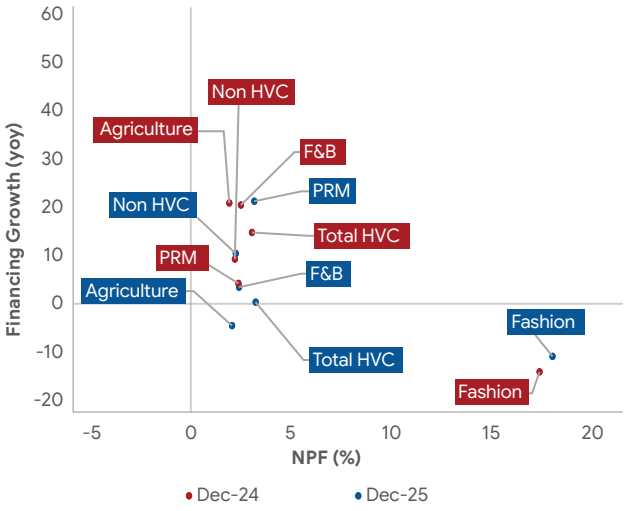
Source: Bank Indonesia, processed

Graph 2.17. Contribution to Sharia Banking Financing Growth by Region



Source: Bank Indonesia, processed

Graph 2.18. Growth and Quality of Sharia Banking Financing to HVC Leading Sectors.



Source: Bank Indonesia, processed

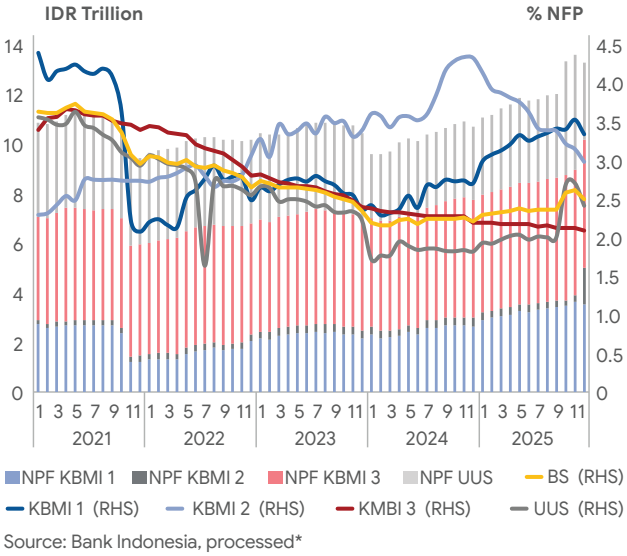
Muslim-friendly tourism (PRM), indicating a relatively solid demand across the halal value chain. Meanwhile, financing for the Muslim fashion sector continued to decline amid ongoing industry consolidation. In terms of asset quality, the risk profile of financing to HVC leading sectors generally remained under control, as evidenced by low NPFs in the halal F&B and PRM sectors and by improvements in NPFs within the Muslim fashion sector, although the latter remained relatively high. Overall, the HVC leading sectors continued to play a strategic role in supporting prudent and sustainable sharia financing while simultaneously strengthening the national halal ecosystem (see Graph 2.18).

Quality of Sharia Banking Financing

The quality of sharia banking financing in 2025 generally remained sound amid a moderate increase in the NPF ratio. In aggregate, NPF for Commercial Sharia Banks (BUS) and Sharia Business Units (UUS) rose modestly while maintaining relative resilience, reaching 2.16% and 2.09%, respectively (see Graph 2.19). When examined by Core Capital Bank Group (Kelompok Bank Modal Inti, KBMI), the NPF dynamics exhibited heterogeneous performance across groups. KBMI 2 and KBMI 3 recorded improvements in financing quality, with NPFs declining from 3.75% to 2.58% and from 1.90% to 1.81%, respectively, attributed to strengthened risk management and portfolio remediation. Meanwhile, KBMI 1's NPF increased from 2.35% to 2.89%, reflecting relatively greater exposure to higher-risk financing segments and an ongoing portfolio consolidation process. Overall, these developments confirm that sharia banking resilience remained intact with adequate risk-management capacity.

The Financing at Risk (FaR) for sharia banking in 2025 generally remained contained, exhibiting relatively moderate dynamics amidst adjustments in financing risk. In aggregate, FaR for BUS was relatively stable at 8.17%, while FaR for UUS declined slightly to 8.52%, reflecting continued risk management effectiveness despite fluctuations in credit disbursements (Graph 2.20).

Graph 2.19. NPF of Sharia Banking Financing



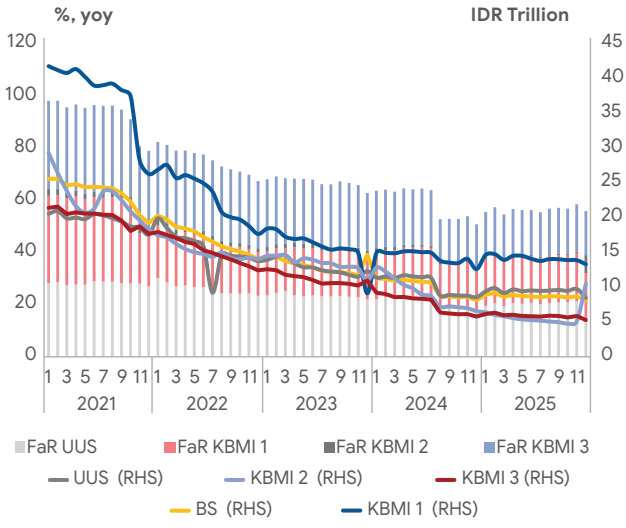
Source: Bank Indonesia, processed*

According to KBMI classifications, FaR pressures increased for KBMI 1 and KBMI 2—from 12.64% to 13.34% and from 6.60% to 10.54%, respectively—consistent with still-soft debtor performance prospects and portfolio consolidation. Conversely, KBMI 3 exhibited an improved risk profile, with FaR decreasing from 5.82% to 5.32%, indicating enhanced portfolio quality and effective risk management. Collectively, these FaR developments underscore that sharia banks retained adequate capacity to manage financing risk prudently amid ongoing fluctuations.

Sharia Banking Financing to MSMEs

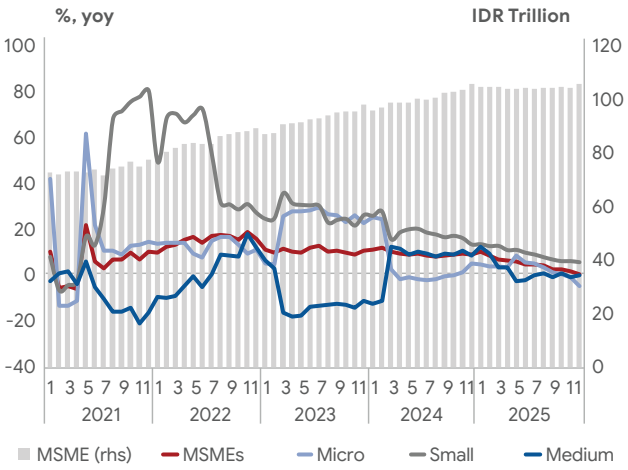
Sharia banking financing to micro, small, and medium enterprises (MSMEs) adjusted in 2025 in response to moderated financing demand, while still reflecting the sector's pivotal role in supporting sustainable productive activities. In aggregate, MSME financing growth reverted from 8.18% in 2024 to -0.23% in 2025, indicating a normalization phase following a period of relatively high expansion (Graph 2.21). The slowdown was primalrily observed in the micro and medium segments, which experienced contraction of -5.40% and -0.67%, respectively, consistent with adjustments in business capacity and a more cautious approach to financing demand. Conversely, the small enterprise segment

Graph 2.20. Financing at Risk (FaR) of Sharia Banking Financing



Source: Bank Indonesia, processed

Graph 2.21. MSME Financing of Sharia Banking



*In March 2023, there was a reclassification of the MSME segment in accordance with the provision of PP 7/2021 so that a structural break occ

Source: Bank Indonesia, processed

maintained positive growth of 4.56%, albeit at a more moderate pace than the previous year, underscoring the continued role of MSME financing and various financing schemes in sustaining small-scale business activities. Meanwhile, non-MSME financing increased from 9.60% to 11.64%, indicating a shift of disbursements toward relatively more resilient segments. Overall, these developments indicate that sharia MSME financing remained adaptive, with an orientation toward sustaining intermediation amid cyclical economic dynamics.

The moderation in MSME financing was primarily driven by demand-side factors and modifications in sharia banks' lending strategies. On the demand side, MSME business performance had not yet fully recovered and labor market conditions—particularly in the micro segment—limited both the necessity for and the capacity to access new financing. On the supply side considerations, sharia banks exercised increased prudence by focusing on enhancing financing quality amid rising working-capital risk due to uncertain business prospects. Sectoral analysis indicates that the slowdown was predominantly driven by trade and consumption-related services as domestic demand normalized and profit margins came under pressure. In addition, growth in subsidized microcredit (KUR) was less robust

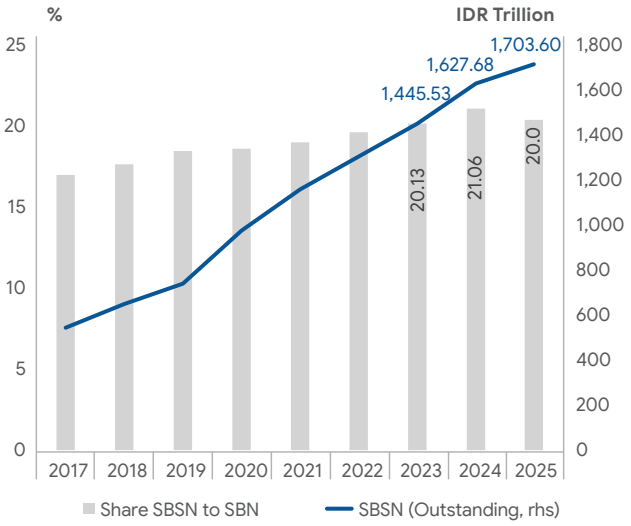
compared to previous periods, reducing its role as a primary driver of MSME expansion, while some non-KUR MSMEs continued to experience post-pandemic scarring effects that hindered improvements in business viability. The combination of these factors restrained the growth rate of MSME financing receivables (PYD), while also reflecting efforts to balance financing expansion with portfolio-quality resilience.

Bank Indonesia reaffirmed its commitment to MSME development, a core pillar of the national economy. Since 2022, Bank Indonesia has refined the Macroprudential Inclusive Financing Ratio (Rasio Pembiayaan Inklusif Makroprudensial, RPIM) policy across conventional commercial banks, sharia banks, and sharia business units to accelerate credit provision to MSMEs and ultra-micro enterprises (UMi) while preserving financial stability. As part of this strategy, the Macroprudential Liquidity Incentive Policy (Kebijakan Insentif Likuiditas Makroprudensial, KLM) was implemented to incentivize banks that achieve financing targets in priority sectors, including MSMEs, UMi, the green sector, and national priorities. In 2025, KLM policy was further strengthened through Bank Indonesia Regulation (PBI) Number 9 of 2025. The regulation sets out a forward-looking, performance-based macroprudential liquidity incentive framework designed to achieve optimal credit/financing targets, including inclusive financing segments such as MSMEs. Through these targeted policies, Bank Indonesia remains committed to further strengthening MSMEs' contribution as vital contributiors to the growth of the national economy.

Development of Sovereign Sharia Securities (SBSN)

Government financing through Sovereign Sharia Securities (Surat Berharga Syariah Nasional, SBSN) continued to exhibit a stable upward trend, underscoring SBSN's important role in diversifying and deepening the national financing structure. In 2025, outstanding SBSN reached approximately Rp1,703 trillion, reflecting modest growth compared to 2024 (see Graph 2.22). This outcome reflects the consistency of the government's financing strategy, which persistently relies on sharia-compliant instruments amid sustained fiscal financing needs. However, the share of SBSN within total government securities (SBN) slightly decreased from 21.06% in 2024 to aproximately 20% in 2025, indicating an adjustment in the composition of financing sources between sharia-based and conventional instruments in response to financial market conditions and debt-management strategy. Overall, these developments indicate that SBSN remains a stable pillar of the government's sharia financing framework.

Graph 2.22. SBSN Issuance Developments



Source: Bank Indonesia and Ministry of Finance, processed

The utilization of SBSN has been consistently directed to support government priority projects that are productive and have a broad economic impact. Through 2025, SBSN financing has supported 4,033 projects across Indonesia, with a dominance in basic infrastructure development and strategic public services (Figure 2.1). Projects under the Ministry of Public Works and Public Housing (PUPR) were the largest contributors, particularly in water resources, road and bridge construction, which play a key role in enhancing national connectivity and infrastructure resilience. Geographically, SBSN financing remained concentrated on Java, with the largest allocations in Central Java (Rp1.37 trillion, 67 projects), East Java

Figure 2.1. Details of Priority Project List (DPP) SBSN 2013–2025



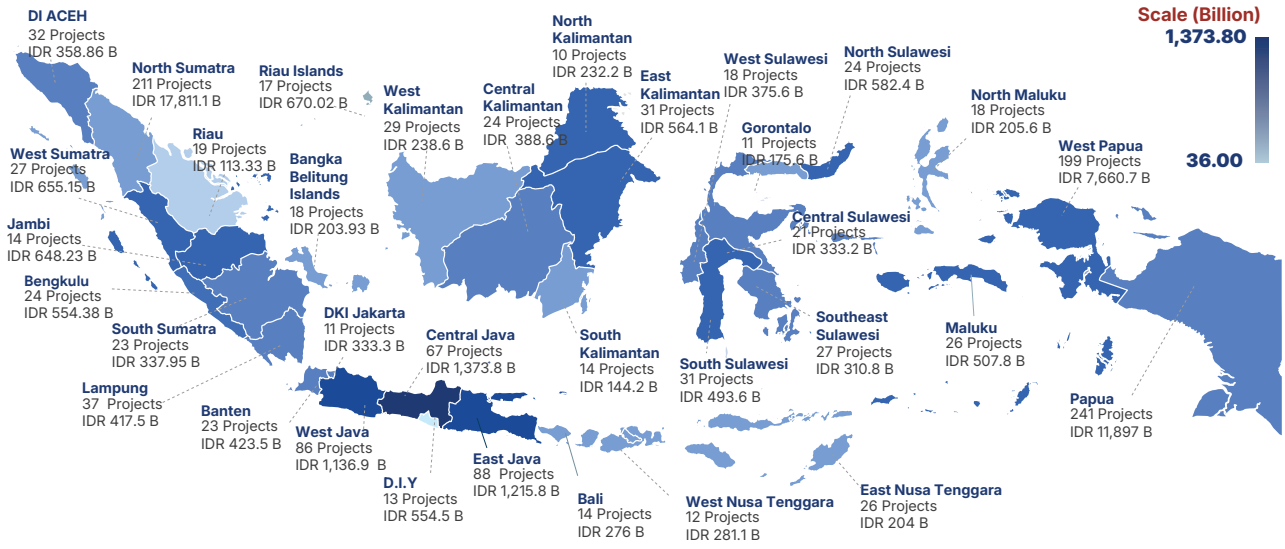
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(Rp1.21 trillion, 88 projects), and West Java (Rp1.13 trillion, 86 projects) (Figure 2.2). In addition, SBSN allocations were directed to support development in new administrative regions in Papua, including Southwest Papua (Rp98.9 billion, 5 projects), Highland Papua (Rp168.8 billion, 4 projects), South Papua (Rp94.6 billion, 2 projects), and Central Papua (Rp36 billion, 1 project). In the short term, infrastructure development acts as a demand driver by creating employment and boosting consumption. Over the long term, infrastructure contributes to supply-side improvements by increasing production capacity and improving the flow of goods and services, thereby generating economic efficiencies.

Sharia Capital Market Performance

The sharia capital market in 2025 continued to demonstrate constructive development amid domestic challenges and global economic uncertainty. As an integral part of the national financial system, the sharia capital market plays

Figure 2.2. Distribution of SBSN Projects 2013–2024



Source: DJPPR, Ministry of Finance, processed

a strategic role in providing long-term financing that complements the still-dominant banking intermediation function. Through sharia-based instruments such as sharia equities and sukuk, the sharia capital market not only broadens corporate funding options but also contributes to the sustainable strengthening of capital structures in accordance with good governance principles. Exhibiting high transparency and flexibility, the sharia capital market is increasingly serves as a pertinent alternative financing channel that deepens the national sharia financial market.

The scope and contribution of the sharia capital market within the national capital market structure expanded significantly in 2025, this was evidenced by the predominant presence of sharia equities in both market capitalisation and the number of listed issuers. In 2025, the Indonesia Sharia Stock Index (ISSI) constituted for 50.1% of the total market capitalization of the composite index (IHSG), with 60.6% of listed issuers classified as sharia equities (see Table 2.2). Sectorally, the industrial sector served as a primary driver, commanding an overwhelming 94.4% share of ISSI market capitalization, followed by the health sector which held a substantial 93.6%. Conversely, the financial sector continued to encounter challenges, contributing a comparatively modest 3.7% to ISSI market capitalization, consistent with the still-limited number of sharia issuers within that sector. Overall, these developments signify ongoing opportunities for the sharia capital market to expand its sectoral penetration and strengthen its role as an inclusive, sharia-principled financing alternative.

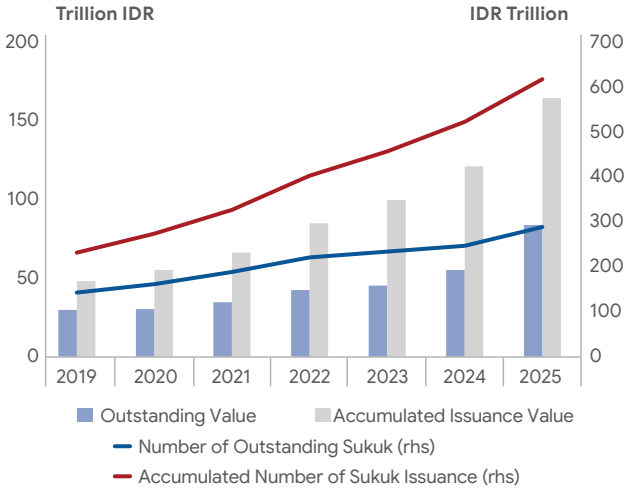
The instrument of sukuk has continued to strengthen as a source of long-term sharia-compliant financing. Outstanding sukuk increased from Rp29.83 trillion in 2019 to Rp83.77 trillion in 2025, accompanied by a rise in the number of outstanding sukuk from 143 to 247 (Graph 2.23). Cumulatively, sukuk issuance value also expanded significantly from Rp48.24 trillion in 2019 to Rp164.59 trillion in 2025, with the number of issuances increasing from 232 to 618. These developments reflect growing market interest in sukuk as a competitive, sharia-compliant investment instrument that supports corporate long-term funding requirements. Furthermore, the strengthening of the regulatory framework—

Table 2.2. Sharia Capital Market Performance

Sector	Market Cap Per December 2025		Number of Issuers		Share Market Cap ISSI (%)	Share Emiten ISSI (%)
	IHSG (M)	ISSI (M)	IHSG	ISSI		
Energy	1,507,010	1,354,510	87	62	89.9%	71.3%
Industry	681,055	643,148	67	46	94.4%	68.7%
Raw Goods	2,332,920	1,726,281	113	78	74.0%	69.0%
Primary Consumer Goods	1,167,399	841,981	135	86	72.1%	53.7%
Non-Primary Consumer Goods	578,701	366,628	167	102	63.4%	61.1%
Health	463,565	438,556	38	33	93.6%	86.8%
Finance	3,456,169	127,167	106	5	3.7%	4.7%
Property	865,657	365,401	94	62	40.8%	66.0%
Technology	877,903	698,987	47	34	79.6%	72.3%
Infrastructure	3,075,732	962,178	70	50	31.3%	71.4%
Transportation Logistic	56,874	37,559	40	26	66.0%	65.0%
Total	**15,098,185**	**7,562,406**	**964**	**584**	**50.1%**	**60.6%**

Source: Indonesia Stock Exchange, processed

Graph 2.23. Development of Corporate Sukuk



*Data as of November 2025

Source: OJK, processed

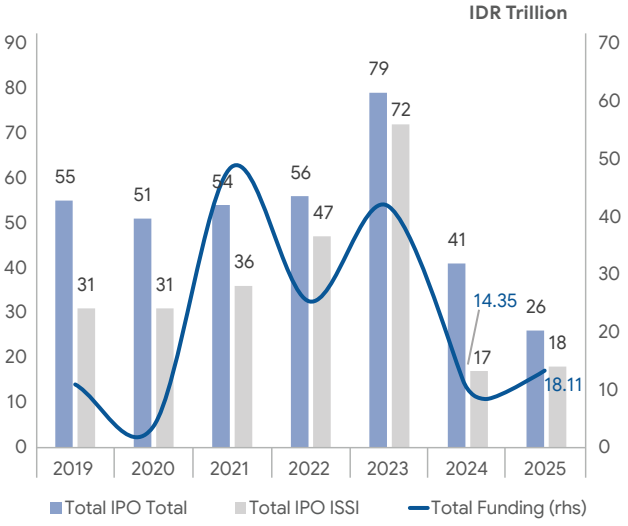
among other measures through the Financial Services Authority Regulation No. 10 of 2024 (POJK 10/2024) on regional sukuk issuance—has further expanded the potential for sukuk development to promote financial inclusion, finance sustainable development, and enhance transparency in the sharia capital market.

The IPO performance in 2025 exhibited a shift towards greater market selectivity and stronger funding quality. Although the number of issuers undertaking IPOs declined from 41 in 2024 to 26 in 2025, the contribution of sharia equities demonstrated resilience, rising to 18 sharia issuers (see Graph 2.24). Concurrently, total IPO proceeds experienced a substantial recovery, increasing from Rp14.35 trillion to Rp18.11 trillion, thereby indicating stronger transaction values despite a reduced issuance volume. This development corroborates observations made by Deloitte (2025) of a transition in the Indonesian capital market from a volume-driven to a value-driven orientation, whereby investors are progressively more selective, favoring issuers with robust fundamentals and larger scale. The rise in funding value amid fewer IPOs reflects the predominance of larger-capitalization firms and signifies a decline in the wait-and-see stance following the 2024 general election, alongside a continued recovery in investor confidence in economic fundamentals.

2.2.2. Developments in Sharia Business Activity Share and Sharia Financing Share

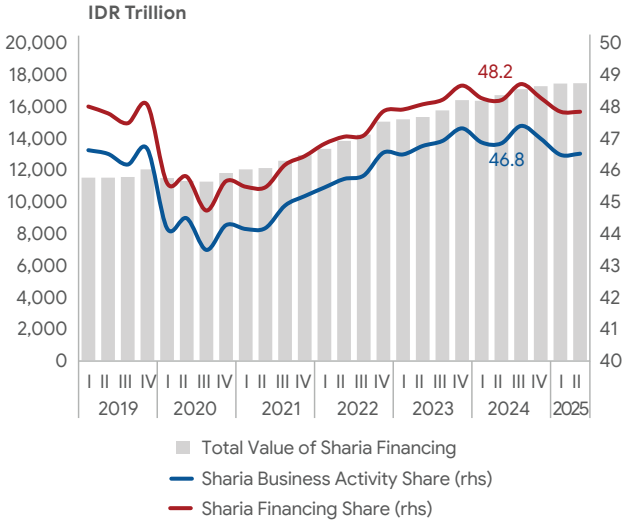
The proportion of sharia-compliant business activities and sharia financing within the national economy has remained resilient amidst economic fluctuations. In Q2 2025, the proportion of sharia-compliant business activity was relatively stable at 46.5%, while the share of sharia financing was notably high at 47.8% (see Graph 2.25). These conditions coincided with an increase in the value of sharia financing, which rose from 16.32% in Q2 2024 to 17.43% in Q2 2025, reflecting a strengthened role of sharia-compliant financing in supporting national economic activities. The sharia business

Graph 2.24. Developments in Initial Public Offerings (IPO) of the Indonesia Sharia Stock Index (ISSI)



Source: OJK, processed

Graph 2.25. Share of Sharia Business Activity and Share of Sharia Financing



Source: BPS and Bank Indonesia, processed

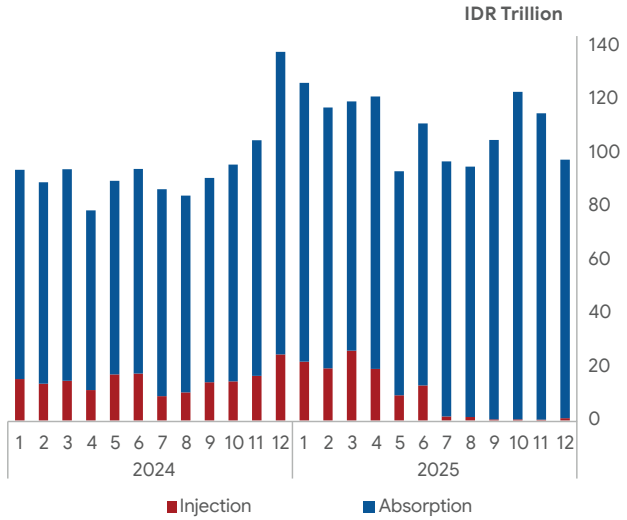
activity share functions as a macro indicator that reflects the development of sharia-based business activities at the national level. At this stage, the scope of sharia business activity encompasses two main dimensions: product and source of financing. The product dimension assesses conformity with sharia principles, particularly regarding the composition and content of goods produced. The financing-source dimension evaluates conformity with sharia principles, focusing on the origin of funds and the types of contractual arrangements used in production operations or business activities. The primary indicator for the financing dimension is the proportion of financing that complies with sharia principles relative to total financing within the national economy. Accordingly, sharia business activities should progressively aligned with sharia principles end-to-end, enabling effective integration between the real sector and the financial sector and delivering optimal benefits.

2.2.3. Sharia Monetary Operations (Operasi Moneter Syariah - OMS) and Sharia Money and Foreign Exchange Market (Pasar Uang dan Valuta Asing, PUVA)

Developments in Sharia Monetary Operations

The implementation of accommodative Sharia Monetary Operations (OMS) continued to be promoted to support liquidity management in the sharia money market. Bank Indonesia conducted a mix of monetary operations through both absorption and injection instruments. In the first half of 2025, liquidity conditions in the financial market remained relatively tight; in March, injection instruments reached their highest level compared with the 2024 period (Graph 2.26). The composition of injections indicates that a number of sharia banks still required liquidity support from Bank Indonesia. Entering the second half of 2025, domestic financial market liquidity began to ease. The need for liquidity injections declined markedly from July 2025 following government fund placements in state-owned banks (Himbara). This development led to a sharp reduction in injection requirements, reaching the lowest level in September 2025. The

Graph 2.26. OMS Based on Absorption and Injection

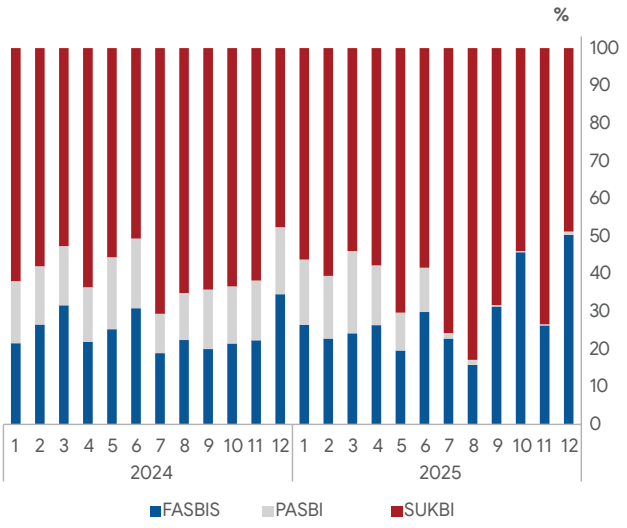


Source: EDW BI, processed

loose liquidity trend continued through year-end, with monetary operations becoming almost entirely dominated by absorption instruments, which accounted for 98% of operations.

Consistent with transaction volume developments within the OMS, the composition of OMS instruments throughout 2025 reflected banks' preferences in managing liquidity. In H1 2025, the OMS instrument mix was dominated by absorption instruments, particularly SUKBI (Graph 2.27), indicating that, on aggregate, sharia banks allocated excess liquidity in tradable instruments. The injection instrument PASBI maintained a persistent share

Graph 2.27. OMS by Instrument Type



Source: EDW BI, processed

during this period. The presence of PASBI amid SUKBI's dominance confirms market segmentation, whereby some banks still relied on Bank Indonesia's injection facilities to meet short-term needs. In addition to PASBI, Bank Indonesia provided a standing facility in the form of the Fasilitas Simpanan Bank Indonesia Syariah (FASBIS), which serves as an overnight placement alternative for sharia banks.

Entering the second half of 2025, as market liquidity became ample, instrument preference shifted significantly toward absorption instruments—especially SUKBI. The surge in SUKBI's share was particularly evident from Q2 2025 onward, when sharia banks' preference shifted almost entirely toward absorption instruments. However, toward year-end (November–December), there was a noticeable shift in preference toward FASBIS. The marked increase in FASBIS's share indicates a banking strategy of holding liquidity in very short tenor (overnight) instruments to anticipate cash needs during the year-end holiday period. Nevertheless, SUKBI remained the largest absorption instrument, with an average monthly volume of Rp66 trillion, compared with Rp45 trillion in FASBIS transactions during Q4.

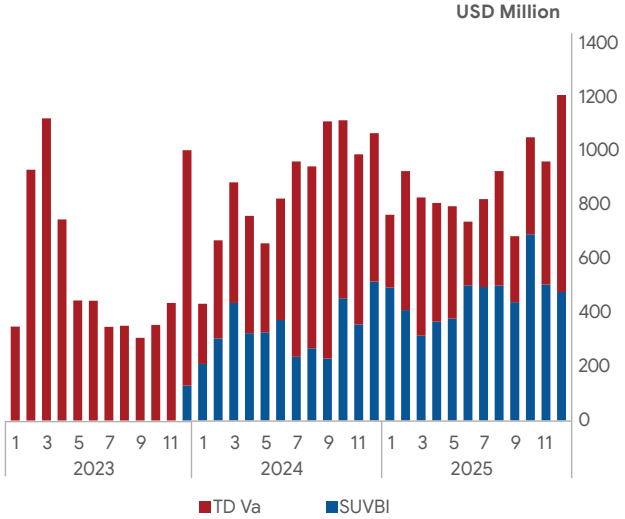
SUKBI not only serves as a liquidity-absorption instrument but also plays a strategic role in enhancing the depth of the sharia money market, given its tradability in the secondary market. To expand the utility of monetary instruments, Bank Indonesia has continued to accelerate the issuance of SUKBI Inclusive. This instrument offers a dual benefit: it is tradable in the secondary market for liquidity management purposes, and ownership of SUKBI Inclusive can be recognized for compliance with the Macroprudential Inclusive Financing Ratio (RPIM). This initiative strengthens collaboration between monetary and macroprudential policies to foster inclusive and green-aware financing.

Foreign currency OMS activity tended to increase following the introduction of a new instrument, namely Sukuk Valas Bank Indonesia (SUVBI). SUVBI is a "pro-market" monetary operations instrument in the form of foreign-currency sukuk issued by Bank Indonesia, which employs sharia-compliant securities denominated in foreign currency as the underlying asset. Unlike sharia foreign-currency term deposits (TD valas syariah), which typically have tenors ranging from one week to three months, SUVBI is issued with maturities of one to three month. As a pro-market instrument, SUVBI can be held and traded in the market by both resident and non-resident participants and is expected to attract inflows of foreign portfolio investment. Since its first auction in December 2023, outstanding SUVBI has shown an upward trend, with an average of USD 464 million in 2025—an increase of 38% compared with 2024 (Graph 2.28).

Developments in the Sharia Interbank Money Market (Sharia PUVA)

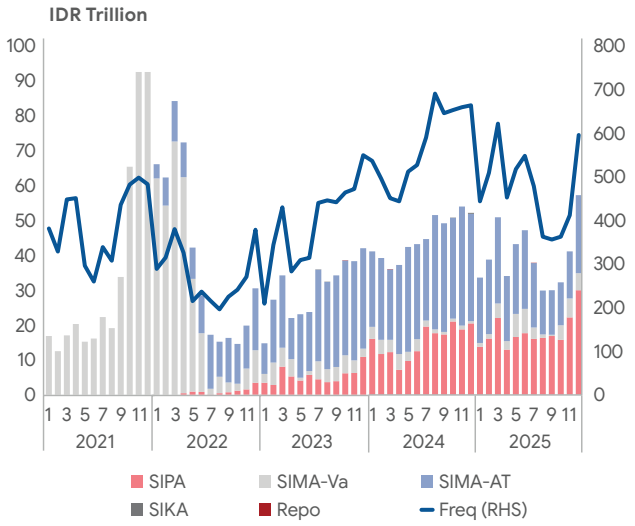
Activity in the Sharia Interbank Money Market (PUAS) moderated throughout 2025. The total transaction volume in 2025 amounted to Rp476.27 trillion, declining from the level observed in 2024 (see Graph 2.29). This reduction in activity was consistent with ample liquidity conditions within sharia banking—particularly in the second half of 2026—and solid growth in Third-Party Funds (DPK), which reduced banks' urgency to seek funding in the interbank market. Although aggregate activity diminished, a seasonal pattern emerged at year-end, characterized by significant surge

Graph 2.28. SUVBI Outstanding and Term Deposit of Sharia Foreign Currency



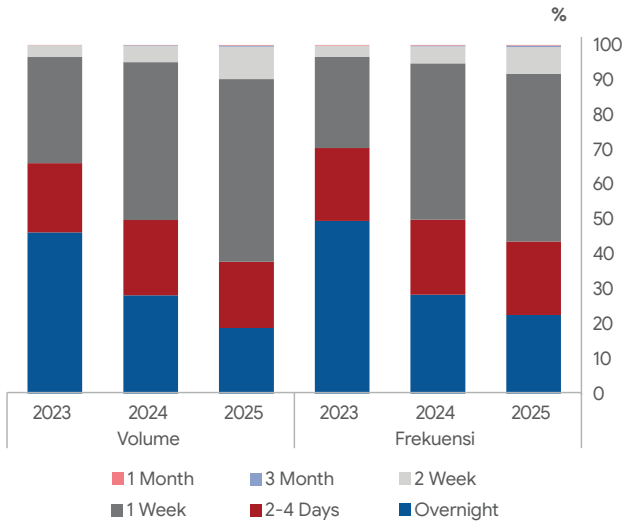
Source: EDW BI, processed

Graph 2.29. PUAS Transaction



Source: EDW BI, processed

Graph 2.30. PUAS Volume and Frequency by Tenor



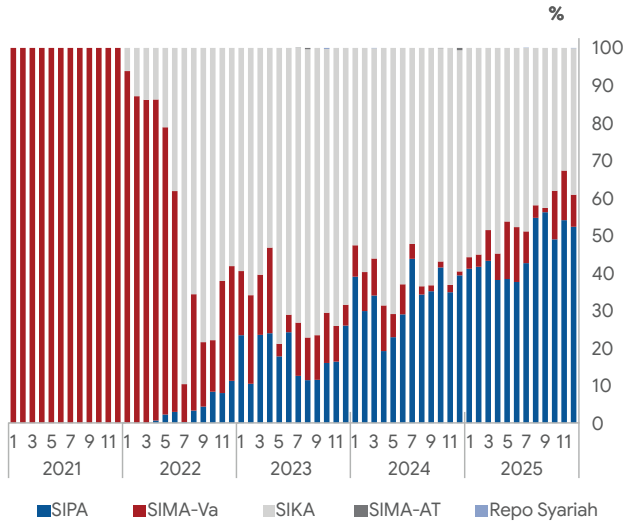
Source: Bank Indonesia

in transaction volume and frequency during November–December 2025. This surge was primarily driven by banks' anticipation of liquidity requirements during the Christmas and New Year holidays. In addition, the year-end increase in PUAS transactions—especially in December 2025—was also attributable to a reduction in auction frequency and SUKBI winner allocations as part of monetary expansion, prompting banks to allocate excess liquidity into alternative instruments, including PUAS.

In terms of market depth, the average transaction frequency moderated to 472 times per month. Nevertheless, the number of PUAS participants remained stable at 49 banks, reflecting that the sharia money market has attained a satisfactory level of maturity as a reliable liquidity source. A structural shift in tenor preferences occurred over 2023–2025, transitioning from overnight dominance toward one-week tenors (Graph 2.30). This shift indicates increasingly planned and efficient liquidity management by sharia banks.

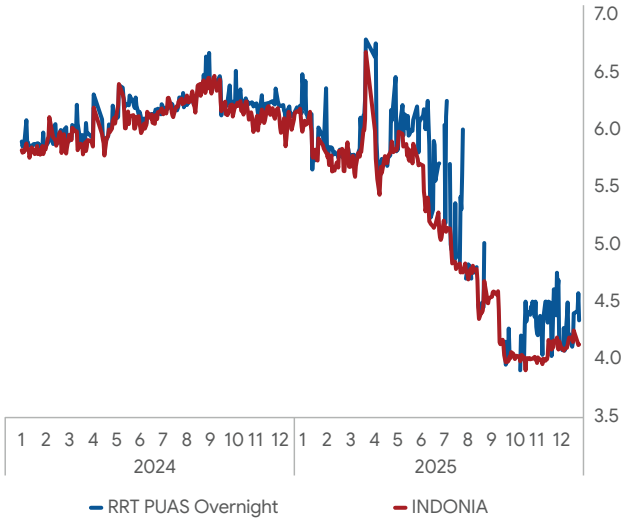
The transaction structure in PUAS showed increasingly solid instrument diversification. Throughout 2025, market participants' preferences underwent a significant structural shift. Although SIMA instruments (both SIMA-Va and SIMA-AT) still dominated transaction composition in aggregate, the contribution of SIPA experience rapid growth, reaching a 46% market share (see Graph 2.31). Meanwhile, SIKA and Sharia Repo transactions maintained limited proportions. The rising adoption of SIPA indicates a stronger preference among sharia banks for secured instruments. This shift reflects market deepening and more prudent interbank liquidity risk management that prioritizes instruments with clear underlying assets.

Graph 2.31. PUAS Transaction Type Shares



Source: EDW BI, processed

Graph 2.32. Comparison of PUAS and PUAB Pricing



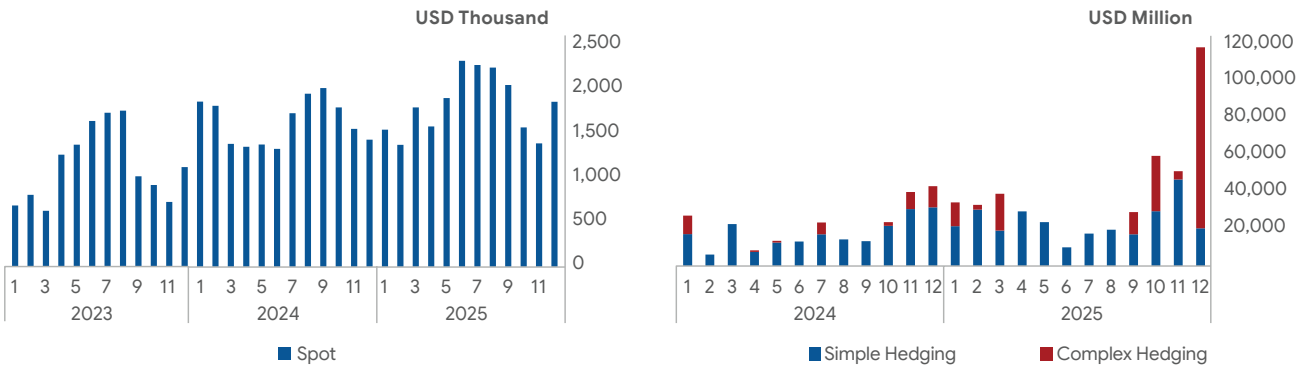
Source: Bank Indonesia

Loose liquidity conditions in sharia banking are transmitted directly to pricing formation in the money market. This was reflected in a downward trend in the Weighted Average Return (RRT) for PUAS overnight tenors throughout 2025 (see Graph 2.32). An excess supply of liquidity relative to demand generally pushed down interbank funding costs. Although PUAS rates have been declining, they still approximate those of the conventional market (INDONIA), with a positive spread: PUAS rates tend to be higher and more volatile than INDONIA. This indicates market segmentation and liquidity frictions. Therefore, the role of Conventional Commercial Banks (BUK) as liquidity suppliers in the sharia market should continue to be optimized. Active participation by BUK is expected to deepen the market and foster more efficient price convergence between the sharia and conventional money markets.

Sharia foreign exchange (FX) market activity in 2025 recorded solid performance, with spot transactions continuing to be the predominant component. These spot transactions accounted for up to 99% of total sharia FX volume. Nominally, spot transaction volume grew by 11.76% (yoy), rising from USD 19.6 million in 2024 to USD 22 million in 2025. Meanwhile, a significant acceleration in Sharia Hedging Instruments (Lindung Nilai Syariah, LNS) occurred. Total LNS volume—including both simple and complex instruments—surged by 86.5%, from USD 250 million to USD 466 million (see Graph 2.33). This development was a result of a positive industry response to the enactment of Board of Governors Regulation (PADG) No. 11 of 2024, which implements Bank Indonesia Regulation (PBI) No. 6 of 2024 to preserve rupiah stability and regulate, develop, and supervise transactions in the foreign exchange market. The regulatory framework provided legal certainty and encouraged sharia banks to actively offer hedging facilities.

The increase in LNS activity was also driven by transaction risk management amid high global volatility due to geopolitical uncertainty (Graph 2.33). This was reflected in rising transactions in Sharia Swaps (complex LNS), which gained popularity as a dual-risk management tool addressing both exchange-rate and yield risks. Meanwhile, the use of Sharia Forwards also

Graph 2.33. Sharia FX Market Transaction Volume



Source: EDW BI, processed

increased in line with the real sector's need to mitigate exchange-rate risk in international trade (exports-imports). These developments underscore the important role of sharia hedging in supporting real trade activities among market participants.

2.2.4.Developments in Islamic Social Finance

The management of Islamic social finance in 2025 played an increasingly active role in responding to social needs and supporting community economic recovery. Funds obtain from Zakat and infaq/sadaqah managed by bodies and institutions within the banking sector declined relative to 2024, although they still recorded positive growth of 1.43% year-on-year (yoy). The ongoing downward trend (Graph 2.34) indicates improved effectiveness in the management and utilization of Islamic social finance amid still-limited household consumption growth. Zakat and infaq/sadaqah funds generally did not remain idle as bank deposits but they were disbursed more quickly and targeted to beneficiaries in need, including responses to flood and landslide disasters in Sumatra in 2025. This scenario also encouraged increased fundraising, management, and distribution activities conducted by government institutions and civil society organizations. With the widespread digitalization of collection and distribution channels and strengthened ZISWAF governance, the contribution of Islamic social finance is expected to continue rising to support household purchasing power and productivity, as well as to bolster aggregate demand and income distribution.

Although Indonesia's Islamic social finance sector has developed considerably and benefits from substantial philanthropic potential, the World Giving Report 2025 (formerly the World Giving Index) by the Charities Aid Foundation (CAF) no longer ranks Indonesia as the world's most generous country. In 2025, Indonesia was positioned at 21st on the Generosity Scores, after previously holding the top position since 2018—driven by a high propensity to donate. The decline in ranking reflects a change in assessment methodology that is now more comprehensive, considering factors such as the proportion of funds, impact, documentation of distribution channels, record-keeping systems, transparency, and inclusivity of donation channels. Consequently, strengthening governance, accountability, and financial reporting systems in Islamic social finance becomes increasingly relevant to ensure that the nation's philanthropic potential is accurately represented in management quality and measurable impact.

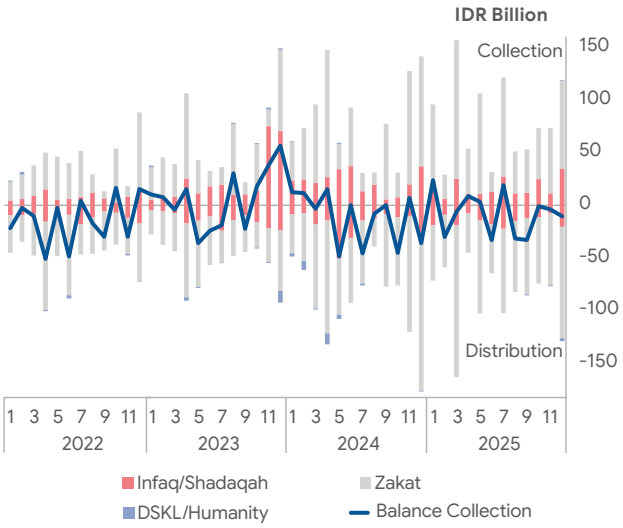
Graph 2.34. BAZIS DPK Development



Source: Bank Indonesia, processed

The collection and distribution of Islamic social finance through the banking system remained adequate, primarily driven by sustained high levels of zakat and infaq/sadaqah transactions. As of December 2025, total interbank collection of Islamic social funds reached Rp963.88 billion, demonstrating relative stability compared to Rp968.68 billion collected in 2024 (Graph 2.35). The largest share of collections was zakat (78.05%), followed by infaq/sadaqah (21.08%) and humanitarian funds (0.14%). On the distribution side, total disbursements of Islamic social finance via banks until December 2025 amounted to Rp1.06 trillion, which is lower than the Rp1.11 trillion disbursed as of December 2024. The net balance, representing collections minus disbursements as of December 2025 showed a deficit of Rp94.52

Graph 2.35. Collection and Distribution of Interbank Islamic Social Finance



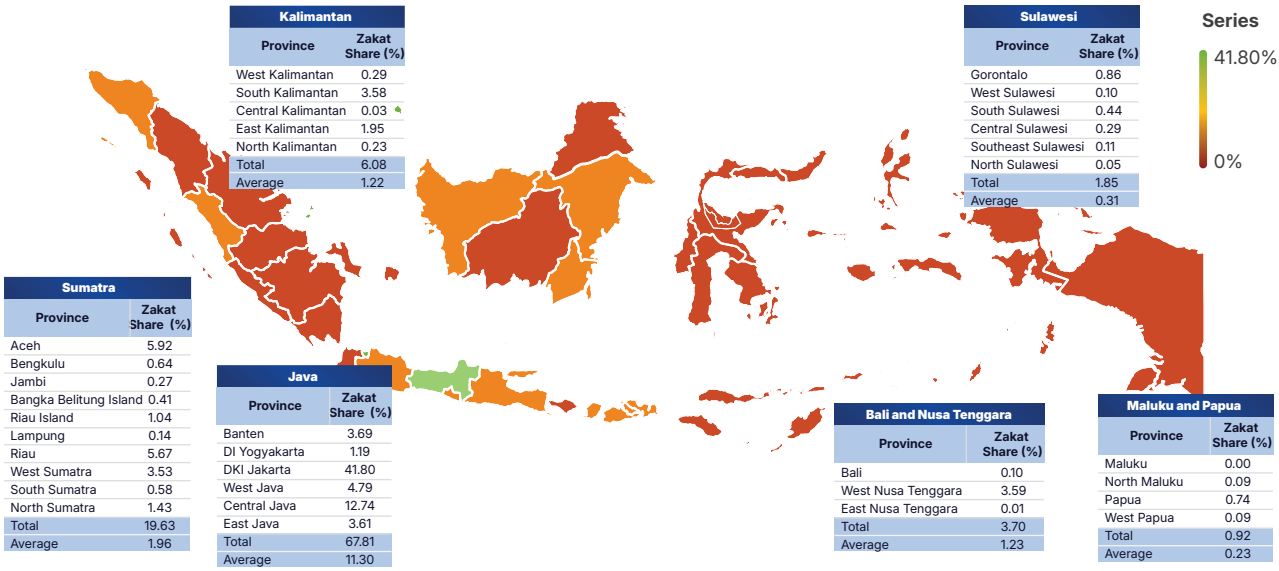
Source: Bank Indonesia, processed

billion, although monthly figures exhibited positive and negative dynamics. This pattern suggests that collected funds are not always disbursed within the same calendar month. Seasonal patterns are evident, with peak collection and distribution periods during Ramadan and Eid al-Fitr, Eid al-Adha, the start of the school year, and year-end—all periods during which certain population groups receive higher incomes while others require social assistance. At the end of 2025, both collection and disbursement of Islamic social finance increased due to the need to channel aid to victims of floods and landslides in Sumatra.

Regionally, the majority of social fund collections remained concentrated in Java, with nominal collections declining in most areas. The largest share of social fund collections—comprising zakat, infaq, sadaqah, and humanitarian funds—originated from Java (67.81%), followed by Sumatra (19.63%), Kalimantan (6.08%), Bali-Nusa Tenggara and Maluku (4.62%), and Sulawesi (1.85%) (Figure 2.3). By province, the largest nominal collections were reported in DKI Jakarta, Central Java, and Aceh. This pattern aligns with the 2025 sharia economic and financial literacy survey conducted across 18 provinces, which determined that regions classified as well-literate (>50%) generally exhibited higher social fund collection rates than other regions

In general, the success of Islamic social finance collection is strongly determined by the population size and the level of sharia economic and financial literacy within a region, rather than by the provincial minimum wage (UMP) levels. This is evidenced by Java's status as the largest regional contributor to total social funds in 2025, despite an average UMP of Rp3.06 million in 2026, which is lower than the national

Figure 2.3. Share of Zakat Payments by Province



Kalimantan

Province	Zakat Share (%)
West Kalimantan	0.29
South Kalimantan	3.58
Central Kalimantan	0.03
East Kalimantan	1.95
North Kalimantan	0.23
Total	6.08
Average	1.22

Sulawesi

Province	Zakat Share (%)
Gorontalo	0.86
West Sulawesi	0.10
South Sulawesi	0.44
Central Sulawesi	0.29
Southeast Sulawesi	0.11
North Sulawesi	0.05
Total	1.85
Average	0.31

Sumatra

Province	Zakat Share (%)
Aceh	5.92
Bengkulu	0.64
Jambi	0.27
Bangka Belitung Island	0.41
Riau Island	1.04
Lampung	0.14
Riau	5.67
West Sumatra	3.53
South Sumatra	0.58
North Sumatra	1.43
Total	19.63
Average	1.96

Java

Province	Zakat Share (%)
Banten	3.69
DI Yogyakarta	1.19
DKI Jakarta	41.80
West Java	4.79
Central Java	12.74
East Java	3.61
Total	67.81
Average	11.30

Bali and Nusa Tenggara

Province	Zakat Share (%)
Bali	0.10
West Nusa Tenggara	3.59
East Nusa Tenggara	0.01
Total	3.70
Average	1.23

Maluku and Papua

Province	Zakat Share (%)
Maluku	0.00
North Maluku	0.09
Papua	0.74
West Papua	0.09
Total	0.92
Average	0.23

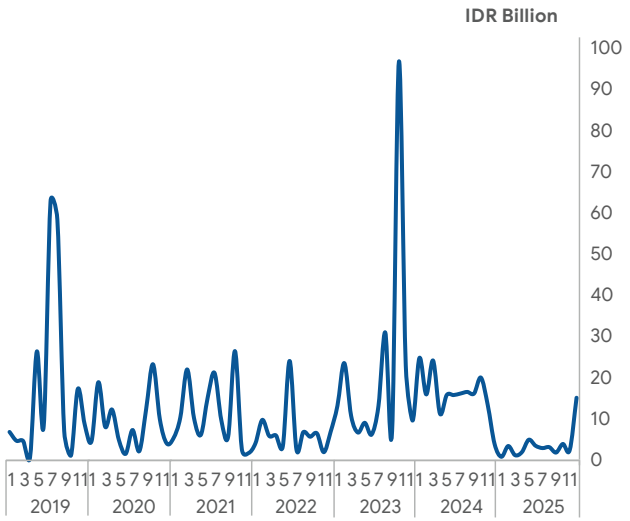
Source: BAZNAS, processed

average UMP of Rp3.51 million. Nevertheless, the geographic distribution of social fund collections has not yet effectively addressed economic inequality as reflected in the Gini ratio. On average, Java recorded the highest regional Gini ratio in 2024 at 0.39, followed by Maluku & Papua (0.35), Sulawesi (0.35), Bali-Nusa Tenggara (0.35), Sumatra (0.30), and Kalimantan (0.29). This suggests that the collection and distribution of Islamic social finance still possess considerable potential for enhancement to foster inclusivity and more equitable welfare outcomes.

In the digital donation segment, social crowdfunding collections grew in 2025, albeit at a lower rate than in 2024. The number of social crowdfunding providers declined in 2025, resulting in a lower total donation amount compared with 2024. Social crowdfunding collections in 2025 reached Rp194.9 billion, down from Rp250.85 billion in 2024 (refer to Graph 2.36). This decline in donations is likely attributable to subdued household consumption in 2025 and a continued downward trend in Indonesia's middle-class share, which fell to 17.13% in 2024. Nonetheless, donations increased at the end of 2025, driven by public support for victims of floods and landslides in Sumatra.

The substantial philanthropic potential, coupled with an improving sharia financing environment in Indonesia, has stimulated innovations that integrate commercial and social finance. One such hybrid financial innovation operating since 2020 is the Cash Waqf Linked Sukuk (CWLS). CWLS represents the first large-scale program financing social projects through a government-supervised non-profit instrument and is generally issued in two types: retail and non-retail. Since its inception through the end of 2025, the government has issued CWLS fifteen times. As of December 2025, eight CWLS series remained outstanding with a total value of Rp834.85 billion (Graph 2.37). The CWLS series issued in 2024 (SWR005)

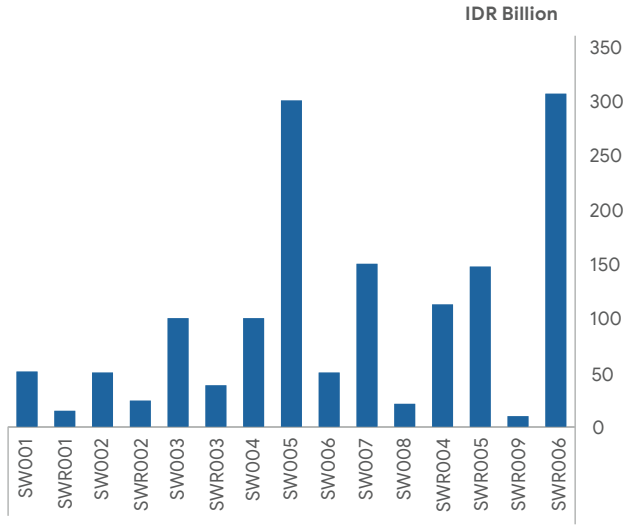
Graph 2.36. Social Crowdfunding Collections



Source: Social Crowdfunding Platforms; Bank Indonesia, processed

specifically targeted disbursements for productive empowerment projects involving pesantren-based livestock farmers in Eastern Indonesia. The CWLS innovation has received international recognition, being awarded the IsDB Prize in the 'Development Achievement' category. Beyond continued domestic development, several countries have expressed interest in replicating the CWLS model.

Graph 2.37. CWLS Collections by Series



Source: DJPPR, processed

2.3 Development in National Sharia Economic Literacy

2.3.1. Sharia Economic Literacy Index

Improvements in sharia economic and financial literacy are a key determinant of the future prospects for both the halal industry and sharia finance. Since 2019, Bank Indonesia has undertaken a range of communication and outreach initiatives aimed at strengthening participation, improving understanding of fundamental concepts, and broadening acceptance of the sharia economic and financial brand through coordinated national-level activities with multiple stakeholders. The principal annual national event designed to enhance sharia economic literacy—engaging various ministries and government institutions—is the Indonesia Sharia Economic Festival (ISEF), while regional efforts are conducted through the Sharia Economic Festival (FESyar) across three Indonesian regions (Sumatra, Eastern Indonesia, and Java). Bank Indonesia also organizes the Sharia Financing Month (BPS), involving BI representative offices across the country. In 2025, the BPS schedule was extended, with the event's commencement moved to February—nine months prior to the 12th of ISEF.

Bank Indonesia employs the Sharia Economic Literacy Index as a diagnostic instrument to assess the level of understanding among Indonesian Muslims regarding sharia economics and finance. The index captures awareness and knowledge of sharia economic principles and social institutions, as well as associated attitudes. Measurement is conducted in two formats: a nationwide triennial survey and annual tracking surveys during non-national-survey years. In 2025, Bank Indonesia conducted the third national sharia economic literacy survey to acquire current indicators of public understanding of sharia economics and finance (Table 2.3). The 2025 national survey produced a current sharia economic literacy index of 50.18%, an increase of 7.34 percentage points compared with the 2024 index (Graph 2.38).

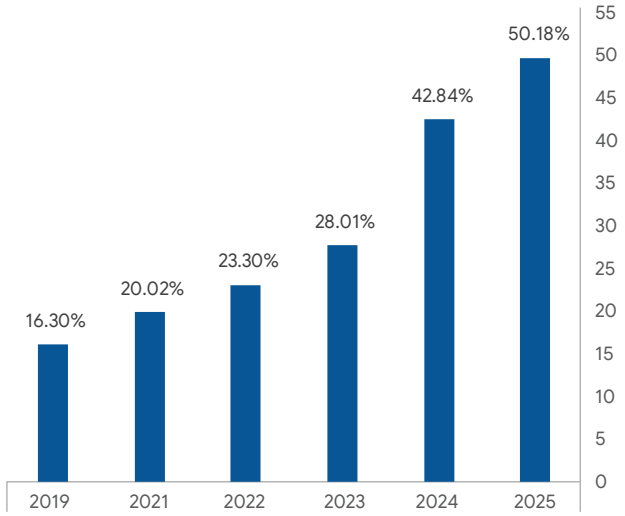
Despite the index improvement, the level of public understanding of sharia economics remains relatively low given Indonesia's sizable Muslim population—87.50% of the total population. The discrepancy between current literacy levels and the country's potential should therefore be treated

Table 2.3. Sources and Amount of Data Collected

Year	2019	2021	2022	2023	2024	2025
Activity	National Survey 1	Tracking National Survey 1	National Survey 2	*Tracking National Survey 2*	*Tracking National Survey 2*	National Survey 3
Location	13 provinces	8 provinces	18 provinces	10 provinces	10 provinces	18 provinces
Number of Respondent	3312 people	800 people	3740 people	1021 people	1048 people	4266 people

Index components: (1) awareness and knowledge of sharia economic terminology; (2) familiarity with Islamic social finance institutions; (3) numeracy related to sharia economics; (4) sharia-based financial management; (5) attitudes toward the future; and (6) knowledge of halal products and services.

Graph 2.38. Sharia Economic and Finance Literacy Index



Source: Bank Indonesia

as an opportunity to strengthen synergies in sharia economic literacy through both formal and non-formal channels.

2.3.2. Big Data Analysis on Trends in Sharia Economy and Finance

Sources and Data Volume

Digital technology developments have instigated a significant transformation within the economic and financial sectors, including the sharia economy and finance. Given the growth and potential of the sharia economy in both domestic and global markets, a comprehensive understanding of literacy dynamics, public perceptions, and interaction patterns is required to support the development of an inclusive and sustainable sharia economic and financial ecosystem. In this context, the Department of Sharia Economy and Finance at Bank Indonesia utilizes big data analytics to examine discourse dynamics, public sentiment, and current issues in sharia economy and finance across social media and online news portals. The analysis aims to understand Indonesian public perspectives and expression patterns throughout 2025, serving as a foundation for designing literacy-strengthening strategies and for developing the national sharia economy and finance.

The analysis process begins with defining categories and keywords as the initial framework, followed by data collection on relevant platforms, data preparation, and subsequent analysis. The categories are systematically organized around issues relevant to the sharia economy and finance. Once the categories are established, specific keywords for each category are identified to ensure that the search and extraction processes capture content aligned with the analysis's scope. Six categories have been employed in this analysis: (i) General category (keywords: *ekonomi syariah, halal, pesantren*, etc.); (ii) Sharia finance (keywords: *bank syariah, pembiayaan syariah, riba*, etc.); (iii) Islamic social finance (keywords: *ZISWAF*, etc.); (iv) Halal products (keywords: *sertifikasi halal, makanan halal, fashion muslim*, etc.); (v) Contracts (akad) (keywords: *murabahah, mudharabah, ijarah*, etc.). Data were collected from Instagram, TikTok, X, and YouTube.

Based on data collected from publicly available sources, social media generated a substantially larger data volume than online news portals. This difference in volume does not signify the importance of the issue but is influenced by the data collection methodology and source coverage. In this analysis, online news portal sources were limited to several major outlets, whereas social media encompassed multiple platforms with high user participation, structurally producing a larger data volume (Table 2.4).

Table 2.4. Sources and Data Volume Collected

Data Source	Approximate Volume Collected
Portal news	±22 thousand
Social media	±124 thousand

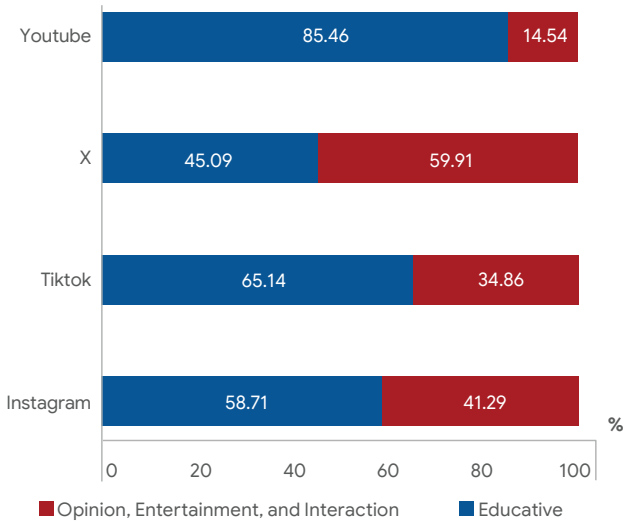
Source: Bank Indonesia, processed

Based on the characteristics and scope of the collected data sources, an exploration of the substantive content circulating on social media was conducted. One focal aspect was the distinction between educational content and content characterized by opinion, entertainment, and interaction, considering that social media serves not only as an information dissemination channel but also as a medium for enhancing public literacy and understanding of the sharia economy and finance (see Graph 2.39). Educational content is defined as material that provides substantial knowledge, explanations, or understanding of sharia economic and financial topics, whereas opinion, entertainment, and interactive content emphasizes the expression of views, reactions, and user engagement on issues in a concise and reactive format. Based on this framework, the analysis of educational content aimed to identify the extent to which social media are being used to convey information and knowledge, and to assess the differing roles of each platform in supporting public education

Platform-level analysis revealed distinct content characteristics across social media platforms. YouTube recorded the highest proportion of educational content (85.46%), followed by TikTok (65.14%), Instagram (58.71%), and X (45.09%) (Graph 2.39). This pattern indicates that YouTube is predominantly used as a channel for comprehensive material delivery and explanation, resulting in more educational content. TikTok and Instagram combine educational functions with entertainment elements, emphasizing concise visual delivery. By contrast, X shows a relatively lower share of educational posts, reflecting its greater use for opinion dissemination and thereby capturing the dynamics of public perception on various sharia economic and financial issues.

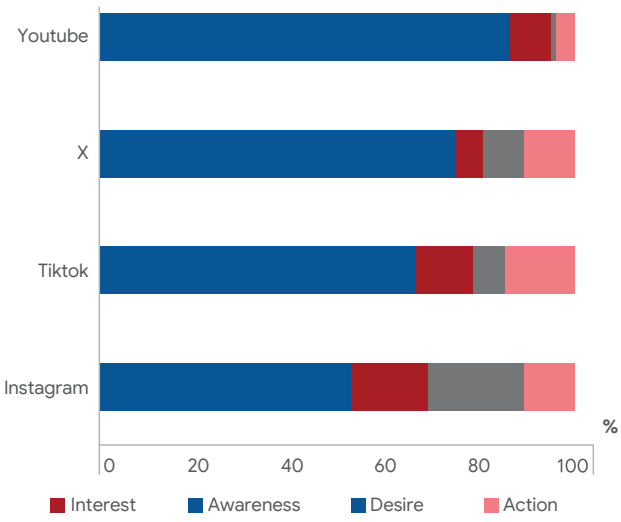
The substantial presence of educational content across various social media platforms reflects strong efforts to disseminate information and enhance public literacy. However, to understand the extent to which such content contributes to overall public response, further analysis was required using the AIDA framework (Awareness, Interest, Desire, Action). This approach was applied

Graph 2.39. Proportion of Social Media Data Classified as Educational



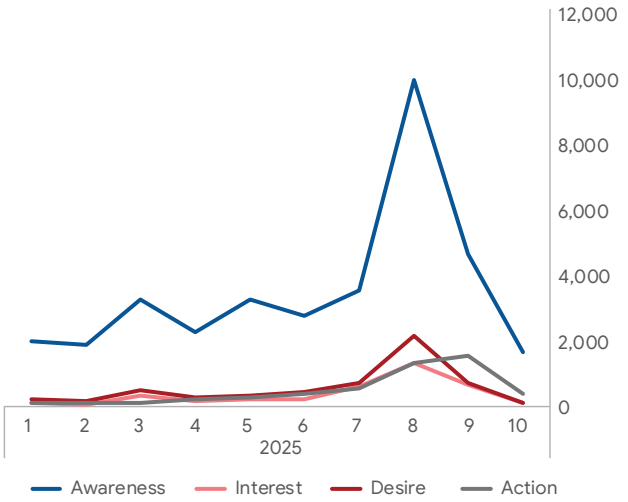
Source: Social media, processed

Graph 2.40. AIDA (Awareness, Interest, Desire, Action) Proportions in Social Media Data



Source: Social media, processed

Graph 2.41. AIDA Trend in Sharia Economic and Financial Content.



Source: Social media, processed

to map the position and impact of content in the communication process, from initial exposure to its potential in prompting user action.

The distribution of AIDA stages across social media platforms illustrates the relative roles and functions of each platform in sharia economic and financial communication. Graph 2.40 shows the AIDA distribution across four platforms. YouTube and X were dominated by the Awareness stage, indicating their effectiveness in providing initial exposure to sharia economic and financial topics. Instagram displayed a more balanced distribution across Awareness, Interest, and Desire, positioning it as an ideal channel for sustaining public interest through deeper content and preference formation. Meanwhile, TikTok recorded the highest proportion of Action, suggesting that its short-form visual content is more effective in motivating concrete user actions.

To complement the AIDA proportion analysis, a trend analysis was conducted to capture changes in public responses over time. The Awareness stage showed a significant increase in August 2025, reflecting a surge in exposure to the issues analyzed (Graph 2.41). This increase was substantially higher than in other periods and became the main contributor to AIDA dynamics throughout the year. The pattern indicates the presence of communication momentum or specific events that broadly elevated public attention.

However, the rise in Awareness was not fully accompanied by proportional increases in Interest, Desire, and Action. While Interest and Desire experienced some growth, Action remained relatively low, highlighting a gap between issue recognition and tangible responses or participation. This pattern suggests that public interaction during the period was still dominated by information consumption rather than adoption or active involvement.

To identify the drivers of the August 2025 Awareness spike, a word-cloud analysis was conducted to reveal the narratives, issues, or events that triggered heightened public exposure. The word-cloud analysis for August 2025 showed increased public attention to sharia economics in the context of philanthropy and humanitarian campaigns. The analysis revealed dominant social and religious terms such as *baznas*,

Figure 2.4. Word Cloud of Discussion Topics in August 2025



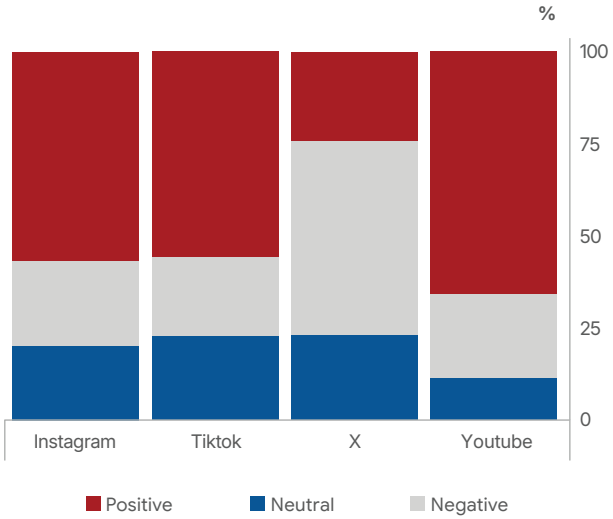
Source: Social media, processed

zakat, *sedekah*, and *wakaf*, alongside references to sharia-compliant financial services including *bank syariah* and other Islamic social finance instruments (Figure 2.4). The emergence of these terms indicates that, in August, exposure and engagement with sharia economics were influenced not only by commercial financial instruments but also by community social-finance practices with philanthropic, inclusive, and humanitarian solidarity dimensions.

The AIDA analysis and word-cloud exploration at the Awareness stage provided an overview of exposure levels, interaction patterns, and dominant themes that contributed to increased public attention. However, the high levels of exposure and intensity of conversation did not fully reflect the quality of public responses to the issues analyzed. To enhance understanding of communication dynamics on social media, a subsequent analysis examined sentiment across platforms. Sentiment analysis was employed to identify public attitudes—positive, neutral, or negative—thereby illustrating how *Eksyar* was perceived and received across various communication platforms.

Based on the sentiment-proportion analysis conductedon social media for *Eksyar* topics, positive sentiment remained the dominant sentiment across all platforms. This indicates a relatively favourable public perception of the topics discussed. Instagram and YouTube recorded the highest levels of positive sentiment, each representing for more than half of total conversations (see Graph 2.42). This condition suggests that both platforms are effective channels for building an image and delivering persuasive and inspirational messages. Meanwhile, X was characterized predominantly by neutral sentiment, reflecting a user base more focused on discussion, information dissemination, and opinion expression

Graph 2.42. Sentiment Proportion in Social Media



Source: Social media, processed

without strong emotional bias. The relatively higher share of negative sentiment on X underlines the necessity for regular monitoring and strengthened *Eksyar* communication strategies. TikTok showed a more balanced sentiment distribution across positive, neutral, and negative categories, indicating its potential to facilitate more responsive *Eksyar* communication on emerging issues.

Sentiment analysis reveals a communication approach that leverages neutral sentiment for educational purposes, converts positive sentiment into active public participation, and manages issues quickly and measurably. The predominance of neutral sentiment (44.57%) in sharia economic and financial content indicates that the majority of content is informational or descriptive, thereby providing an opportunity to enhance literacy and public awareness. The share of positive sentiment (33.52%) indicates potential for increasing public support for the sharia economy and finance through online discussion. Although negative sentiment (21.91%) is comparatively

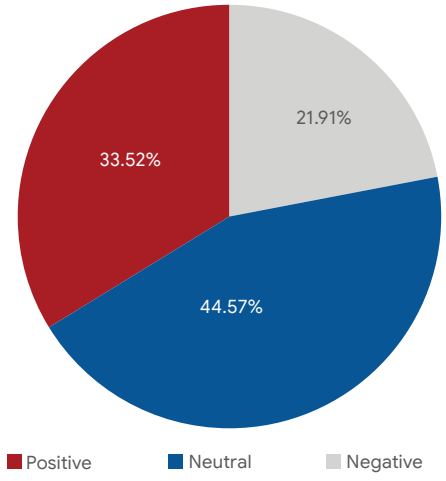
lower than neutral and positive sentiments, it nonetheless warrants attention and effective issue management (Graph 2.43).

Overall, these results demonstrate the importance of communication strategies tailored to each platform's characteristics, both for strengthening reputation and mitigating the risk of negative issues. The next step is to aggregate sentiment across all social media platforms to obtain a general picture of collective public attitude trends. This approach aims to observe the direction of public perception in aggregate, without being influenced by platform-specific characteristics, so as to represent the dominant public sentiment toward *Eksyar* across the digital space.

To complement the social-media sentiment analysis, a word-cloud analysis was conducted to obtain a qualitative depiction of the specific issues, topics, and narratives that formed each sentiment category. Based on the positive-sentiment word-cloud analysis from social media, public discourse was predominantly characterized by terminology associated with the sharia economy, such as "ekonomi syariah", "zakat", "wakaf", "sedekah", "infak", as well as technical terms including "murabahah", "mudharabah", "sukuk", and "takaful" (see Figure 2.5). The prominence of the terms "bank syariah" and "keuangan syariah" indicates growing interest in sharia-compliant products and services, in line with trends in digitalization and financial inclusion. In addition, the emergence of terms such as "ISEF 2025" and "kebaikan untuk semua" reflects enthusiasm for national literacy campaigns and sharia economic events. Overall, this analysis presents strategic opportunities for Bank Indonesia and sharia industry stakeholders to strengthen literacy, integrate social financial instruments such as *zakat* and *waqf* into financial inclusion initiatives, and promote digital innovation to improve the accessibility of sharia-compliant services to the public.

The word-cloud analysis of negative-sentiment social media content indicated a high level of public sensitivity to issues of riba, transparency of sharia institutions, and the management of social funds. The analysis results showed that the term "riba" appeared with the highest frequency, indicating that this issue remained a primary public

Graph 2.43. Proportion of Aggregate Social Media Sentiment



Source: Social media, processed

Figure 2.5. Word Cloud of Positive-Sentiment Social Media Content in August 2025.



Source: Social media, processed

concern within sharia economic and financial content (Figure 2.6). The terms "syariah" and "bank" also featured prominently in discussions, reflecting debates over the conformity of sharia banking practices with halal principles. In addition, the emergence of terms such as "sedekah", "halal", and "haram" signaled public discourse on transaction validity and institutional compliance with sharia aspects. These findings demonstrate that issues of sharia validity and governance continued to attract public attention in the digital space. They also indicate that shifts in public perception are influenced not only by industry performance and development but also by understanding of the application of sharia principles and transactional mechanisms.

The word-cloud analysis of neutral-sentiment content indicated that the public perceives sharia finance as an integral component of an economic ecosystem interconnected with social values, sharia services, and inclusion. The analysis revealed that terms such as "baznas", "zakat", and "sedekah" dominated discussions, indicating strong public attention to social and philanthropic aspects within the sharia finance ecosystem (Figure 2.7). Furthermore, the terms "bank syariah", "BPRS", and "takaful" marked numerous neutral-tone discussions about sharia-based products and services. Terms including "wakaf", "hibah", and "ekonomi syariah" also appeared, reflecting a broader scope of discussion related to financial instruments that promote inclusion and economic sustainability. The presence of education- and social-activity-related terms such as "jumat berkah" and global issues such as "palestina" shows that conversations were not purely technical matters but also addressed social, humanitarian, and spiritual values.

Sentiment dynamics on social media can be complemented by perspectives from online news coverage to obtain a more comprehensive understanding. Unlike social media, online news portals represent institutional viewpoints through editorial processes and more systematic information presentation. Therefore, sentiment analysis of online news was used to identify tendencies in framing and the balance of narratives presented to the public. By combining sentiment analysis of social media and online news, the analysis captured not only direct public responses but also how issues were disseminated and corroborated by online media.

Figure 2.6. Word Cloud of Negative-Sentiment Social Media Content.



Source: Social media, processed

Figure 2.7. Word Cloud of Neutral-Sentiment Social Media Content

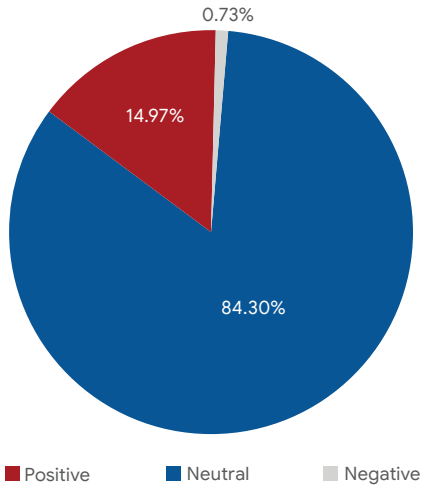


Source: Social media, processed

Based on the sentiment analysis of online news coverage, the majority of articles were characterized by neutral sentiment, accounting for 84.30%. This predominance of neutral sentiment indicates that the media tended to present issues factually and informatively, focusing on developments and policies without exhibiting strong opinion bias (Graph 2.44). Positive sentiment was recorded at 14.97%, generally associated with coverage of achievements, potential, and constructive development prospects, while negative sentiment was relatively very low at 0.73%. Overall, this composition of news sentiment underscores the role of online media as providers of initial information and as relatively neutral and stable narrative shapers.

To gain deeper insight into narrative structures and interaction patterns in news coverage, the analysis was extended using a co-occurrence approach. This methodology was employed to identify linkages between institutions and public figures that consistently appeared together in reporting. In this way, co-occurrence analysis complemented sentiment findings by highlighting actor configurations and institutional synergies that shaped sharia economic and financial discourse in online media.

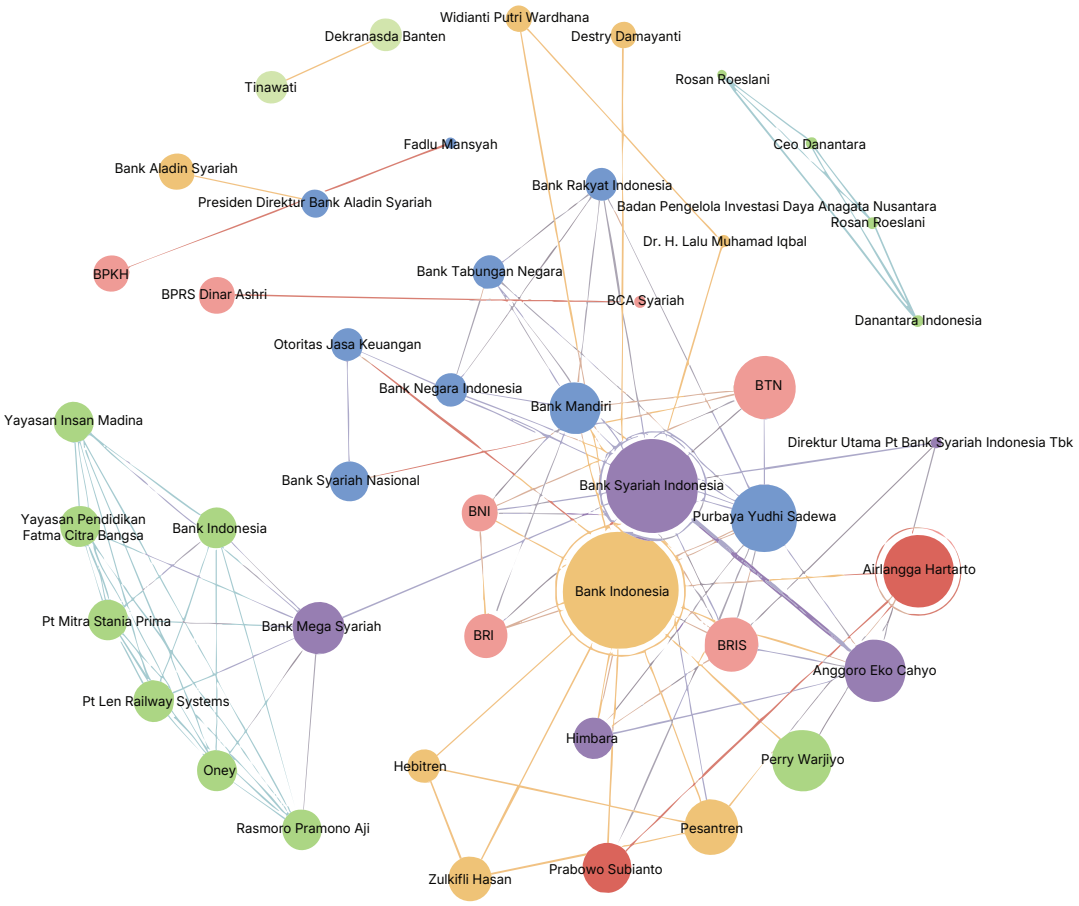
Graph 2.44. Proportion of Sentiment in Online News Coverage



Source: Online news portals, processed

The co-occurrence patterns observed in news coverage showed that the dynamics of the sharia economy and finance in 2025 were framed within an interconnected ecosystem of actors, encompassing policy institutions, sharia and national banking industries, and related organizations. The relatively strong linkages among these entities indicated that sharia economic development was perceived as a shared agenda requiring cross-institutional coordination and synergy, in line with efforts to strengthen financial system stability and policy transmission effectiveness. Within this network, the involvement of officials and public figures directly associated with strategic institutions reflected leadership roles and policy support at the national level. Their presence reinforced the narrative of policy direction and government commitment to the advancement of sharia economy and finance, without shifting the primary focus from institutional roles. Consistent with this pattern of synergy, Bank Indonesia emerged as the central connecting node linking various institutional clusters, particularly between policy authorities and the sharia banking industry. Bank Indonesia's role in this network reflected its function as a policy anchor, ensuring continuity between macroeconomic stability, financial system resilience, and the integrated strengthening of the sharia economic and financial ecosystem (Figure 2.8).

Figure 2.8. Entity Co-Occurrence Network in Eksyar News Coverage



Source: Online news portals, processed

2.4 National Sharia Economy Outlook

A number of risks must be anticipated to safeguard the resilience of Indonesia's sharia economy in facing future challenges. Ongoing geopolitical conflicts and trade polarization, elevated debt risks, and persistent vulnerabilities in global financial investment patterns need to be anticipated for their spillover effects on national economic performance, particularly their impact on flagship sectors within the Halal Value Chain (HVC). This, in turn, will affect the performance of sharia financing. Therefore, synergy between Bank Indonesia and stakeholders at both central and regional levels will continue to be strengthened to reinforce stability, growth, and the transformation of the national economy.

In the midst of the risks outlined above, in the short term, improvements within the national sharia economy and finance continued, supported by the commitment of the new administration. The outlook for the national sharia economy in 2026 is projected to grow by 4.9–5.7%, driven by growth in flagship HVC sectors, namely halal agriculture, food and beverages, Muslim-friendly tourism (PRM), and Muslim fashion, amid still-strong domestic demand. The performance of sharia finance, as reflected in sharia banking financing, is also projected to grow by 8–12% in 2026. Growth in *Eksyar* in 2025 was primarily facilitated by the new administration's Asta Cita commitments, particularly Cita 2, 3, 4, and 8, which relate to efforts aimed at positioning Indonesia as a global hub for sharia economic, developing *Eksyar* as a new source of economic growth, strengthening the national health system including the provision of halal vaccines, and improve hajj fund management. In addition, blended financing for product innovation is expected to gain prominence going forward (see Box 2.1). This is also supported by expanded literacy and inclusion in *Eksyar* through inter-institutional synergy, exemplified by the launch of the LENTERA EMAS Movement (see Box 2.2).

In the medium to long term, the growth of the national sharia economic and financial sector is anticipated to continue its upward trajectory, supported by synergies in the implementation of various national development plans. The national economy is expected to sustain growth for at least the next five years, with forecasts for 2027 indicating an expansion within the range of 5.1–5.9%. This projection is supported by the RPJPN 2025–2045, which positions the sharia economy as a strategic pillar to support inclusive, equitable, and sustainable development. Emphasis is placed on strengthening the Islamic social finance ecosystem, the halal industry, and supporting infrastructure. This overarching strategy is translated into the RPJMN 2025–2029, which integrates the development of central and regional HVCs as drivers of competitiveness for halal products in both domestic and global markets. Priorities include promoting halal products, fostering cooperation with OIC member countries, and strengthening halal certification to enhance global contribution. The Masterplan of Sharia Economy and Finance (MEKSI) 2025–2029 was introduced to align the long-term vision of RPJPN, the RPJMN strategy, and the Asta Cita policy direction into a single integrated framework. To accelerate the strengthening of the national sharia economy, Bank Indonesia has issued the Blueprint of Sharia Economy and Finance Policy, serving as a guideline for policy coordination, programs implementation, and stakeholder synergy to ensure effective execution aligned with national development priorities (see Chapter 4). In addition, the strategy includes establishing waqf-based development financing institutions and revising the Waqf Law, aimed at enhancing ZISWAF to support poverty alleviation and community empowerment. With the implementation of these strategies, Indonesia is expected to consolidate its role as a global sharia economic hub while realizing an inclusive and sustainable economic order.

Box 2.1 THE CONCEPT OF SHARIA BLENDED FINANCE IN INDONESIA

Indonesia has demonstrated rapid progress in sharia financial innovation aimed at bridging development financing gaps while enhancing the social impact of financial intermediation. Based on Focus Group Discussions (FGDs), several innovations have been identified, including Cash Waqf Linked Sukuk (CWLS) and Cash Waqf Linked Deposit (CWLD), infrastructure financing models based on sovereign sukuk and Public–Private Partnership (PPP) schemes for strategic projects such as the Makassar–Parepare railway, as well as MSME empowerment schemes such as Islamic Business Financing (Pembiayaan Usaha Syariah PUSYAR). The development of these instruments strengthened further in 2025, as reflected in statistical achievements presented in Chapter 2. Nevertheless, the emergence of these innovations raised conceptual and policy questions regarding their alignment with the concept of blended finance in international development discourse.

In the international development literature, blended finance is defined as the strategic use of concessional capital to mobilize additional private financing to achieve development goals. The concept does not merely reflect coexistence between social and commercial elements but also emphasizes the mobilizing effect on private capital. Attridge and Engen (2019) demonstrated that the implementation of blended finance in low-income countries has produced mixed results, with limited evidence of sustained private-sector mobilization and ambiguity in the measurement of concessionality and additionality. These findings underscore the significance of clear conceptual boundaries and applying more rigorous evaluation for mobilization effectiveness.

The study conducted by Attridge and Engen (2019) was founded upon a more restrictive definition of blended finance oriented toward Multilateral Development Banks (MDBs) / Development Finance Institutions (DFIs), with three main prerequisite elements. These include: (i) the use of concessional public or philanthropic capital, (ii) an explicit objective to mobilize additional commercial financing, and (iii) a development-oriented approach generally aligned with the Sustainable Development Goals (SDGs). Within this conceptual framework, Cash Waqf Linked Sukuk (CWLS) and Cash Waqf Linked Deposit (CWLD) can be classified as forms of blended finance owing to their integration of waqf funds as the concessional component, combined with commercial instruments such as sovereign sukuk (SBSN) or bank deposits to finance social programs relevant to development.

However, the characteristics of CWLS and CWLD reveal limitations in meeting the criteria for mobilizing external commercial capital. In retail CWLS, the same individual acts as both the provider of concessional funds (waqf) and the investor in SBSN. No separate commercial investors mobilized as a consequence of the public or philanthropic subsidy. In this context, CWLS and CWLD more closely resemble the concept of internal blending or integrated Islamic blended finance, in which philanthropic and commercial motives are integrated within a single economic agent and channelled through the same mechanism. Although structurally there is a mixing of funds and allocation of returns, this scheme does not fully align with the Attridge–Engen criteria, which emphasize the mobilization of external commercial capital, such as through first-loss mechanisms in infrastructure projects.

The financing of the Makassar–Parepare railway project reflected a more conventional form of blended finance within the Attridge and Engen (2019) framework. The government employed fiscal and quasi-fiscal instruments, including land acquisition subsidies, sovereign sukuk issuance, and guarantees under the Public-Private Partnership (PPP) scheme, to attract private capital participation in large-scale infrastructure projects. While concessionality was not always explicitly manisfested as a first-loss tranche, but was demonstrated through: (i) the transfer of certain land acquisition and construction risks to the government, (ii) the provision of long-term financing in domestic currency through sovereign sukuk compliant with sharia principles, and (iii) policy and regulatory support aimed at reducing risk perception and capital costs for private investors. In blended finance terminology, this approach represented a public de-risking function, whereby the government and its institutions absorbed part of the risk spectrum to enable private participation.

The PUSYAR scheme can also be categorized as blended finance within the Attridge and Engen (2019) framework because it has a clear concessional layer. Zakat, infaq, sadaqah, or waqf funds that do not expect returns were combined with commercial financing channeled by BPRS or sharia banks through murabahah contracts. The financing margin borne by MSMEs was then subsidized using these social funds. This scheme was explicitly oriented toward development objectives, namely enhancing financial inclusion and enabling MSMEs from unbankable groups to progress toward pre-bankable and bankable status, thereby contributing to local economic strengthening and poverty reduction. It represented an archetypal form of small-scale domestic blended finance. Although the scheme did not involve MDBs or international DFIs, its economic logic was that of concessional capital oriented toward impact (impact-first capital) deliberately deployed to mobilize and expand commercial financing to risk segments that would otherwise be excluded from formal financing.

Overall, the application of sharia blended finance in Indonesia continues to exhibit certain limitations when evaluated against the Attridge and Engen (2019) framework. In CWLS and CWLD, the distinction between philanthropy and commercial capital mobilization was relatively ambiguous. In the Makassar–Parepare project, concessionality was integrated into fiscal and national infrastructure policies, rendering it challenging to distinguish from public support in general. Meanwhile, in the PUSYAR scheme, the limited scale and localized nature of the intervention impeded the measurement of leverage ratios and hindered comparisons with international blended finance practices.

Nevertheless, these innovations demonstrated a general pattern that provided a conceptual foundation for the development of sharia blended finance in Indonesia. First, all schemes combined concessional or philanthropic resources with commercial or quasi-commercial financing in a structured manner. Second, there was a clear intention to use concessional resources to alter the risk–return profile of investments, in line with the logic of blended finance as articulated by Flammer et al. (2025). Third, the development orientation was explicitly articulated, encompassing infrastructure financing, social services, and MSME empowerment. Fourth, these innovations reflected the distinctive characteristics of sharia finance in internalizing the integration of concessional and commercial elements within its institutional frameworks.

Box 2.2 LENTERA EMAS (LITERACY AND INCLUSION MOVEMENT TOWARD SHARIA ECONOMY AND FINANCE FOR GOLDEN INDONESIA)

The development of sharia economic and financial literacy and inclusion over the past five years has shown a positive trend. According to Bank Indonesia's 2025 sharia economic literacy survey, 50.18% of respondents calssified as well-literate. This figure represent an achievement beyond the previous year's index of 42.84% and marked a significant increase compared to 2019. Meanwhile, OJK in collaboration with BPS, conducted the SNLIK survey to assess sharia financial literacy and inclusion at the national level. The SNLIK (OJK–BPS) results indicated that sharia financial literacy in 2024 was at 43.4%, while financial inclusion was at 13.3% during the same period. Although financial literacy grew rapidly, financial inclusion increased more moderately, indicating that improved knowledge has not yet fully translated into behaviour in the use of sharia financial products.

Both surveys showed that the utilization of sharia-compliant financial products and services remained suboptimal despite relatively high public understanding of sharia principles. This gap was caused by several factors, including limited physical access, a lack of suitable and affordable products, and inconsistent readiness of human resources and infrastructure facilities. Many people understood sharia concepts but were unable to participate due to constraints in funding, needs, and service networks. Therefore, there exists significant potential for development and strategic initiatives to accelerate literacy and inclusion in a more massive, adaptive, and targeted manner.

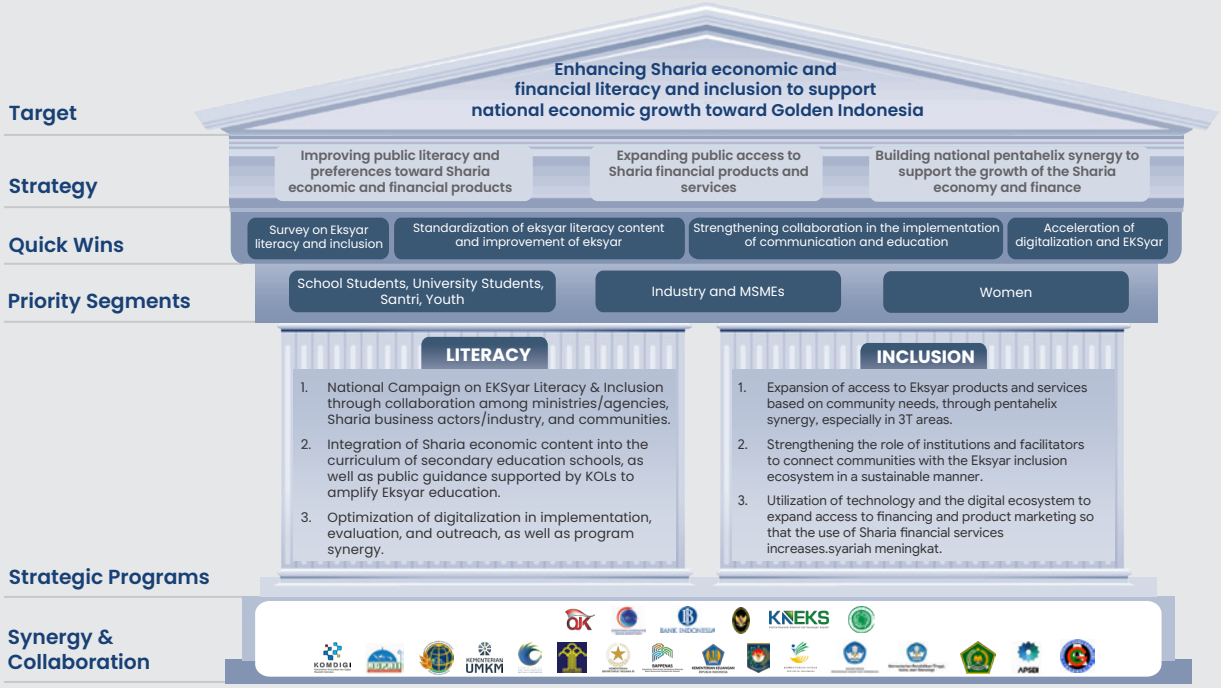
The disparity between sharia literacy and inclusion in Indonesia was influenced by several fundamental challenges. These challenges stem not only from public understanding (people) but also from the availability and quality of education (content) and the support of education channels (channel) that can reach the wider community. Challenges in the people aspect were mainly driven by the misconception among some groups that the sharia economy is only intended for Muslims. This misconception limited broader public openness to accept and utilize sharia principles and economic management. In addition, trust and awareness of sharia products and services remained relatively low, in line with limited human resources serving as sharia educators. This condition affected the dissemination of information and understanding of Eksyar, which remained uneven and had not reached all segments of society.

The fragmentation of *Eksyar* literacy programs became a major challenge in strengthening literacy and inclusion in terms of content. Strategies and literacy programs that continued to operate partially across ministries and institutions hindered the acceleration of *Eksyar* literacy. From the perspective of communication channel, the main challenge resides in the absence of an integrated platform designed to unify various literacy and inclusion initiatives into one coordinated ecosystem. Currently, literacy materials are disseminated separately by different parties, resulting in information that is scattered, non-standardized, and difficult to access comprehensively. Other challenges also stemmed from digital access gaps, particularly in 3T regions (frontier, outermost, and disadvantaged areas).

To optimize potential and address these challenges, strengthening *Eksyar* literacy and inclusion requires a more systematic and collaborative approach. This approach was articulated through the concept of the LENTERA EMAS Movement (Literacy and inclusion movement toward Sharia Economy and Finance for Golden Indonesia). LENTERA EMAS represents a national movement to

Figure 2.9. The LENTERA EMAS Movement Concept

The LENTERA Emas Movement is a cross-sector collaborative movement as a follow-up to SNLKSI (National Strategy for Literacy and Inclusion in Sharia Economy and Finance), aimed at accelerating Sharia Economy and Finance literacy and shifting public preferences toward the use of Sharia economic and financial products.



Source: Bank Indonesia (processed)

accelerate sharia economic and financial literacy and inclusion, emphasizing cross-stakeholder collaboration. The movement also serves as a follow-up to the National Strategy for Sharia Economic and Financial Literacy and Inclusion (SNLIEKSI) 2024, which aims to accelerate Eksyar literacy and shift public preferences toward greater use of sharia financial products.

The grand strategy of LENTERA EMAS is built on three main pillars. First, enhancing literacy and fostering public preference for sharia-compliant economic and financial products. Second, expanding public access to sharia financial products and services. Third, realizing national pentahelix synergy to accelerate inclusive and sustainable *Eksyar* growth. The priority segments concentrate on specific target groups, namely:

1. **Students and santri constitute the primary segment,** since at this stage the foundational mindset regarding Eksyar can be instilled through educational institutions, such as schools and pesantren.

2. **University students and young individuals (Gen Z/Millennials),** recognized as agents of change and the largest digital users, thereby playing an important role in advancing socio-economic innovation within sharia contexts and in disseminating inclusive Eksyar narratives.
3. **Women** are prioritized owing to their significant contribution in family education, community leadership, and their dominant roles in the modest fashion sector, halal MSMEs, and halal lifestyle.
4. **MSMEs** serve as the primary foundation of the people's economy and the target of sharia financing inclusion, considering that the majority of business actors in Indonesia continue to encounter limited access to sharia financial products.
5. **The corporate industry** serves as the locomotive of the halal value chain, determinant of global competitiveness, and a creator of market linkages for MSMEs.

The implementation of the LENTERA EMAS Movement in strengthening Eksyar literacy and inclusion is realized through four Quick Win programs:

1. **Conducting surveys on Eksyar literacy and inclusion** as the basis for mapping and formulating strategies for Eksyar education and outreach.
2. **Standardizing** Eksyar literacy content and **improving the quality of human resources** to amplify and synergize substantive understanding.
3. **Strengthening collaboration and implementing communication-education activities** carried out through the pentahelix approach.
4. **Accelerating digitalization and the use of non-cash payment instruments,** including QRIS, sharia fintech, and digital education platforms, serve as the primary drivers for Eksyar literacy and financial inclusion.

CHAPTER III

POLICY SYNERGY FOR THE SHARIA ECONOMY AND FINANCE IN 2025:

DRIVING HIGHER AND MORE RESILIENT GROWTH

Bank Indonesia's sharia monetary policy in 2025, integrated with the deepening of the Islamic money market, remained focused on safeguarding stability while carefully assessing room to support higher and more resilient economic growth. In parallel, Bank Indonesia continued to pursue an accommodative macroprudential stance, notably by strengthening the implementation of the Macroprudential Liquidity Incentive Policy to encourage Islamic bank financing to priority sectors and preserve financial system stability, thereby supporting sustainable economic growth. On the real-sector front, Bank Indonesia reinforced the development of the halal product ecosystem through an integrated halal value chain (HVC) approach from upstream to downstream, placing sharia business actors at the centre of value creation, supported by corporatization strategies, capacity building, and expanded access to financing. These efforts were complemented by the acceleration of payment system digitalization, enhanced inclusion in the sharia economy and finance, and the development of Islamic social finance (ISF) through improved governance, digitalization, and strengthened managerial capacity of ZISWAF (zakat, infaq, sadaqah, and waqf) administrators so that the benefits reach a broader segment of society. From a literacy perspective, education programs up to the organization of ISEF and FESyar were conducted at an expanding scale with increasing impact. Furthermore, Bank Indonesia's leadership in various international fora and cooperation platforms reinforced its institutional leadership in advancing the sharia economy and finance, particularly in the international Islamic finance sector. Taken together, this policy direction is expected to strengthen national economic resilience, enhance the competitiveness of the sharia economy and finance, and position the sharia economics as one of the engines driving Indonesia's inclusive and sustainable economic growth going forward.

3.1 Pro-Market Monetary Policy and Sharia Macroprudential Policy to Strengthen Stability and National Economic Transformation

Bank Indonesia's 2025 policy mix continues to be strengthened and is directed to promote economic growth while safeguarding stability, in close alignment with the national policies mix. Monetary policy remains oriented toward maintaining stability, controlling inflation and preserving the stability of rupiah exchange rate while continuously assessing opportunities to support growth (pro-stability and growth) through reductions in the policy rate and the expansions of monetary operations. Concurrently, macroprudential policy is directed to foster growth (pro-growth), including through the provision of liquidity incentives to banks—both conventional and Islamic—to enhance credit/financing to priority sectors under the Government's *Asta Cita* program. Taken together, monetary policy and sharia macroprudential policy are being optimized to strengthen Islamic banking liquidity and encourage higher financing to priority sectors of the sharia economy, including the halal industry, MSMEs, and Muslim-friendly tourism. Within the payment system, digitalization is being accelerated to expand digital economic and financial inclusion, particularly for the real sector, MSMEs, and sharia business actors. These three core pillars of Bank Indonesia's policy mix are supported by complementary policies covering money and foreign exchange market deepening, development of the sharia economy and finance, expansion of economic and financial inclusion and sustainable finance, regional economy and finance development, and international relations policy. This integrated policy mix is expected to enhance the role of the sharia economy and finance as a key engine of inclusive, competitive, and sustainable growth, while preserving the stability of national financial system in the future.

3.1.1. Strengthening the Integrated Sharia Monetary Policy Strategy with Deepening of the Sharia PUVA

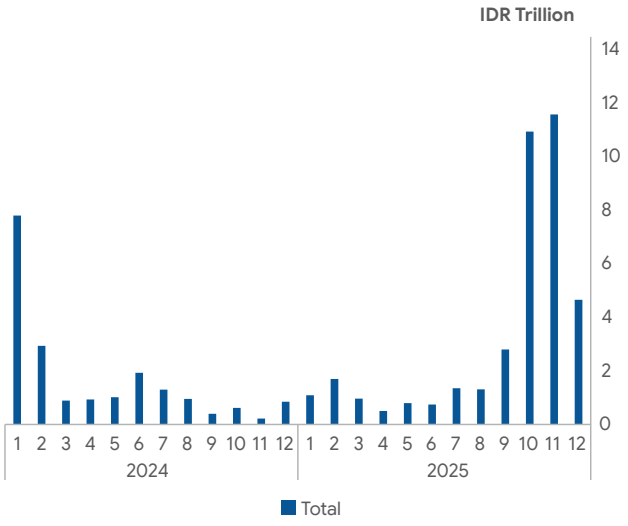
Bank Indonesia's sharia monetary policy in 2025, integrated with the deepening of the Islamic money market, remains focused on safeguarding stability and supporting liquidity. The strategic integration of sharia monetary operations with the development of the Islamic money and foreign exchange (PUVA) markets, or the pro-market OM concept, has been crucial amid heightened global pressures affecting national economic stability. Domestically, liquidity pressures arose from Q1 to Q3, triggered by financing growth outpacing the growth of third-party funds (DPK). To support liquidity adequacy, the Statutory Reserve Requirement (GWM) for Islamic commercial banks and Islamic business units was maintained at 7.5 percent, which is more accommodative than the 9 percent requirement for conventional banks. In addition, Sharia Monetary Operations (OMS) provided by Bank Indonesia contributed to market deepening by supplying liquid, tradable, and secured Islamic money market instruments that can be transacted by both conventional and Islamic participants. These measures supported liquidity management and financial market stability and ultimately facilitating increased financing activity in the real sector. In response to these policies, liquidity conditions gradually improved in Q4, as DPK growth outpaced financing growth.

To influence liquidity in the sharia interbank money market, Bank Indonesia conducts sharia monetary operations in both absorption and injection modes across various tenors, from overnight to one year. Liquidity-absorbing rupiah instruments include Bank Indonesia Sukuk (SUKBI) and the Bank Indonesia Sharia Deposit Facility (FASBIS), while liquidity-injecting instruments include Bank Indonesia Sharia Liquidity Management (PASBI) and the Bank Indonesia Sharia Liquidity Facility (FLISBI). Bank Indonesia encourages Islamic banks to meet their liquidity needs by optimizing transactions in the Islamic money market, while access to Bank Indonesia instruments is expected to serve as a last resort when liquidity needs cannot be met in the market.

Bank Indonesia continues to optimize innovations in sharia monetary operation instruments to strengthen policy transmission, enhance liquidity, and accelerate the deepening of the Islamic money and foreign exchange markets. Since November 2025, Bank Indonesia has expanded the underlying assets for monetary operations to include other high-quality securities, namely corporate bonds and corporate sukuk issued by government-established financial institutions that support government programs for public welfare. This initiative is expected to increase Islamic money market transactions, particularly in corporate sukuk. Bank Indonesia has also broadened the SUKBI investor base from solely banks to include both banks and non-banks, residents and non-residents. These enhanced features are intended to attract capital inflows and increase SUKBI secondary market transactions, thereby strengthening the market's price discovery function. Year on year, SUKBI secondary market transactions increased by 51.63 percent, driven by a significant increase during Q4 2025 following the expansion of the SUKBI investor base in October 2025. In line with this, in 2025 Bank Indonesia collaborated with PT Kustodian Sentral Efek Indonesia (KSEI) to publish SUKBI International Securities Identification Numbers (ISINs) and appointed PT Penilai Harga Efek Indonesia (PHEI) as the provider of fair market prices for SUKBI in the secondary market.

To advance the deepening of the Islamic money and foreign exchange (PUVA) markets, Bank Indonesia is consistently implementing the strategy outlined in the Blueprint for the Development of Money and Foreign Exchange Markets (BPPU) 2030. Guided by the vision of modern and efficient financial markets, Bank Indonesia is operationalizing BPPU 2030 through a 3P plus 1I approach, namely Product, Pricing, Participant, and Infrastructure, underpinned by pillars of synergy and coordination with specific targets under each pillar. The product pillar focuses on pro-market Sharia Monetary Operation instruments and varied, liquid PUVA sharia instruments and transactions. The pricing pillar aims to establish an efficient price formation process. The participant pillar seeks to cultivate active market participants. The infrastructure pillar targets the development of financial market infrastructure and payment systems that meet 3I standards (integrated, interconnected, and Interoperability).

Graph 3.1. SUKBI Transactions



Source: Bank Indonesia

The development of PUVA for the sharia economy and finance is directed to increase liquidity and foster product innovation aligned with industry needs. To accelerate PUVA development, particularly in the product and pricing dimensions, Bank Indonesia collaborated with the Indonesian Money and Foreign Exchange Market Association (APUVINDO) and the Indonesia Islamic Global Market Association (IIGMA) to establish the Sharia PUVA Working Group in February 2025. The Working Group comprises four clusters: (i) Sharia Repo, (ii) Sharia PUVA Product Innovation, (iii) Evaluation and Acceleration of Sharia Hedging, and (iv) Development of a Sharia Reference Rate. This collaborative platform is intended to ensure a market-led approach so that PUVA development remains responsive to industry requirements, acts as a catalyst for future PUVA advancement, and contributes to the broader progress of Islamic finance.

From the product perspective, ongoing initiatives are aimed at optimizing Sharia PUVA transactions. In 2025, the average daily value of Sharia PUVA transactions increased, supported by several measures implemented during the year, namely: (i) issuance by DSN–MUI of a sharia compliance statement permitting conventional financial institutions to undertake repo transactions in sharia securities (including SBSN and SUKBI), (ii) expansion of the SUKBI investor base to include banks and non-banks as well as non-residents, (iii) publication of SUKBI International Securities Identification Numbers (ISINs) by KSEI, (iv) designation of PHEI as the provider of fair market prices for SUKBI in the secondary market, (v) signing of SIPA master agreements by seven Islamic banks, and (vi) execution of sharia hedging agreements by four Islamic banks. These outcomes reflected active industry contributions through the Sharia PUVA Working Group. In addition, Bank Indonesia and industry participants continued to assess potential Sharia PUVA product innovations, including a sharia Domestic Non-Deliverable Forward (DNDF) and an Islamic Profit Rate Swap (IPRS), as sharia-compliant derivative options that will support risk management activities and efforts to maintain the rupiah exchange rate stability. Product development is being undertaken in coordination with DSN–MUI to ensure adherence to sharia principles.

Strengthening on the participant side focuses primarily on developing the profession of Ahli Syariah Pasar Uang (ASPU), as stipulated in PADG No.25/2025 on Ahli Syariah Pasar Uang. ASPU, as a dedicated supporting profession for Sharia PUVA, plays a critical role in ensuring sharia compliance and supporting the development of instruments and activities in the sharia money market. Moving forward, issuers of sharia money market instruments will be required to involve ASPU in the issuance process. Participant strengthening for PUVA treasury is being advanced alongside enhancements for conventional PUVA treasurers to ensure high, credible, and ethical competency standards that are comparable with global best practices. This includes the ongoing review of the Indonesian National Work Competency Standards (SKKNI) for PUVA Treasury. The SKKNI review, applicable to both conventional and sharia PUVA participants, is being undertaken by a PUVA Treasury Standards Committee comprising Bank Indonesia, OJK Institute, APUVINDO, ACI FMA Indonesia, IIGMA, Indonesia Money Broker Association (INAMBA), Kamar Dagang dan Industri (KADIN), academic representatives, Dewan Syariah Indonesia – Majelis Ulama Indonesia (DSN-MUI) – and Lembaga Sertifikasi MUI (LSP MUI). The introduction of the ASPU profession is also accompanied by planned competency development and certification by including ASPU-specific competency units in the draft SKKNI for PUVA Treasury. This SKKNI strengthening process will continue in 2026 with the preparation of the Indonesian National Qualification Framework (KKNI) for PUVA Treasury. Meanwhile, Bank Indonesia is strengthening collaboration with industry associations such as APUVINDO, IIGMA, and ACI-FMA Indonesia to improve practitioner competencies through treasury certification and to implement Islamic Financial Market Code of Conduct (ICoC) as the market's ethical standard guideline. Collaboration with DSN–MUI is also being reinforced through the establishment of a Sharia Monetary Working Group to promote stronger governance and sharia compliance.

Pricing and infrastructure development is aimed at providing a sharia reference rate as a benchmark for determining rates of return in the sharia money market. During the year,

Bank Indonesia developed the system required to pilot the calculation of the sharia reference rate. This initiative will continue to establish a transparent, continuous, and credible benchmark that adheres to sharia principles, thereby improving the efficiency and integrity of the sharia money market. The development of a sharia reference rate is also expected to strengthen market confidence and participation, further advancing Islamic financial market.

3.1.2. Strengthening of Sharia Macroprudential Policies to Accelerate Economic Financing

To further increase Islamic bank financing for priority sectors and to support the Government's Asta Cita program, Bank Indonesia strengthened the implementation of the Macroprudential Liquidity Incentive Policy (KLM) to encourage the growth of sharia banking financing. Macroprudential easing innovations have been implemented since the initial rollout in March 2022 as part of Bank Indonesia's policy mix to support sustainable economic growth. Under this framework, liquidity incentives are provided to banks through refunds of the Statutory Reserve Requirement, GWM, to encourage growth in credit and financing to the business sector.

Bank Indonesia has maintained an accommodative macroprudential stance to stimulate Islamic bank financing, particularly to priority sectors, and to advance the Asta Cita agenda, including through continued enhancement of KLM. The policy took effect in October 2023 as a refinement of the March 2022 measure that granted incentives to banks allocating funds to specified and inclusive economic sectors activities. Liquidity incentives for Islamic banks are provided via refunds of GWM obligations to facilitate financing to enterprises. Bank Indonesia considers that channeling liquidity through KLM GWM refunds is more beneficial for the economy than a broad reduction of GWM for all banks, which could be diverted to foreign exchange speculation or other purposes rather than financing for the real sector. In line with this assessment, Bank Indonesia periodically reviews and strengthens KLM implementation to enhance its effectiveness in encouraging Islamic bank financing, including expanding sectoral coverage and calibrating incentive sizes.

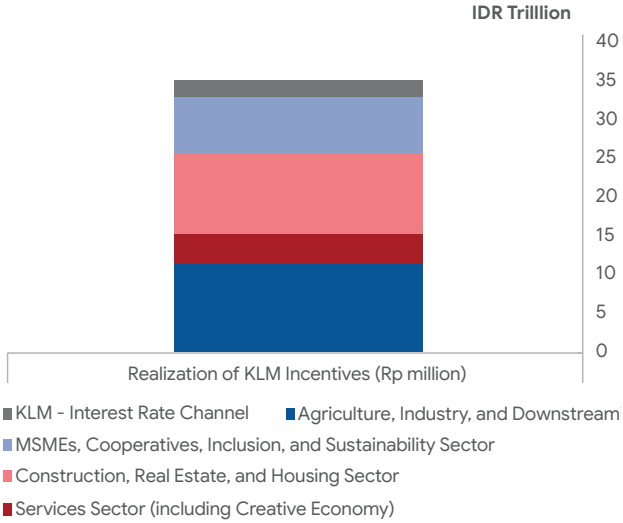
Policy strengthening for the Macroprudential Liquidity Incentive (KLM) in 2025 was undertaken by extending coverage to sectors with high growth leverage and by raising the incentive magnitude. In the most recent enhancement in December 2025, through PBI Number 9 of 2025 on the Macroprudential Liquidity Incentive Policy and PADG Number 27 of 2025 on the Implementing Regulation for the Macroprudential Liquidity Incentive Policy, the KLM—which had previously been granted based on the realized financing of Islamic banks to priority sectors—was reinforced via a performance-based and forward-looking incentive scheme. The incentive is now determined by banks' sectoral financing commitment plans under the lending channel and by interest rate transmission via the interest rate channel. The KLM comprises a forward-looking lending channel, namely incentives arising from financing disbursed to specific sectors designated by Bank Indonesia, and a forward-looking interest rate channel, namely incentives arising from setting the profit rate on financing in line with Bank Indonesia's policy stance. The forward-looking lending channel is intended to encourage Islamic banks to increase financing for priority sectors, namely (i) agriculture, industry, and downstreaming, (ii) services including the creative economy, (iii) construction, real estate, and housing, and or (iv) MSMEs, cooperatives, inclusion, and sustainability, which are also government priority sectors supporting economic growth. The forward-looking interest rate channel is intended to enhance the effectiveness of financing transmission by accelerating reductions in Islamic bank profit rates, measured by how quickly Islamic banks adjust the profit rate on new financing relative to Bank Indonesia's policy rate. Islamic banks may receive a KLM lending channel incentive through a reduction of the statutory reserve requirement (GWM) of up to 5 percent of third-party funds (DPK), while the KLM interest rate channel incentive is up to 0.5 percent of DPK. In total, the maximum KLM incentive amounts to 5.5 percent of DPK.

Utilization of KLM liquidity incentives by Islamic banks has been strengthened, in accordance with financing growth that supports sustainable economic development. This improvement reflects the commitment of Islamic banks to priority sectors, including those that contribute to job creation and environmentally conscious financing, consistent with the Government's Asta Cita program. As of December 2025, the utilization of KLM liquidity incentives by Islamic banks reached Rp35.13 trillion (Figure 3.2), underscoring the policy's role in strengthening the contribution of Islamic banking to national economic growth. Overall, the majority of banks received incentives in the 4 percent to 5 percent range of DPK, as illustrated in Graph 3.3.

With total incentives granted to BUS and UUS amounting to Rp35.13 trillion, there remained potential liquidity incentives under KLM of approximately Rp7.93 trillion, aiming to reach the maximum of Rp43.06 trillion or 5.5 percent of Islamic banks' DPK. This potential can be utilized by Islamic banks to increase financing for priority sectors, including support for halal industry development, as part of the strategy to strengthen an inclusive and sustainable national economy. Utilization of these incentives is expected to broaden access to Islamic finance for the real sector, particularly in supporting halal food downstreaming and the development of Muslim friendly tourism. This step is in line with Bank Indonesia's policy on the development of sharia economy and finance to reinforce Indonesia's position as a global halal industry hub.

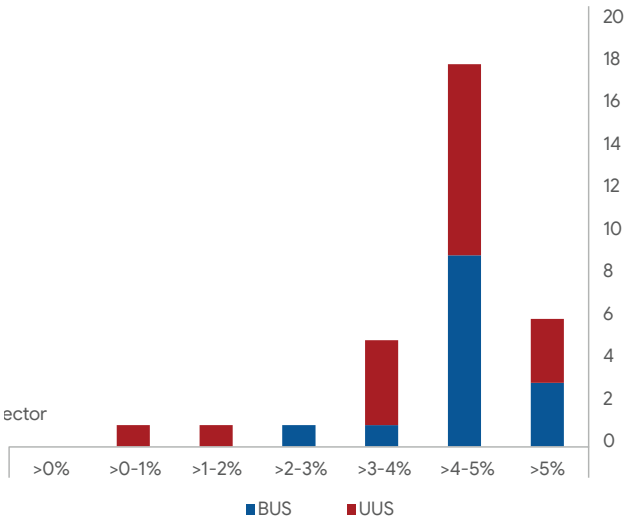
Macroprudential easing was also achieved by relaxing the Macroprudential Liquidity Buffer, PLM syariah, to maintain liquidity adequacy in Islamic banking. To strengthen liquidity management flexibility, Bank Indonesia reduced the PLM syariah ratio, which is the requirement for banks to hold a portion of liquid assets in high-quality SSB such as SBSN. On 1 June 2025, Bank Indonesia lowered the PLM syariah ratio from 3.5 percent to 2.5 percent for BUS and UUS. In addition to the ratio reduction, Bank Indonesia adjusted the repurchase agreement flexibility feature within PLM syariah. The repo flexibility on sharia securities for BUS to meet PLM syariah requirements was lowered to 2.5 percent from 3.5 percent. This adjustment allowed Islamic banks for flexibility to manage liquidity through repo transactions on sharia securities held by banks in fulfilling PLM syariah obligations.

Graph 3.2. Realization of KLM Sharia Banking Liquidity Incentives in 2025



Source: Bank Indonesia

Graph 3.3. Number of Banks Receiving KLM Incentives in 2025



Source: Bank Indonesia

Bank Indonesia also maintained other macroprudential policies in an accommodative stance to accelerate bank financing in support of national economic growth while safeguarding the financial system stability. The Sharia Macroprudential Intermediation Ratio (RIM), the PLM syariah, the Countercyclical Capital Buffer (CCyB), and the Financing to Value (FTV), for property financing and motor vehicle financing continued to be implemented with a lenient approach. These measures supported the target for sharia financing growth in 2025, set at 8 to 11 percent through December 2025. The easing included, first, maintaining the FTV ratio at 100 percent for all property types, including public housing, and a zero percent down payment for motor vehicles financing. Second, maintaining the CCyB at 0 percent and the RIM range between 84 and 94 percent to preserve liquidity flexibility and encourage Islamic banks' financing. Third, continuing the RPIM policy to support inclusive economic and financial development, particularly in financing MSMEs.

Following the expansion of sharia securities eligible for monetary operations, Bank Indonesia revised the provisions on Short-Term Liquidity Financing Based on Sharia Principles (Pembiayaan Likuiditas Jangka Pendek Berdasarkan Prinsip Syariah, PLJPS) for BUS to support strengthening financial system stability. In accordance with the direction of OM Pro Market, which enhances high-quality sharia securities eligible for monetary operations, Bank Indonesia amended the collateral provisions for PLJPS by adding high-quality sharia securities as eligible collateral through PBI Number 8 of 2025, which amends PBI Number 5 of 2023 on PLJPS for BUS. This revision was part of efforts to align Bank Indonesia's macroprudential policy with its monetary policy stance.

3.2 Synergy in Empowering and Strengthening the Sharia Economy and Finance

3.2.1. Development of the Halal Product Ecosystem

Strengthening the halal product ecosystem constitutes the principal foundation for developing the national sharia economy and finance, and is pursued through a sustainable ecosystem-based approach. This approach affirms that the development of the sharia real sector is not conducted in a sectoral or fragmented manner, but through comprehensive linkages among business actors, supporting institutions, and the policy framework within a single, integrated Halal Value Chain (HVC) from upstream to downstream. The enhancement of the HVC aims to ensure that the production, distribution, and consumption of halal products proceed efficiently, credibly, and competitively. This initiative supports macroeconomic objectives, including inclusive and sustainable growth, stronger food resilience and downstreaming, inflation control, and exchange rate stability, in line with Bank Indonesia's mandate to safeguard national economic stability.

The development of the halal product ecosystem is implemented through the collaboration of multiple stakeholders, with the Sharia Business Actor at the centre of value creation. In this context, Sharia Business Actors are regarded as the primary generators of economic value added, while other stakeholders focus on creating a conducive business environment that supports business continuity. Bank Indonesia promotes close collaboration with relevant ministries and agencies, local governments, academia, practitioners, and other strategic partners to ensure that strengthening the HVC ecosystem not only improves the sectoral performance of halal products but also establishes a value chain that is efficient, well-coordinated, and more resilient to domestic and global economic dynamics.[12]

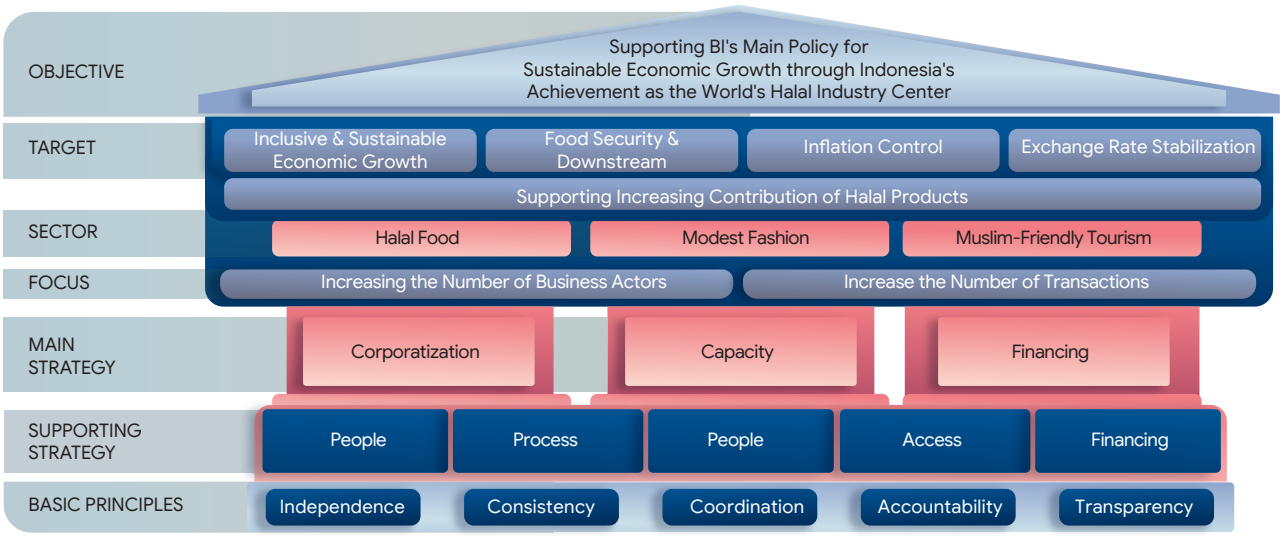
The halal product ecosystem approach adopts the business ecosystem concept introduced by James F. Moore as the conceptual foundation for understanding value creation. In this framework, economic activity is regarded as the outcome of dynamic interactions among interdependent entities within an ecosystem that evolves continuously. The ecosystem comprises a core business as the primary creator of value, an extended enterprise network that reinforces efficiency and competitiveness, and a broader business ecosystem that provides regulation, infrastructure, and institutional support. The adoption of this concept enables Bank Indonesia to formulate policy interventions and empowerment programs for sharia business actors that are more systematic, contextual, and adaptive to changes in the economic environment.[13]

As the foundational framework for developing the halal product ecosystem, Bank Indonesia implements the Framework for the Empowerment and Development of Sharia Business Actors. The framework (Figure 3.1) confirms the continuity of policy direction and provides an implementation reference for the current year's program to strengthen the HVC ecosystem. It illustrates the close interlinkages between policy objectives, empowerment strategies, and the roles and contributions of each stakeholder in fostering sharia business actors that are resilient, competitive, and sustainable.

12 The framework for strengthening the halal product ecosystem and the policy targets for the Halal Value Chain are set out in Sharia Economic and Financial Report (KEKSI) 2024, Chapter III, pages 60–61.

13 The adoption of James F. Moore's business ecosystem concept, including the delineation of the core business, extended enterprise, and business ecosystem layers and its application in developing the Halal Value Chain (HVC), is elaborated in greater detail in KEKSI 2024, Chapter III, pages 62–65.

Figure 3.1. Empowerment and Development Framework Sharia Business



Source: Bank Indonesia

The focus of strengthening the halal product ecosystem is directed to three priority sectors within halal value chain (HVC) that have significant multiplier effects on the national economy. These encompass halal food and beverages, including agriculture, modest fashion, and Muslim-friendly tourism. Prioritization is based on each sector's contribution to economic growth, its role in employment absorption, its linkages with other sectors, and Indonesia's competitive position in the global sharia economy. Among the three, halal food and beverages play a strategic role because they span a broad spectrum of upstream to downstream activities and contribute directly to food security and price control through higher productivity and efficiency among business actors.

The empowerment and development of sharia business actors in the priority sectors are implemented through three integrated and continuous strategies. The corporatization strategy is directed to strengthen institutions and governance so that business actors operate more professionally, efficiently, and responsibly, thereby improving business continuity and the ability to access formal financing. The capacity strengthening strategy focuses on improving technical and managerial capabilities and business networks through training, mentoring, and facilitating market access. The access to financing strategy expands appropriate financing schemes that match the characteristics and needs of sharia business actors and are consistent with sharia principles, including the integrated use of Islamic social finance instruments to promote inclusive financing.

These three core strategies are reinforced by supporting strategies to ensure consistency, measurability, and sustainability implementation. Supporting strategies include human capital development, business process improvements, technology adoption, access expansion, and standardization. In this context, the roles of halal standardization bodies and business associations are critical to enhancing the credibility of halal products, accelerating certification processes, and promoting the adoption of best practices throughout the HVC. These supporting strategies also ensure that policy interventions are implemented effectively and generate lasting impact.

Broad-based stakeholder support across the wider ecosystem is a prerequisite for the successful development of the halal product ecosystem. Government, regulators, investors, and financial institutions undertake strategic roles in providing adequate regulation, legal certainty, and support for investment and sharia financing at each stage of the HVC. Synergy among stakeholders is expected to strengthen the resilience of sharia business actors, foster innovation, and increase the sustainable contribution of halal products to the national economy.

With an ecosystem based approach, strengthening of the halal product ecosystem can be implemented in phases that reflect the readiness levels of sharia business actors. This approach enables Bank Indonesia to customize policy interventions and empowerment initiatives more precisely, thereby fostering the development of the HVC priority sectors. It not only supports immediate economic growth, but also establishes a solid foundation for an inclusive, competitive, and sustainable transformation of the national sharia economy and finance over the medium and long term.

A. Development of the Halal Food and Beverages Sector Ecosystem

Development of the HVC in the halal food and beverage sector, including agriculture focuses on supporting price stability and strengthening intermediation to maintain the financial system stability. To help stabilize prices, development of the halal food sector is concentrated on key food commodities that drive inflation. For these strategic commodities, priorities centre on increasing supply and productivity. Appropriate technology and digitalization are fundamental strategies to raise efficiency and productivity, thereby creating business units that are sustainable and competitive. The use of the Internet of Things and Automatic Weather Stations in agricultural cultivation has strengthened productivity and the consistency of output quality. In 2025, empowerment programs for sharia business actors targeting community-based enterprises in pesantren applied communal schemes and mentoring in several pesantren. Under these programs, several sharia business actors were grouped in a communal model to enhance the efficiency of capital expenditure and strengthen bargaining power with suppliers or consumers. To strengthen collaboration among business actors and facilitate knowledge transfer, a mentoring program was established with sharia businesses that already have the capability and capacity to produce consistently and sustainably. Meanwhile, market access expanded and product quality improved, accompanied by the development of financing intermediation to support sustained capacity growth among businesses.

1. Development of the Core Business Area – Layer 1

Core business development in the halal food sector continued upstream, in processing, and downstream to support the expansion of national and global halal markets. In the upstream core business sectors, the INFRATANI program, Integrated Farming with Information Technology and Society, strengthened and replicated ecosystem development for strategic food commodities, broadening the distribution of raw material supply. In processing, Bank Indonesia continued to promote the participation of sharia enterprises in the halal food and beverage sector to develop high-quality businesses under the Industri Kreatif Syariah (IKRA) Indonesia program. In the downstream segment, market access both domestically and internationally continued to be reinforced through network expansion and trade promotion. In addition, the GNPIP-based pesantren economic self-reliance program remained in place to encourage pesantren economic empowerment through the development of pesantren-owned business units.

a. Flagship Core Business Program: INFRATANI

INFRATANI is an HVC ecosystem development initiative that aims to enhance the integrated agriculture sector through efficient utilization of information technology. Implementation involves engaging community groups, including

pesantren networks, as strategic partners in the management and development of the halal agriculture ecosystem.

INFRATANI Aquaponics Commodity

The aquaponics ecosystem pilot was developed to build an integrated ecosystem based on vegetable and fish commodities using appropriate agricultural technology. The pilot was implemented through the construction of three aquaponics greenhouse units as production facilities for a pesantren based aquaponics ecosystem coordinated by Pondok Pesantren Sunan Pandanaran in Gunungkidul Regency, Yogyakarta. The pesantren has consistently produced good-quality water spinach and catfish. Moving forward, the aquaponics ecosystem will be geographically expanded in Gunungkidul, with Pondok Pesantren Sunan Pandanaran serving as a mentor or aggregator that guides and collaborates with three partner pesantren to develop the aquaponics ecosystem sustainably.

INFRATANI Cattle Commodity

The cattle ecosystem pilot has been in place in Malang, East Java, since 2023. The program is designed to support the halal food and beverage ecosystem that was previously initiated, including the facilitation of slaughterhouses, development of halal raw material stores, establishment of packing houses, and development of a distribution centre network. The cattle farming ecosystem aims to increase national beef production, which is both a key driver of food inflation and a primary raw material for halal-certified processed food products.

In 2025, the pesantren-based beef cattle ecosystem in Malang, East Java, entered a phase of strengthening and integrating of the halal value chain. Bank Indonesia and Brawijaya University expanded the ecosystem model initiated during the earlier piloting phase. Assistance focused on strengthening the cattle fattening process as the production foundation and on extending the ecosystem toward downstream activities by piloting a halal slaughterhouse and a pesantren-based halal meat grinding facility. This upstream-to-downstream integration is designed within a halal traceability framework so that every stage from cattle rearing, slaughtering, to meat processing can be tracked and its halal integrity assured in a systematic manner.

Replication of INFRATANI Chilli Commodity

Piloting of the INFRATANI program began in 2019, and by 2022, a complete agricultural ecosystem had been established in horticulture for the chilli commodity coordinated by PP Al Ittifaq. This chilli ecosystem unites numerous pesantren community business actors and is supported by institutional strengthening, networking and market development, and the construction of production infrastructure such as greenhouses, packing houses, distribution centres, and a centre of excellence as a shared research hub that serves as a role model for developing INFRATANI ecosystems in Indonesia.

There are five stages in replicating the INFRATANI chilli commodity: initiation, independent production, production according to aggregator standards, scaling up as a hub, and full ecosystem. In 2025, replication was performed by six Domestic Representative Offices of Bank Indonesia. Generally, the replication process remains in its initial phase, encompassing the identification of pesantren and key ecosystem enablers, training and mentorship of pesantren human resources, and the construction of greenhouses.

b. Flagship Core Business Program: Pesantren Economic Self-Reliance under GNPIP

The Pesantren Economic Self-Reliance Program aims to empower pesantren economies so that pesantren become economically independent and are able to uplift their surrounding communities. Bank Indonesia fosters pesantren self-reliance by developing pesantren business units focused on income generation and cost efficiency. Since 2023, the program has concentrated on enhancing pesantren business units in strategic agricultural commodities that contribute to inflation. In 2025, Bank Indonesia expanded the program's scope by developing business models for capture fisheries and technology-based horticulture using low-cost communal greenhouses. Bank Indonesia also continued to develop rice as an existing commodity that had been implemented in the previous year. In 2025, Bank Indonesia finalized the business model guidelines for broiler chicken and shallots, which had undergone piloting in 2023 and 2024. These guidelines serve as a reference for replicating pesantren business models for the respective commodities, including implementation by Bank Indonesia's Regional Offices.

To address the challenge of raising productivity in halal food, Bank Indonesia updated the Pesantren Economic Self Reliance Program in 2025 by enhancing collaboration among business actors. In fisheries development, Bank Indonesia reinforced collaboration between pesantren and fishers organized in Joint Business Groups, KUB. Pesantren serve as centres of excellence, integrating the production process from cultivation and processing to downstreaming. Pesantren also act as a partnership hub among fishers, offtakers, and consumers while providing sharia financing through their micro sharia financial institutions. Financing is channelled to fish derivative product producers, who are then encouraged to obtain halal certification and broaden their market access.

Strengthened inter pesantren collaboration is also aimplemented in horticulture through a communal business model to improve efficiency and bargaining power. In practice, horticultural cultivation is constrained by crop vulnerability to pests and temperature mismatches. To overcome these challenges, Bank Indonesia tested low-cost communal greenhouses using more affordable materials and a shared utilization scheme across pesantren. The communal model facilitates the sharing of investment and operating costs, supports the achievement of economies of scale, and strengthens the bargaining position of pesantren with buyers and suppliers.

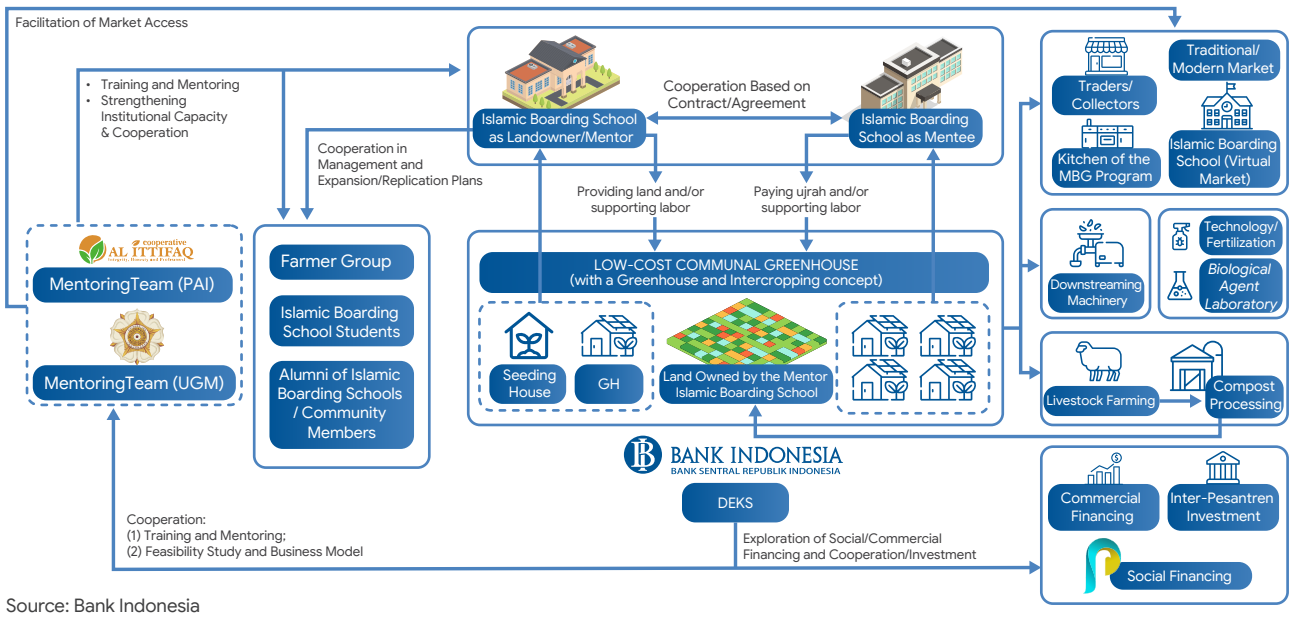
Implementation of the communal scheme promotes end-to-end business efficiency, from initial investment and daily operations to post-harvest distribution. Under the communal model, the cost of building greenhouses and supporting installations such as drip irrigation and temperature control can be shared, making them more affordable for each participating pesantren. In daily operations, bulk procurement of inputs such as fertilizer, seeds, and pesticides lowers operating costs. In marketing, communal greenhouses can produce larger and more uniform volumes, thereby raising farmers' bargaining power with modern retail, hotels, and restaurants and opening export potential. In distribution, the more consistent quality and larger output of the communal model create opportunities to obtain more competitive selling prices and expand access to wider distribution networks.

The pesantren economic self-reliance program is implemented through three main strategies, namely corporatization, capacity building, and expansion of access to financing, consistent with the sharia business ecosystem development framework set out in KEKSI 2024.[14] Corporatization is achieved through institutional strengthening by providing training and assistance to develop workflows, standard operating procedures, and fulfilment of business licensing so that sharia business actors operate professionally and accountably. Capacity strengthening is carried out through technical assistance for cultivation and the utilization of supporting technologies, including fish finders in fisheries and Internet of Things applications in horticulture greenhouses. In addition, the program integrates downstreaming and circular economy principles to improve efficiency and business sustainability, among other things by using agricultural and fisheries waste as raw materials for animal feed and processing livestock waste into compost. This approach is in line with sharia economic principles that balance economic value creation with environmental sustainability, as demonstrated in the pesantren economic self-reliance program for horticulture commodities, as shown in Figure 3.2.

Bank Indonesia considers downstreaming production as a strategic instrument to mitigate price-fluctuation risks in the volatile food category. When excess supply depresses selling prices, pesantren and their partnering farmers or fishers face the risk of declining incomes and business continuity. To address this, Bank Indonesia encourages the development of value-added derivative products whose prices tend to be more stable than primary commodities. This downstreaming approach not only raises the economic value of output, but also strengthens income resilience and the sustainability of upstream business actors.

Based on the implementation of the two pesantren economic self-reliance business models in 2025, several lessons learned were identified and are summarized in Table 3.1.

Figure 3.2. Integrated Agriculture Concept in Closed Loop Islamic Boarding School (*Pesantren*)



Source: Bank Indonesia

14 Bank Indonesia, Sharia Economic and Financial Report (KEKSI) 2024 (Jakarta: Bank Indonesia, 2024), pp. 60–65, which elaborates the framework for developing the sharia business ecosystem through strengthening the institutional capacity of business actors, enhancing production and managerial capabilities, integrating sharia financing, and reinforcing the halal value chain (HVC) in an integrated and sustainable manner.

Table 3.1. Lesson Learnt from the Business Model of the Pesantren Economic Empowerment Programme

Aspect	Lesson Learnt for Horticulture Commodities	Lesson Learnt for Fish Commodities
Capacity	The complexity of horticulture cultivation, which is vulnerable to weather, temperature, humidity, and pests, requires intensive training. Mentoring-based training delivered by experienced pesantren proved effective for knowledge transfer because it occurs among pesantren with similar cultures and business characteristics.	For businesses affected by seasonal and weather factors, mastery of risk management, inventory management, and feasibility analysis is essential. Consequently, assistance and training should be tailored to the specific conditions of each business location.
Institutional arrangements	In inter-pesantren partnerships based on communal business units, establishing formal institutions with written cooperation contracts is crucial. Contracts should set out duties, responsibilities, rights, obligations, and dispute-resolution mechanisms, and be approved by each pesantren's leadership. Strong institutions enhance pesantren bargaining power with suppliers and consumers.	Creating a business unit with legal standing separate from the pesantren, both managerially and financially, is necessary to run fisheries professionally and sustainably.
Productivity	Daily standard operating procedures supported by dedicated and competent human resources to operate greenhouses are critical to maintaining plant quality and productivity.	Environmental sustainability significantly affects fish availability and fisheries productivity. Environmentally conscious fishing practices and proper handling of catches are therefore vital to maintain quality and sustainable productivity.
Partnerships	Long-term partnerships with suppliers and consumers or offtakers, formalized in written contracts, allow pesantren to focus on cultivation activities without facing post-harvest absorption risks.	Limited pesantren human resources with seafaring skills make collaboration with fishers a primary need. Such collaboration should be reinforced through formal institutions and agreements, while leveraging pesantren's social proximity as a comparative advantage.
Marketing	Internal pesantren marketing is the most accessible channel and can be extended to other pesantren and nearby eateries, keeping logistics distribution efficient and under control.	Proximity to fish auctions and fish-processing centres facilitates marketing. Pesantren located outside such centres can still develop markets through alumni networks and inter-pesantren linkages.
Financing	Initial financing should come from pesantren internal sources, while sharia commercial financing becomes an option once business capacity scales up.	Given limited scale and seasonally fluctuating production, pesantren financial records must be accurate and consistent to improve access to sharia financing.

Source: Bank Indonesia

Pursuant to Presidential Regulation Number 59 of 2020, rice is designated as a strategic commodity within the category of essential agricultural goods, making its availability a critical factor in supporting public welfare. Its strategic value is reflected in several key aspects, namely high household consumption, a significant role in shaping national inflation, and a substantial contribution of the food group to Gross Domestic Product. Accordingly, the implementation of the pesantren economic self-reliance pilot program and the development of a sharia business model for rice are considered strategic measures to enhance food security and control national inflation. The development of the sharia business model for rice is intended not only to increase output, reduce costs, and raise pesantren income, but also to reinforce rice price stability. To achieve these objectives, partner pesantren and advisory teams need to ensure alignment between paddy production volumes, farm-gate prices, Rice Milling Unit, RMU, and warehouse capacities, as well as rice demand

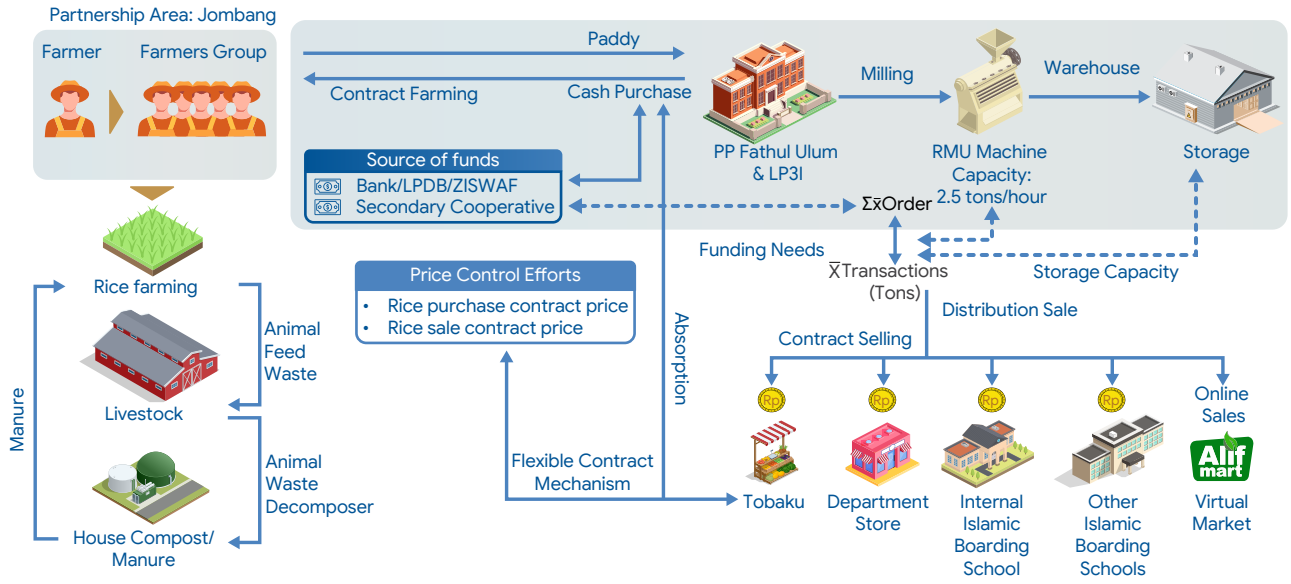
both within and outside the pesantren. Such alignment is a prerequisite for improving trading efficiency and lowering distribution costs, thereby making the selling price of pesantren-produced rice more competitive with comparable-quality rice in the market. In addition, shortening the trading chain for paddy and rice is one of the main targets pursued in the pilot program.

On the agricultural upstream side, pesantren are encouraged to implement integrated farming practices based on local potential. The approach aims to increase farmers' incomes through integrated agricultural management focused on productivity, efficiency, sustainability, social acceptance, and economic feasibility. Integrated farming is characterized by lowered reliance on external inputs, allowing cultivation to proceed more independently and more optimally. Three considerations guide implementation. First, diversification of activities provides alternative income sources for farmers, since harvesting does not occur daily. Second, integration with other sectors such as livestock, fisheries, and forestry allows production costs to be reduced by converting waste into value-added products, including organic fertilizers and botanical pesticides, consistent with a zero-waste principle. Third, integrated farming has the potential to improve the quality and competitiveness of agricultural output compared to conventional systems, thereby supporting higher farmer incomes. The innovations and development measures Implemented in the rice commodity pilot, derived from this business model framework, are presented in Figure 3.3.

Implementation of the Pesantren Economic Self-Reliance Program is implemented through a coordinated set of measures including productivity improvements, cost efficiency, downstreaming, enhanced marketing, and broader access to finance, in accordance with the development of the sharia business ecosystem framework. This approach is aimed at strengthening pesantren business resilience, increasing economic value added, and supporting food security and regional control of food-price inflation.

i. **Increasing agricultural productivity:** Productivity has continued to improve through seed trials. Building on 2024, in 2025 the varieties tested were IPB 13S and IPB 15S, with results indicating that both seeds achieved higher productivity than those used prior to the program. Alongside seed trials, support and training for implementing good farming practices were carried out through field schools and documented in a smart-farming Standard Operating Procedure for paddy cultivation. Farm business analysis of these

Figure 3.3. Business Model Scheme for Islamic Boarding School Economic Independence Program – Rice Commodity



Source: Bank Indonesia

productivity measures showed a payback period ranging from 1.8 to 5.2 years, depending on the cultivation location. In 2025, the rice commodity pilot was further enhanced by deploying Automatic Weather System (AWS) technology as a decision-support tool in paddy cultivation. Using AWS weather data enhanced the accuracy of good farming practices, lowered the risk of crop failure caused by weather anomalies, and improved efficiency in resource use inputs. Overall, AWS adoption promotes smart farming and is expected to raise productivity, harvest quality, and farmers' incomes in a sustainable manner.

ii. **Production cost efficiency:** Efforts to improve cost efficiency have continued. The program employs a circular-economy concept by minimizing agricultural waste. Pesantren and partner farmers are encouraged to convert locally available livestock waste into fertilizer. Agricultural waste is then processed into animal feed and other useful derivative products. Beyond circular-economy practices, integrated cultivation management is undertaken, which includes balanced fertilization, efficient harvesting through accurate harvest-time determination, post-harvest optimization by maximizing Rice Milling Unit (RMU) performance, and ecosystem development through collaboration with farmers and the application of contract farming.

iii. **Downstreaming through optimization of electric RMU:** The RMU plays a pivotal role in the paddy agribusiness system, serving as the centra point of production, post-harvest, processing, and marketing activities for paddy and rice. The RMUs in use collect harvests not only from pesantren paddy production but also from farmer groups organized in Gapoktan. Discussions with relevant stakeholders indicated that electric RMUs deliver higher cost efficiency than diesel RMUs. Electric RMUs also reduce carbon emissions and noise pollution.

iv. **Marketing and rice sales using contract farming :** Rice sales through contract farming arrangements, both from pesantren to Gapoktan and on an order-based basis for inter-pesantren rice sales, are expected to more optimally absorb farmers' and Gapoktan production for internal and external pesantren needs while providing a fair and beneficial trading scheme. Contract farming and order-based rice sales are important for helping pesantren, farmers, and end-consumers manage cash flows more easily and remain better protected against adverse price fluctuations.

v. **Expanding access to finance for regional food enterprises:** Regional government-owned food enterprises (BUMD Pangan) have strategic potential to serve as strong offtakers supporting the pesantren economic self-reliance program, particularly for rice, through production absorption, stock management, and more efficient distribution. Their role, however, is constrained by limited access to financing and ongoing capital strengthening. In response, Bank Indonesia is working to expand sharia financial access for BUMD Pangan by enhancing bankability and governance, developing bankable food projects integrated into the halal value chain (HVC), and utilizing non-APBD sharia financing instruments tailored to the characteristics of food businesses. These efforts are expected to reinforce BUMD Pangan's capacity in offtaking and supply stabilization while opening broader partnership opportunities with pesantren, thereby supporting pesantren business sustainability, strengthening the sharia food ecosystem, and helping to contain regional food-price inflation.

vi. **Other relevant measures:** Program implementation is also reinforced by branding pesantren rice products, enhancing the institutional capacity of pesantren and their partnerships with Gapoktan, and facilitating potential offtakers to establish business linkages and business matching. Branding is strengthened by developing distinct pesantren rice products complete with branding and packaging, which also supports downstreaming. Institutional strengthening between pesantren and partner Gapoktan is pursued through arrangements suited to local conditions, including forming cooperatives

to formalize cooperation, accompanied by capacity building in cooperative management. Business matching has involved exploratory engagement with potential offtakers from both BUMD pangan and large private firms. Cooperation is sought to be conducted under sharia contracts, particularly the salam contract.

c. Flagship Core Business Program: IKRA

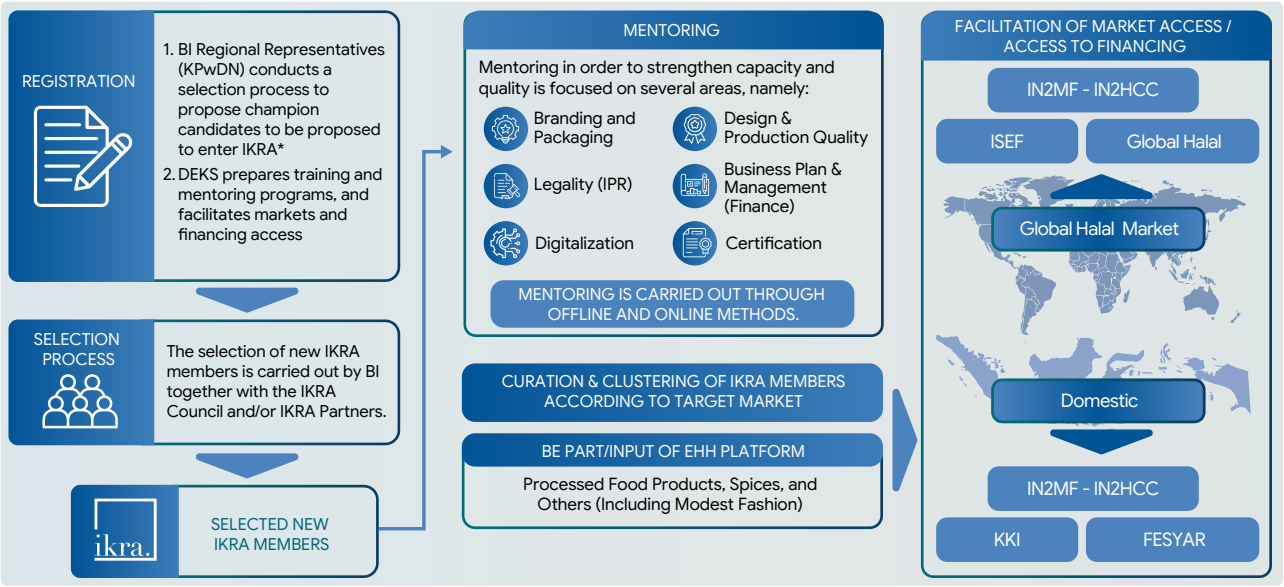
As part of efforts to develop the halal food and beverage processing ecosystem, IKRA Indonesia (IKRA) is an empowerment program for sharia enterprises focused on the halal food sector and modest fashion. The program aims to cultivate high-quality, competitive halal entrepreneurs and products with a strong domestic and global orientation so that they can contribute sustainably to national economic growth.

IKRA membership is determined through a selection process conducted by the IKRA Council, which comprises professionals in the relevant fields. Selected enterprises then undertake a structured series of capacity-building and advisory activities to enhance product quality and business readiness, with particular emphasis on taste profile, packaging, and business plan preparation. The IKRA business model consists of four sequential stages, namely 1) selecting new members, 2) delivering bootcamp activities that include advisory, coaching, and mentoring, 3) curating and clustering existing members in line with target markets, and 4) facilitating member participation in trade promotion activities, as illustrated in Figure 3.4.

IKRA Program serves as the Layer 1, or core layer, of the sharia business ecosystem, focusing on principal enterprises and activities directly linked to the production and processing of halal products. At this layer, IKRA facilitates collaboration among halal food and beverage enterprises through direct support, including empowerment programs, training, and mentoring. Through this role, IKRA encourages businesses to deliver high-quality halal products that meet domestic and global market standards and to build their capacity for innovation in line with evolving market trends. IKRA therefore constitutes a primary foundation for a strong and sustainable national halal ecosystem, while fostering broad-based growth of the sharia economy and finance.

In 2025, IKRA membership in the halal food and beverage sector reached 553 enterprises, while modest fashion membership stood at 523 enterprises drawn from across Indonesia. A total of 43 enterprises joined after successfully passing the new-member selection conducted at the beginning of the year. Candidates for selection were nominated by Bank Indonesia's Regional Offices or recommended by partner institutions.

Figure 3.4. IKRA Program Business Model Scheme



Source: Bank Indonesia

Enterprises that passed the selection were registered as IKRA members and received structured coaching through a series of training and mentoring modules covering business capacity strengthening, branding development, marketing optimization, and expansion of market access domestically and globally. The coaching was delivered in a bootcamp format involving relevant associations and professional consultants. This initiative was a collaboration between Bank Indonesia, the Perkumpulan Seniman Pangan Indonesia (PSPI), and the Islamic Fashion Institute (IFI). The bootcamp was conducted in stages, beginning with general training and followed by tailored mentoring according to each participant's capacity-building needs. The activity series commenced with a Kick-Off on 30 April 2025 and continued with intensive mentoring through October 2025. The curriculum focused, among other areas, on product development, market expansion, application of food technology, and preparation of business plans. Development of the IKRA modest fashion segment will be discussed further in the section on the modest fashion product ecosystem.

2. Development of the Extended Enterprise Layer (Layer 2)

Bank Indonesia continued and strengthened the development of the extended enterprise layer as part of its strategy to build an integrated and globally competitive national halal ecosystem. At this layer, the ecosystem comprises entities and partners that complement and support business development in the core business layer. Strengthening was pursued through three flagship programs. First, reinforcement of Halal Product Assurance through facilitation of halal certification for slaughterhouses, training and certification for **Juru Sembelih Halal (Juleha)**, replication of halal centres, and application of halal traceability technology to ensure the availability of halal raw materials and transparency across the value chain. Second, the organization of the Indonesia International Halal Chef Competition, integrated with the FESyar and ISEF 2025, serves as a platform to raise awareness, promote halal cuisine, and strengthen the halal food and beverage value chain. Third, enhancing business linkages for IKRA Indonesia members through collaboration with

Figure 3.5. Distribution of IKRA Indonesia Members 2018-2025



YEAR	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL UNTIL 2025
Food Sector	40	28	92	118	79	81	72	43	553
Fashion Sector	46	22	66	119	64	97	67	42	523
Total/Year	86	50	158	237	143	178	139	85	1076

Source: Bank Indonesia

PSPI to onboard enterprises into the Koperasi Multi Pihak Pasti Collective to expand capacity and scale. Taken together, extended enterprise development is aimed at reinforcing connectivity among actors, strengthening the quality and competitiveness of halal businesses, and supporting the growth of the sharia economy and finance.

a. Flagship Extended Enterprise Program: Halal Product Assurance

Enhancing the upstream component of the Halal Product Assurance ecosystem, specifically slaughterhouses, constitutes a strategic initiative to expedite progress implementation. An important step is expanding halal-certified slaughterhouses through replication by Bank Indonesia's Domestic Representative Offices in sixteen regions to safeguard halal meat raw materials by 2025. The Domestic Representative Offices, together with the Halal Product Assurance Organizing Agency and relevant institutions in fifteen of those regions, facilitated halal certification for ruminant and poultry slaughterhouses as part of the upstream ecosystem strengthening. Certification facilitation was provided to sixty-four slaughterhouses located in Lampung, Bengkulu, Bangka Belitung, Central Java, East Java, Jember, Malang, Purwokerto, West Kalimantan, East Kalimantan, West Sulawesi, Southeast Sulawesi, South Sulawesi, Gorontalo, and Papua.

A principal requirement for slaughterhouse halal certification is having a competency-certified Juru Sembelih Halal (Juleha) to ensure the implementation of the halal product assurance system within slaughterhouse operations. To this end, outreach and training for slaughterers in slaughterhouses are prioritized, accompanied by certification processes to meet the stipulated competency standards. In accordance with Minister of Agriculture Regulation Number 13 of 2010, slaughterhouses and meat cutting units must employ competent and recognized halal slaughterers. The presence of qualified Juru Sembelih Halal (Juleha) is expected to secure the availability of halal meat and provide public assurance in meat consumption. Under Indonesian National Work Competency Standards Number 147 of 2022, a Juru Sembelih Halal (Juleha) is a Muslim who has met competency requirements as a halal slaughterer. The slaughter process in slaughterhouses must also fulfill two essential aspects, namely halal integrity and animal welfare, to ensure that the meat produced is halal, wholesome, and of good quality or thoyyib.

As part of this initiative, Bank Indonesia facilitated workshops and certification for seventy-two Juru Sembelih Halal (Juleha) in Eastern Indonesia. One activity was held during the Eastern Indonesia Sharia Economic Festival in August 2025. The event was organized in collaboration with KNEKS, BPJPH, the Provincial Office of Livestock and Animal Health of West Kalimantan, and the Halal Science Centre IPB, with the Juru Sembelih Halal (Juleha) workshop conducted on 26 and 27 August 2025. This program represents a strategic step to reinforce the halal product assurance ecosystem while enhancing the competencies of human resources involved in complying with halal standards in slaughterhouses.

Institutional strengthening of the halal food ecosystem, INFRATANI hydroponic vegetables cooperative.

The hydroponic ecosystem pilot aims to develop a vegetable commodity system by utilizing suitable agricultural technologies, specifically greenhouses with Nutrient Film Technique. The ecosystem has secured sustainable market access through a modern market platform, Astro, which regularly purchases harvests from nine participating pesantren. Part of the harvest is also marketed via e-commerce, sold to communities around the pesantren, or used for internal pesantren needs. The hydroponic model involves nine pesantren in the Greater Jakarta area, with

Pesantren Cendekia Amanah serving as the Centre of Excellence and reference for the other eight pesantren that joined in 2022. In 2024, a distribution centre was established at Pesantren Cendekia Amanah to support intake, packaging, and delivery operations. Business managers at the pesantren enhanced their skills in production, marketing, and enterprise management. Financially, harvest revenues covered operating costs and generated profits for the pesantren.

In 2025, Bank Indonesia, in collaboration with the Centre of Islamic Business and Economic Studies of IPB University, supported the formation of a cooperative uniting the pesantren within the hydroponic ecosystem. The cooperative aims to increase economies of scale, strengthen bargaining power through joint production and collective marketing, and accelerate strategic initiatives for broader ecosystem development. This assistance resulted in the establishment of Koperasi Mitra Sejahtera Abadi Mulia on 13 November 2025, headquartered at Pesantren Cendekia Amanah in Depok, with membership comprising the nine hydroponic ecosystem pesantren. CIBEST IPB University also assisted in the formation of the cooperative's management and work program.

Institutional strengthening of the halal food ecosystem, INFRATANI low pesticide chilli cooperative.

The low-pesticide chilli ecosystem pilot extends the community-based INFRATANI program, including pesantren, with a global-market orientation. The model emphasizes collaboration with experienced off-takers that employ modern cultivation technology to raise productivity and meet international standards. The program's primary focus is on high-quality red chilli that satisfies global market requirements. Initiating global market penetration also serves as an alternative strategy to address low domestic commodity prices, thereby helping to increase farmer and pesantren incomes.

To increase the economies of scale of pesantren enterprises and accelerate strategic initiatives for broader ecosystem development, an institutional vehicle was established. The Koperasi Jasa Pesantren Juara Indonesia (Koperasi Juara) was founded on 24 September 2024 and is headquartered at Pondok Pesantren Darul Falah, Bogor Regency. The cooperative has 13 pesantren members, comprising 10 pesantren from the low pesticide chilli ecosystem and 3 pesantren from Banten. In 2025, Koperasi Juara expanded market access by supplying chilli to eastern Indonesia. Bank Indonesia facilitated the construction of 5 greenhouses to be managed by Koperasi Juara within a single production area, thereby increasing production capacity.

Institutional strengthening of the halal food ecosystem, DESA BERDIKARI rice commodity cooperative.

The rice commodity ecosystem pilot was implemented under the DESA BERDIKARI program in Tasikmalaya Regency. The ecosystem involves four villages, with Tanjungpura Village as the core pilot location and Sukanagalih, Rajamandala, and Manggungsari acting as buffer villages that serve as plasma to expand rice supply. To reinforce social capital, Saung Ilmu learning spaces were established in the three buffer villages, accompanied by field facilitators to set SOPs and cultivation standards. The Rice Milling Unit in Tanjungpura has a capacity of up to fifteen tons per day, enabled by additional paddy supply from the three buffer villages.

In 2025, a cooperative institution was established to strengthen the development of DESA BERDIKARI rice commodity. With assistance from LAZ Al Azhar, the Koperasi Produsen Syariah Tanjungpura Berdikari Gemilang was formed on 13 June 2025 in Tasikmalaya Regency. This institutionalization reinforces the Kelompok Swadaya Masyarakat Tanjungpura Berdikari program in Tanjungpura Village to support

community empowerment within the DESA BERDIKARI area. The community group runs a farm financing house supported by Islamic social finance from LAZ Al Azhar to help villagers purchase seeds and fertilizer. The cooperative is expected to serve as an aggregator for production across the four villages in Rajapolah District, Tasikmalaya Regency.

Institutional strengthening of the halal food ecosystem, DESA BERDIKARI fisheries commodity cooperative.

Fisheries ecosystem development was also undertaken within the DESA BERDIKARI framework in Sebubus Village, West Kalimantan. The pilot is located in a 3T village, namely an underdeveloped, outermost, and frontier village, in collaboration with Muhammadiyah through the Centre for Border and Coastal Studies of Universitas Muhammadiyah Jakarta. Implemented from 2023 to 2025, the program focuses on community empowerment through the development of leading local commodities, specifically jellyfish and lobster, and includes expert and facilitator assistance from PSPP UMJ, a series of technical trainings, and the construction of facilities such as fish cultivation units, an education space, and a food barn.

In 2025, a cooperative institution was established to strengthen DESA BERDIKARI fisheries commodity development. PSPP UMJ facilitated the formation of Koperasi Pesisir Surya Samudera in July 2025, headquartered in Sambas Regency. This institutionalization reinforces the fishermen groups in Sebubus Village to support community empowerment across DESA BERDIKARI. The cooperative's member groups operate a multifunction processing facility for local capture fishery outputs. The cooperative is expected to act as an aggregator for fishermen's catches, increase production efficiency, and open access to markets and to financing.

Strengthening the Halal Product Assurance ecosystem, upstream aspect, Tobaku Halal

Tobaku Halal is a trading business unit model that supplies raw materials that are halal certified or assured halal, supported by halal traceability. The objective is to accelerate halal product certification by ensuring the availability of commonly used halal raw materials that include meat-based wet inputs and non-meat dry inputs.

Program development for Tobaku Halal was pursued through area expansion to accelerate the development of the halal product assurance ecosystem and regional economic development. There were five expansion points in collaboration with Koperasi Syariah Sarekat Bisnis Pesantren Sunan Drajat, located in Pucangan Village, Tuban Regency; Karangagung Village, Tuban Regency; Dapet Village, Gresik Regency; Tlogoagung Village, Bojonegoro Regency; and Pesantren Nurul Jadid, Probolinggo Regency. The ecosystem was also expanded through collaboration with the Aisyiyah women's community across six locations, namely Pontianak, Temanggung, Gresik, Lahat, Serang, and Banyumas. Expansion includes support for marketing facilities and infrastructure for stores or cooperatives and rebranding to Tobaku Halal. This initiative is intended to reinforce downstreaming, raise competitiveness, and advance sustainable development of the halal product assurance ecosystem.

b. Flagship Extended Enterprise Program: IN2HCC

The Indonesia International Halal Chef Competition (IN2HCC) was organized to increase awareness and promote halal cuisine in Indonesia at both local and global levels, while strengthening the halal value chain within the halal product ecosystem. As the country with the

world's largest Muslim population, Indonesia has significant potential to become a leading player in the global halal food and beverage industry as well as in the domestic market. To raise public awareness of the importance of halal food and beverage products, encourage development of the halal food and beverage sector, and create linkages with members of IKRA Indonesia, IN2HCC has been held since 2023 as the world's first halal chef competition and formed part of the ISEF 2023 series of events.

IN2HCC was designed to motivate the public to be more mindful of halal consumption and to serve as a platform to promote Indonesian halal cuisine internationally. The competition also aimed to stimulate interest in the halal-chef profession and to strengthen the halal value chain for halal food and beverage products. In 2025, the scope of IN2HCC was again expanded regionally through integration with the Sharia Economic Festival (FESyar), in the form of the Halal Chef Competition (HCC), as a strategic step to increase public awareness of halal food products and accelerate the development of the halal food and beverage sector. The HCC 2025 series was held in three main regions, namely FESyar Sumatra in Lampung Province from 21 to 25 June 2025, FESyar Eastern Indonesia in West Kalimantan Province from 29 August to 1 September 2025, and FESyar Java in East Java Province from 12 to 14 September 2025. The activities featured three competition categories, specifically pesantren, vocational institutions, and professional chefs. The IN2HCC 2025 main event took place during the ISEF 2025 series from 8 to 12 October 2025 at the JIExpo Convention Centre and Theatre.

At ISEF 2025, IN2HCC presented nine competition categories with 144 participants from both domestic and international arenas. The categories comprised FESyar pesantren winners, FESyar vocational winners, FESyar professional winners, international universities, international professionals under a black-box format, national tumpeng, culinary MSMEs, high-tea traditional snacks, and national universities or academies outside FESyar. The competition involved collaboration with strategic partners such as Islamic Chef and Culinary Indonesia (ICCI) and the World Platform of Islamic Countries Culinary Societies (WICS), both of which have extensive experience in organizing cooking competitions and strong networks in the halal food industry domestically and internationally. IN2HCC also featured renowned halal chefs and world-class judges from various countries, making it a strategic platform to showcase Indonesia's halal culinary potential on the international stage. The agenda was further enlivened by talk shows, live cooking demonstrations, cooking classes, and table experiences as part of gastronomy diplomacy.

c. Flagship Extended Enterprise Program: Linkage with KMP Pasti Collective

Throughout 2025, Bank Indonesia pursued strategic collaboration with PSPI, a non-profit organization, to strengthen capacity and expand business scale for IKRA members through onboarding into the Koperasi Multi Pihak (KMP) Pasti Collective. This collaboration was part of a strategy to accelerate the growth of IKRA members, so they are better prepared to enter wider, more competitive markets. In implementation, PSPI mapped prospective cooperative members based on established criteria, namely product quality that meets market standards and entrepreneur characteristics that are adaptive, open to development, and committed to growth. Through this process, 50 enterprises were curated as members of KMP Pasti Collective.

A collaboration-based approach among cooperative members was then adopted as the principal business-development strategy. By prioritizing collective sharing of resources, networks, and market access, members reinforced one another across production, marketing, and distribution.

This collaborative model enables each IKRA member to grow together in line with its potential. The collaboration delivered several strategic outcomes, namely (i) an increase in sales channels through participation in trade promotion events, sales calls, and various business forums, (ii) a rise in the number of domestic and international buyers across diverse categories, and (iii) higher transaction values for participating enterprises. In parallel, stronger branding and greater media exposure enhanced the visibility of cooperative members' products in broader markets, thereby improving their positioning within both the national and global halal business ecosystem.

3. Development of the Business Ecosystem Layer (Layer 3)

The development of the business ecosystem layer is aimed at strengthening connectivity among actors, increasing scale and competitiveness, and deepening the integration of the sharia economy and finance within the national and global halal value chain (HVC). To support this, Bank Indonesia facilitated market access through three flagship programs: trade promotion for the halal food sector, strengthening the role of the Himpunan Ekonomi and Bisnis Pesantren (Hebitren), and enhancing the Pesantren Nusantara (Pesantara) virtual market. Trade promotion for halal food was expanded through participation in domestic and international exhibitions and business matching to widen market access and business networks for sharia enterprises. At the same time, Hebitren's role as a pesantren holding business was strengthened to foster business consolidation, institutional capacity, and integration of pesantren into the HVC, particularly in food. In parallel, the Pesantara virtual market was strengthened as a digital holding platform that connects production, distribution, and markets across pesantren, improving efficiency and transaction volume.

a. Flagship Business Ecosystem Program: Trade Promotion in the Halal Food Sector

Throughout 2025, trade promotion activities were conducted to expand outlets for halal food products. The program comprised five domestic events and five international events.

i. **Ubud Food Festival:** The Ubud Food Festival is one of Indonesia's largest culinary festivals, held annually in Ubud, Bali. It brings together local and international culinary actors and showcases the archipelago's gastronomic richness through cooking demonstrations, workshops, panel discussions, culinary classes, gastronomy performances, and a food bazaar featuring diverse regional specialties. Members of IKRA and the Koperasi Multi Pihak (KMP) Pasti Collective participated in introducing heritage food products and sharia business actors to national and international audiences, while opening opportunities with hotel, restaurant, and cafe or catering networks, retail partners, and cross-border culinary collaboration.

ii. **Muslim Life Fest:** Organized by PT Lima Events, affiliated with KPMI, Muslim Life Fest took place from 29 to 31 August 2025 at ICE BSD, Tangerang, Banten. Participation provided market access facilitation for IKRA members in halal food and modest fashion and formed part of the Road to ISEF 2025.

iii. **UI Halal Expo:** The UI Halal Expo was held from 25 to 27 November 2025 at Balairung UI, Depok. Participation included product showcasing and a talk show on "Synergy and Collaboration to Realize Indonesia as a Global Halal Hub."

iv. **Twelfth Indonesia Sharia Economic Festival (ISEF) 2025:** ISEF is an annual initiative organized by Bank Indonesia and relevant ministries and agencies as a platform to showcase sharia economy and finance development in Indonesia. The series includes the Sharia Forum and the Sharia Fair, with exhibitions and business-matching serving as market-expansion outlets for Sharia enterprises in halal food and modest fashion.

v. **Pesta Rakyat Alumni IPB (PRA IPB) 2025:** Organized by the IPB Alumni Association as a cross-generation consolidation and networking forum, PRA IPB participation broadened market access and cooperation opportunities for IKRA members through culinary exhibitions and Busareko at PRA IPB 2025.

vi. **Foodex 2025:** Participation at Foodex Japan 2025 was conducted in the Indonesia Pavilion from 11 to 14 March 2025 at Tokyo Big Sight, Japan, aligned with the Investor Outreach and BI Polmix Campaign. Activities included showcasing products from eleven IKRA members, with direct facilitation for one IKRA member, Aranaspices, as follow up to potential transactions identified at ISEF 2024.

vii. **World Expo Osaka 2025:** Participation at the World Expo 2025 in Osaka took place from 5 to 18 May 2025 on Yumeshima Island, in collaboration with Bappenas, the Indonesian Embassy in Tokyo, the Consulate General in Osaka, and an aggregator. Activities included showcasing products from twelve IKRA halal food members, a trade seminar, and business matching.

viii. Tuttofood Milan 2025: Participation at Tuttofood was held from 5 to 8 May 2025 at Fiera Milano, Italy, in collaboration with ITPC Milan, featuring showcases from four IKRA members in the Indonesia Pavilion.

ix. **Seoul Food and Hotel 2025:** Participation at SFH 2025 was conducted in the Indonesia Pavilion from 10 to 13 June 2025 at Kintex Exhibition Centre, Ilsan, Republic of Korea, in collaboration with the Ministry of Trade, ITPC Busan, and BNI, featuring showcases from five IKRA members and the facilitated presence of one IKRA enterprise and one aggregator from KPMI.

x. **Malaysia International Halal Showcase 2025:** Participation at MIHAS was held from 17 to 20 September 2025 at the Malaysia International Trade and Exhibition Centre, Kuala Lumpur, in collaboration with the Indonesian Embassy and Trade Attache in Kuala Lumpur. Activities included showcasing halal food products such as snacks, flour, seasonings, and various rendang and noodles from 13 IKRA members, with the facilitated participation of 7 IKRA enterprises and 1 aggregator from the Perkumpulan Seniman Pangan Indonesia (PSPI).

k. Flagship Business Ecosystem Program: Strengthening the Role of Hebitren

Pesantren are educational and socio-religious institutions that have historically played a key role in community development. Beyond their roles in education and da'wah, pesantren possess strategic potential to empower local economies. Internal resources, santri and alumni networks, and close social ties with surrounding communities enable pesantren to enhance to food resilience and support a more efficient and inclusive economic chain.

National pesantren economic development has been built progressively through collaborative initiatives. From the 2014 Surabaya Declaration, which marked the strengthening of a people-based sharia economy, to the 2017 declaration on the revival of the pesantren economy, pesantren have been encouraged to build economic cooperation as part of community empowerment. These initiatives constitute the foundation for more structured and sustainable pesantren economic institutions.

To reinforce consolidation and business development, Bank Indonesia, the Ministry of Religious Affairs, pesantren representatives nationwide, and relevant authorities initiated the establishment of Hebitren in 2020 as a platform for pesantren holding businesses. By 2025, Hebitren had formed provincial networks with membership spanning thousands of pesantren. This progress was supported by a phased roadmap that guided Hebitren's role as a facilitator of inter-pesantren cooperation and business transactions, while also expanding market access and financial inclusion.

In 2025, the Pesantren Business Forum within the ISEF series served as a platform to launch a commitment to support the development of a digital pesantren holding business ecosystem for food resilience, and was attended by the Coordinating Minister for Food Affairs, Zulkifli Hasan. The support reflects the pesantren's readiness to strengthen its role in the national food ecosystem through a digital holding business model that promotes business consolidation, improved governance quality, and deeper integration of pesantren into the HVC, particularly in food. This initiative confirms the direction of pesantren corporatization, where institutional strengthening and the use of digital platforms are expected to raise efficiency, transparency, and business sustainability.

I. Flagship Business Ecosystem Program: Strengthening the Pesantren Nusantara Virtual Market

Consistent with the support announced at the Pesantren Business Forum, the development of a digital pesantren holding business ecosystem requires a platform that integrates production, distribution, and markets. In this context, strengthening and expanding the Pesantara virtual market has been a key instrument in driving pesantren business consolidation, broadening inter-pesantren market access, and increasing transaction efficiency within the pesantren economy. By 2025, Pesantara had engaged 124 pesantren and helped increase inter-pesantren trade and economic cooperation, with cumulative transaction value reaching Rp2.8 billion.

Institutional strengthening of Pesantara is also supported by a digital cooperative, which forms part of the strategy to reinforce institutions and develop pesantren businesses. Membership in the digital cooperative expands inter-pesantren distribution networks. Feature and forum development within Pesantara has been designed under a closed-market concept limited to pesantren to accommodate diverse transaction schemes and business cooperation. In 2025, 23 pesantren had joined the digital cooperative, comprising members of Hebitren in East Java, the Special Region of Yogyakarta, West Java, and Jakarta.

B. Development of the Modest Fashion Product Ecosystem

As part of efforts to position Indonesia as a global hub for the halal industry, Bank Indonesia is strengthening the modest fashion sector through an integrated ecosystem approach that spans upgrades in product quality and production capacity, expanded market access, and access

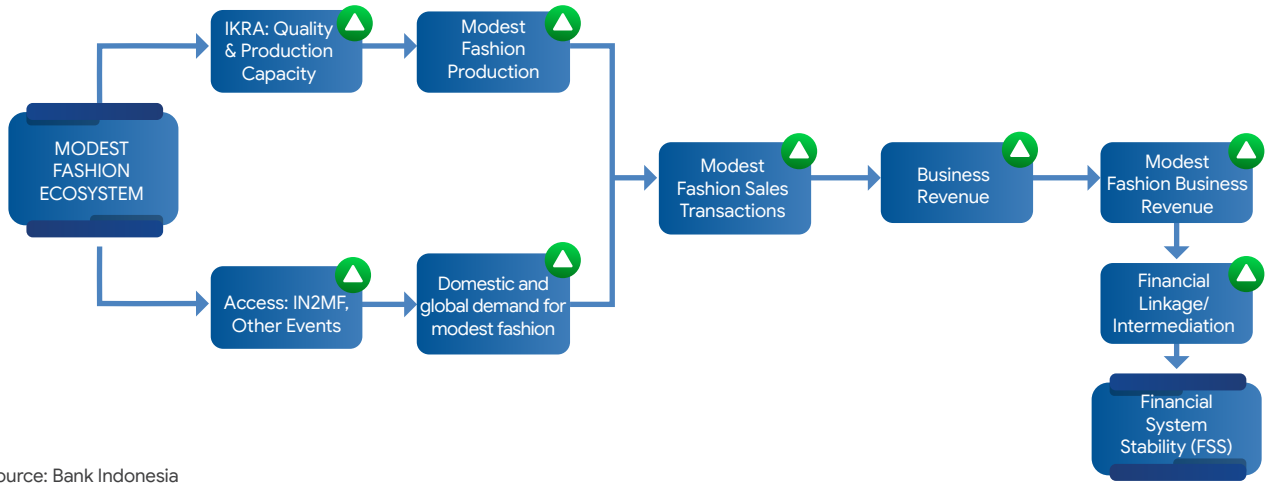
to finance. The objective is not only to improve real-sector performance but also to reinforce policy transmission through the Islamic finance intermediation channel, in line with the deeper integration of the sharia economy and finance within the halal value chain (HVC).

Development is directed at raising product quality and production capacity while broadening domestic and global market reach, thereby increasing transaction volumes and enterprise turnover. In turn, stronger commercial performance is expected to enhance firms' ability to access financing for business expansion.

Promotion is a critical pillar alongside product quality and enterprise capability. The Indonesia International Modest Fashion Festival (IN2MOTIONFEST) conducted through cross-ministry and agency collaboration, serves as a strategic platform to promote wastra-based modest fashion products and extend market reach. The event creates business linkages that support higher sales and turnover and strengthen the position of Indonesia's modest fashion products in domestic and international markets.

The development of the modest fashion sector applies the business ecosystem approach articulated by James F. Moore, which views industry as an ecosystem that evolves through three layers: core business (Layer 1), extended enterprise (Layer 2), and business ecosystem (Layer 3). The core business layer is reinforced through the IKRA Indonesia program, enabling enterprises to deliver products that meet domestic and global market standards. Within the extended enterprise layer, IKRA functions as a platform for business linkage. Promotion and market access expansion then strengthen the business ecosystem layer. The three layers work in synergy to create a positive cycle that supports the sustained growth of Indonesia's modest fashion sector amid global uncertainty.

Figure 3.6. Modest Fashion Ecosystem



Source: Bank Indonesia

1. Development of the Core Business Area, Layer 1

Flagship Core Business Program: IKRA

In 2025, IKRA membership in the modest fashion segment stood at 523 enterprises across Indonesia. Since its inception by Bank Indonesia in 2018, new IKRA members have been curated annually. Each new member received training and advisory support through a bootcamp program delivered in collaboration with the Islamic Fashion Institute.

The IKRA bootcamp was designed to align with each participant's needs and to address current market challenges. The series commenced with a Kick-Off on 30 April 2025 and continued with intensive mentoring through October 2025. On the product side, participants received modules on design strengthening, the application of *wastra*, and one-on-one design-coaching sessions. To reinforce enterprise capabilities and promote it, participants were also equipped with pricing, business management, and negotiation skills. Outputs from the 2025 IKRA bootcamp were showcased at IN2MOTIONFEST within ISEF from 8 to 12 October 2025. Given IN2MOTIONFEST's national and global scale, the event set a benchmark for participating designers as they presented their collections.

2. Flagship Extended Enterprise Programs: IKRA and IN2MOTIONFEST

At the extended enterprise layer, development focused on strengthening collaboration by leveraging IKRA's role as a connector across the value chain. IKRA provided a platform that linked enterprises with suppliers, partners, and supporting industries, thereby forming business linkages. Participation by firms and industry actors in this network played an important role in creating opportunities for cooperation.

Beyond network channels, actor interactions were advanced through promotion and exhibition activities, notably IN2MOTIONFEST. These forums brought together enterprises with potential partners, suppliers, and buyers. IN2MOTIONFEST encompassed not only runway presentations but also sub-events such as focused group discussions and designer gatherings, which opened collaborative pathways between enterprises and wider industry communities and associations.

3. Development of the Business Ecosystem Area, Layer 3

Flagship Business Ecosystem Programs: IN2MOTIONFEST and Trade Promotion

The next stage in modest fashion development operates at the business-ecosystem layer, which establishes the enabling environment for sustained growth and greater competitiveness. At this layer, IN2MOTIONFEST and other trade-promotion events connected IKRA designers with policymakers, industry players, financial institutions, and national and international associations to strengthen ecosystem connectivity, expand partnership networks, and foster sustainable business collaboration in Indonesia's modest-fashion sector.

The Indonesia International Modest Fashion Festival (IN2MOTIONFEST) is a strategic initiative that supports Bank Indonesia's mandate to strengthen the halal value chain (HVC) by advancing the modest fashion sector. Bank Indonesia's leadership in IN2MOTIONFEST, in collaboration with relevant ministries and agencies, reflects a firm commitment to promoting modest fashion as a flagship industry that contributes to national economic growth and global competitiveness.

IN2MOTIONFEST is a national and global-scale event that showcases *wastra nusantara,* such as batik, songket, tenun, and other traditional

Figure 3.7. Muslim Fashion Festival (MUFEST) 2025



Source: Bank Indonesia

Indonesian textiles, as its distinctive marketable hallmark. The event applies a modest concept with standards for covered attire that is non-sheer and not tight. The IN2MOTIONFEST series is not a stand-alone activity but is integrated with other fashion and/or modest fashion events as a form of collaboration in developing the sharia economy and finance. Throughout 2025, the IN2MOTIONFEST series and modest fashion trade promotion were held in four domestic events and three global events.

Participation in MUFFEST 2025 Road to IN2MOTIONFEST 2025

The Muslim Fashion Festival (MUFFEST) is Indonesia's pioneering Muslim fashion event comprising fashion shows and exhibitions. The 2025 edition took place in Jakarta from 20 to 23 February 2025 under the theme "Connecting in Style." Ten IKRA member designers and four partner designers presented their best collections. As one of Indonesia's largest modest fashion events, MUFFEST offered substantial sales opportunities through the presence of end sellers, resellers, boutique owners, and designers, while providing broad product exposure via social media and national media coverage.

Implementation of FESyar in Three Regions

The Modest Fashion Designer Competition, MFDC, was conducted as part of the 2025 Sharia Economic Festival, FESyar, with a regional rollout covering Sumatra, Eastern Indonesia, and Java, serving as a Road to IN2MOTIONFEST 2025. The competition featured two participant categories, namely Professional and University Student. The objective was to identify talented modest fashion designers by elevating leading regional *wastra*. Winners of the competition will present their works at IN2MOTIONFEST 2025.

Figure 3.8. Modest Fashion Designer Competition (MFDC) FESyar 2025



Source: Bank Indonesia

Figure 3.9. Indonesia International Modest Fashion Festival (IN2MOTIONFEST) 2025



Source: Bank Indonesia

Implementation of IN2MOTIONFEST within ISEF 2025

The Indonesia International Modest Fashion Festival, IN2MOTIONFEST, remained the premier reference event for modest fashion domestically and internationally, serving as a collaborative platform between Bank Indonesia and relevant ministries and agencies to develop the modest fashion sector. After receiving a MURI record in 2024 for "Wastra-Based Character Modest Fashion Festival with the Most Collections," IN2MOTIONFEST continued to develop. The IN2MOTIONFEST ISEF 2025 program featured fashion shows, exhibitions, wastra business matching, focused group discussions, seminars, and a charity clearance sale, and presented 1,785 looks from 225 domestic and international designers.

Participation in JMFW 2026 as Road to IN2MOTIONFEST 2026

Jakarta Muslim Fashion Week, JMFW, is an annual event organized by the Ministry of Trade together with relevant stakeholders to support export promotion of Indonesian fashion products. In 2025, JMFW 2026, which was labelled 2026 but held in Jakarta from 6 to 9 November 2025, adopted the theme Essential Lab, blending fashion with everyday lifestyle. As part of the Road to IN2MOTIONFEST 2026, the event showcased collections from seven IKRA member designers and two partner designers. The program served as a platform for business linkages and sales while expanding exposure for wastra-based modest fashion through social media and national media coverage.

Figure 3.10. Jakarta Muslim Fashion Week (JMFW) 2026



Source: Bank Indonesia

Figure 3.11. Osaka Expo 2025



Source: Bank Indonesia

Participation in Osaka Expo, 5 to 18 May 2025

The World Expo is an international event held every five years by the Bureau International des Expositions, BIE. In 2025, the event took place in Osaka from 13 April to 13 October 2025. Bank Indonesia participated during BI Week, from 5 to 18 May 2025, through a rolling exhibition and business-matching activities. A total of ten IKRA members in the modest fashion segment took part, presenting seventy-nine ready-to-wear items. The participation received a positive response and effectively introduced Indonesian modest fashion to audiences in Japan and internationally, in line with efforts to expand market access and strengthen the halal value chain, HVC.

Implementation of IN2MOTIONFEST Istanbul

IN2MOTIONFEST Istanbul was held from 20 to 22 August 2025, aligned with participation in the Istanbul Fashion Connection, IFCO, in Istanbul, Türkiye. In its second year, the program comprised one fashion show slot and an IFCO trade show, featuring six IKRA member designers and one partner designer. Prior to the fashion show, a press conference engaged international and national media to cover and report on IN2MOTIONFEST Istanbul. The event was well received by global fashion industry stakeholders and opened opportunities for collaboration between Indonesian modest fashion enterprises and business

Figure 3.12. IN2MOTIONFEST Istanbul 2025



Source: Bank Indonesia

Figure 3.13. Front Row Paris 2025



Source: Bank Indonesia

partners in Türkiye. Furthermore, Indonesian modest fashion products with distinctive wastra nusantara characteristics were viewed as attractive and relevant for the Turkish fashion market and surrounding region, supported by policy synergy to promote Indonesia's modest fashion branding going forward.

Participation in Front Row, 6 September 2025

Road to IN2MOTIONFEST 2025

Front Row Paris is a strategic platform initiated by the Indonesian Fashion Chamber to consistently introduce Indonesian fashion to Europe. The objective is to expand market access, strengthen global branding, and showcase cultural value and sustainability. At Front Row Paris 2025, Bank Indonesia supported the promotion of Indonesian fashion and featured *wastra*-based collections from three IKRA Indonesia designers. The event was held on 6 September 2025 in Paris, France under the theme Wastra Beyond Borders.

C. Development of the Muslim-Friendly Tourism Ecosystem

The Muslim Friendly Tourism program is primarily focused on Layer 2 and Layer 3 of the ecosystem. At Layer 2, development centres on empowering kelompok sadar wisata (Pokdarwis) and formulating Guiding Principles for village-based tourism. At Layer 3, development progresses through collaborations with the Ministry of Tourism in preparing the Indonesia Muslim Travel Index, IMTI, 2025 and through the Halal Lifestyle Area program led by an integrated inter-agency team. Interventions aimed at business actors at Layer 1 are conducted indirectly and are implemented via the empowerment of Pokdarwis program. Within that program, interventions focus on optimizing Pokdarwis institutions, which play a strategic role in driving implementation of the Muslim-friendly tourism concept among village-level tourism enterprises.

1. **Development of the Extended Enterprise Area, Layer 2**

a. **Flagship Extended Enterprise Program: Village-based Muslim-friendly Tourism**

Muslim-friendly tourism essentially prioritizes strengthening of extended services as presented in Figure 3.14. According to GMTI, extended services comprise three elements. The need for elements includes halal food, worship facilities, and clean sanitation. The good-to-have element includes Ramadan fasting services, local Muslim experiences, and social activities. The nice-to-have element includes the absence of non-halal activities and the availability of private recreation spaces. Strengthening these three elements is expected to provide comfort and deliver the best possible experience in accommodating the specific needs of Muslim tourists, thereby supporting quality, competitive, and sustainable Muslim-friendly tourism going forward.

Figure 3.14. The Extended Services Concept in Muslim-Friendly Tourism=



Source: Bank Indonesia

Development of Muslim-Friendly Tourism Village Ecosystems

A tourism village is a community-led tourism area that offers authentic experiences through direct interaction with nature, culture, traditions, and the daily life of local communities. Development is based on environmental conservation and local cultural values so that tourism activities are not solely focused on economic benefits but also on social sustainability and the well-being of the community wisdom. Generally, tourism villages have unique characteristics resulting from the blend of natural landscapes, tourist sites, accommodation, and supporting infrastructure that are integrated into local community life and regional customs.

Tourism villages hold significant economic potential. Recent developments in Indonesia's tourism indicate that tourism villages remain a resilient segment. During the pandemic, tourism villages became a clear winner, experiencing an increase in visits of up to 30%[15] percent. As the pandemic subsided, this trend intensified, with post-pandemic visits increasing by 30 to 50 percent and contributing to a 30 to 50 percent[16] increase in Indonesia's economy. In recognition of their contribution to household income, economic diversification, and cultural preservation, the Government designated tourism village development as a priority program in the RPJMN 2025 to 2029.

Nevertheless, management of tourism villages is often suboptimal due to the absence of an institution that can mobilize tourism actors comprehensively, in a planned and organized manner. Consequently, the conventional development concept of 3A, namely Access, Attraction, and Amenity, together with 2P, namely Business Actors and Promotion, is not sufficient. The institutional or ancillary element, as the fourth A, constitutes a critical foundation for ensuring sustainability. Understanding the urgency of applying the 4A concept, namely Access, Attraction, Amenity, and Ancillary, alongside 2P, namely Business Actors and Promotion, underpins the pilot project for Muslim-Friendly Tourism village development through empowerment of Kelompok Sadar Wisata (Pokdarwis) in Bilebante Tourism Village in West Nusa Tenggara and Sungai Batang Tourism Village in West Sumatra. The objective of empowering Pokdarwis is to enhance the capacity of tourism village managers and position tourism as an engine of local economic activity.

Strengthening the role of Pokdarwis is a key factor in sustaining tourism village businesses, including in Muslim-friendly tourism development. Pokdarwis can introduce basic Muslim-friendly services, such as halal food, worship facilities, and adequate sanitation. At present, however, the role of Pokdarwis has not been optimal in addressing the extended services element. To date, Pokdarwis have generally

15 Sandiaga Uno: Visits to Tourism Villages Rose by 30% During the Pandemic

16 Minister of Tourism and Creative Economy Sandiaga Uno Says Economic Turnover in Tourism Villages Rose by 30–50 Percent | Page 2

been tasked with supporting overall tourism development, including the development and maintenance of village tourism assets and the promotion of regional destinations. Accordingly, a Pokdarwis organization typically fulfils several functions, namely development, management, empowerment, conservation, and marketing of regional tourism. These functions are necessary to enable a tourism village and the enterprises involved can maximize economic potential in line with the development of regional tourism.

Pokdarwis' effectiveness depends on the initiative of community activists in tourism villages, who often face constraints related to consistency and support. Therefore, Pokdarwis empowerment is carried out systematically through training and mentoring to strengthen managerial capacity and deepen understanding of the potential and development strategies of the tourism business, consistent with Muslim Friendly Tourism principles. In this context, the empowerment program design also refers to strengthening the extended services element, with the expectation that Pokdarwis will play a strategic role in ensuring basic services and facilities such as halal food, worship facilities, and clean toilets, as well as collaborating with stakeholders to educate tourism business actors on the application of Islamic principles in business.

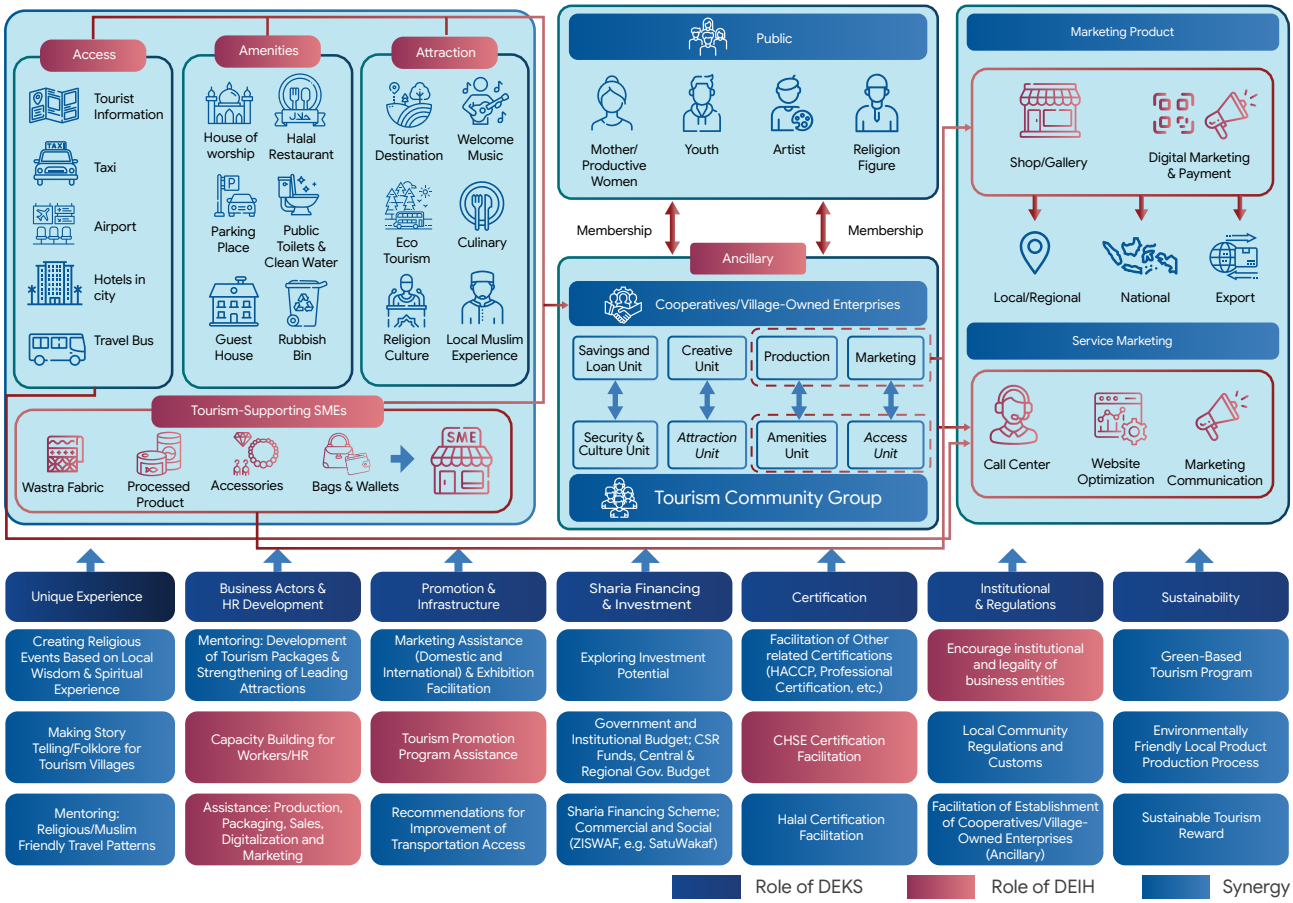
For these reasons, Pokdarwis empowerment needs to be pursued in a structured and continuous manner through training and mentoring to build managerial capacity, entrepreneurship, and an understanding of Sharia value-based tourism business. The program design is directed to strengthen Pokdarwis roles in developing extended services, so that Pokdarwis function not only as destination mobilizers but also as strategic actors in providing Muslim-friendly services and in building collaboration with stakeholders to educate tourism enterprises on the application of sharia principles in tourism business activities.

Village-Based Muslim-Friendly Tourism Development Model

The Pokdarwis empowerment program aims to strengthen Muslim-Friendly Tourism development, particularly in the extended services element that accommodates the specific needs of Muslim travellers. The program also indirectly contributes to several assessment aspects of the Indonesia Muslim Travel Index, IMTI, which refers to the ACES criteria, namely Access, Communication, Environment, and Services. By integrating the 4A and 2P concepts, while taking into account the strategic role of Pokdarwis and the extended services element, the village-based Muslim-friendly tourism development model is presented in Figure 3.15.

The specific objective of this program is to optimize the role of Pokdarwis (tourism awareness groups) as a pivotal element in village tourism management, enabling them to independently formulate tourism development strategies. In 2025, assistance and training for Pokdarwis in Bilebante and Sungai Batang will focus on strengthening organizational management capacity and the role of Pokdarwis, while enhancing competencies in digital marketing, branding, and destination promotion. The assistance will also cover the development of thematic activity packages, improvements in the quality of Muslim-friendly tourism services, and the strengthening of creative products in the food, fashion, and hospitality sectors, including facilitation of halal certification. The program will be complemented by support to access Islamic finance and investment through training in financial record-keeping, business proposal preparation, and the introduction of cooperation schemes with financial institutions. From an institutional perspective, strengthening will be pursued through the formation and reinforcement of Pokdarwis organizational structures, including options to establish a cooperative or integrate with the village-owned enterprise (BUMDes), as

Figure 3.15. MFT-based Tourism Awareness Group (Pokdarwis) Empowerment Model



Source: Bank Indonesia

well as the expansion of collaborative networks with business players, community groups, and relevant stakeholders. The entire series of activities is directed to reinforce environmental, social, and economic sustainability and to generate value-added tourism products and services that promote the self-reliance and economic resilience of village tourism destinations.

b. Achievements in Village-Based MFT Development

The development of Muslim-friendly tourism focuses on meeting the basic needs of tourists by strengthening extended services, which encompass service excellence and supporting facilities. In practice, responsiveness, assurance, and empathy are key to building an inclusive and sustainable tourism experience. This was reflected in the achievements of Bilebante Tourism Village, West Nusa Tenggara, which demonstrated superior performance not only in service delivery but also in overall destination quality.

In 2025, Bilebante Tourism Village received the international 3rd ASEAN Public Toilet Award as part of the ASEAN Tourism Award series, underscoring excellence in tangible service aspects, particularly the provision of clean, proper, and internationally standardized sanitation facilities. In addition, Bilebante Tourism Village also earned recognition as the Best National Tourism Village at the Wonderful Indonesia Award 2025, reflecting the successful integration of governance, service quality, sustainability, and community-based tourism experiences. These achievements indicate that the development of Muslim-friendly tourism is not solely oriented toward fulfilling the specific needs of Muslim tourists, but also improves the quality of basic services for all tourists, thereby strengthening the competitiveness of tourism villages at the national and international levels.

These achievements were reinforced by the Customer Satisfaction Survey (CuSS) results, which showed a very good level of tourist satisfaction

Figure 3.16. Relevance of Bilebante Village Representatives Receiving The 3rd ASEAN Public Toilet Award at the ASEAN Tourism Award 2025 (Left) and the National Best Tourism Village Award at the Wonderful Indonesia Award 2025 (Right)



Source: Bank Indonesia

at Bilebante Tourism Village and a good level at Sungai Batang Tourism Village. Meanwhile, the Community Satisfaction Survey (CoSS) indicated that the highest satisfaction in Bilebante Tourism Village was in management and economic impact, while in Sungai Batang Tourism Village, it was in commitment to sustainability.

c. Preparation of Guiding Principles for Village-Based Tourism Development

The preparation of the Guiding Principles (GP) for Muslim-friendly tourism development was motivated by the growing need for uniform, practical references to develop destinations that are inclusive, competitive, and sustainable. Given the diversity of regional characteristics and the varying capacity of tourism actors, the GP was formulated to guide KPwDN in developing the Muslim Friendly Tourism ecosystem from the stage of identifying a village's potential and commitment to become a tourism village, through strategy analysis to strengthen the village, to implementation of a Muslim friendly, standards-based tourism village that prioritizes local wisdom, sustainability, and visitor comfort.

Moving forward, the GP is expected to serve as an operational manual for KPwDN to design, implement, and evaluate Muslim-friendly tourism programs in their respective jurisdictions. Application of the GP will enable KPwDN to ensure that program replication is targeted, adaptable, and impactful, while improving service quality, strengthening the capacity of tourism actors, and expanding economic benefits for village communities. The GP thus functions not only as a normative reference but also as a practical instrument for developing sustainable Muslim Friendly Tourism aligned with the national sharia economy and finance policy.

2. Development of the Business Ecosystem Area, Layer 3

a. Preparation of the Indonesia Muslim Travel Index, IMTI, 2025 Study

The Global Muslim Travel Index (GMTI) 2024 projected that the global Muslim traveller market will reach approximately 230 million international arrivals and spending of up to USD 225 billion in 2028, indicating substantial potential for foreign exchange earnings for Muslim-friendly destinations in Indonesia. In the State of the Global Islamic Economy Report 2025, the Muslim Friendly Travel sector was forecast to grow by more than 12 percent annually and reach approximately USD 384 billion in 2028, highlighting the economic opportunities from developing Muslim Friendly Tourism. Furthermore, global Muslim demographic projections by Pew Research showed that the Muslim population will continue to increase over the coming decades, creating greater aggregate demand for Muslim-friendly products and services.

Indonesia has a significant opportunity to develop Muslim-friendly tourism as part of its strategy to strengthen the national tourism sector, since Indonesia ranked at the top of the GMTI, along with Malaysia, in 2023 and 2024, highlighting the country's attractiveness to the global Muslim community travellers. The

Figure 3.17. Launch of the Indonesia Muslim Travel Index (IMTI) 2025



Source: Bank Indonesia

economic potential of this segment is expected to increase foreign-exchange inflows from global Muslim travelers, particularly from countries with high per-capita spending. Converting Indonesia's GMTI ranking achievements into tangible foreign-exchange gains, therefore, constitutes a strategic challenge that requires coordinated action by tourism stakeholders.

According to the Global Muslim Travel Index (GMTI) 2025, Indonesia declined from first to fifth place, ranking below Malaysia, Saudi Arabia, Türkiye, and the United Arab Emirates. The outcome indicates a moderation in the global competitiveness of national PRM amid intensifying competition. Without a strong and timely policy response, it will be difficult to realize the sizeable economic opportunities from the global PRM segment.

To enhance the competitiveness of national PRM, Bank Indonesia, the Ministry of Tourism, the ENHAII Halal Tourism Centre, Politeknik Pariwisata NHI Bandung, and CrescentRating collaborated to develop the Indonesia Muslim Travel Index (IMTI), aimed at raising awareness of PRM development strategies at the provincial level. The study's results were launched by Minister of Tourism, Widiyanti Putri Wardhana and Aida S. Budiman, ADG for Area 4, at the Seventh International Halal Tourism Summit, part of the ISEF 2025 series.

Preparation of IMTI 2025 was aligned with GMTI assessment indicators, namely Access, Communication, Environment, and Services (ACES). The study covered 15 provinces designated by the Ministry of Tourism and was followed by site visits to deepen data collection. Several provinces, including Gorontalo, Banten, West Sumatra, and West Java, were received directly by regional leaders, Governors or Deputy Governors. In broad terms, IMTI 2025 showed progress in halal culinary offerings, accommodation, and cultural heritage, alongside challenges in infrastructure, promotion, and service standardization. The top five provinces by IMTI score were West Java (69.6), West Sumatra (67.8), West Nusa Tenggara (66.6), Aceh (65.5), and Central Java (65.4).

Key findings of IMTI 2025 are as follows.

i. **West Java emerged as a new leader**, rising five places and replacing West Nusa Tenggara as the previous year's top province.

ii. **Aceh and West Sumatra consistently ranked near the top** in IMTI 2018, 2019, 2023, and 2025, and therefore could be recommended as **Super Priority Tourism Destinations** for PRM.

iii. **The national average score increased from 50 to 57**, indicating broader understanding and adoption of a Muslim-friendly ecosystem. Field visits across 15 provinces highlighted improvements in halal culinary offerings, accommodation, and culture, while identifying challenges in infrastructure, promotion, and service standardization.

In line with global trends, travellers now demand destinations that are not only profit-oriented but also emphasize sustainability, meaningful local experiences, and accessibility for diverse social groups. To reinforce the IMTI analysis, tourism performance was also assessed using the RIDA framework, which is Responsible, Immersive, Digital, and Assured, in three destinations. Greater Bandung was selected as one of Indonesia's largest and most popular metropolitan destinations. Greater Bogor was chosen for its proximity to the Jakarta Metropolitan Area, indicating high visitation potential. Greater Cirebon was selected for its relatively close location to metropolitan areas and its significant cultural and historical heritage, with scope for further development. The RIDA framework aims to assess PRM destination readiness in meeting travellers' expectations and to identify areas for strengthening to improve service quality on a sustainable basis.

RIDA findings and recommendations indicate differentiated strengths across the three regions. Greater Bandung is ready to serve as a model for modern and sustainable PRM destinations, Greater Bogor has potential as a centre for conservation and education, and Greater Cirebon excels as an immersive cultural destination. Looking ahead, the focus of strengthening should be directed to standardization of sustainability, quality of experience, digital reliability, and assured services covering accessibility and halal assurance, so that PRM competitiveness strengthens more evenly across regions.

b. Flagship Business Ecosystem Program: Halal Lifestyle Area

Integration of the sharia economy and finance within national development underscores the Government's commitment to position EKSyar as a new source of growth. Indonesia's vision to become a global hub for a sharia economy by 2029 is reinforced in the RPJMN 2025 to 2029, to be pursued through five policy directions. namely: i) strengthening the halal industry and halal MSMEs; ii) strengthening halal exports and international sharia economic cooperation; iii) strengthening the halal ecosystem; iv) strengthening Islamic finance; and v) strengthening Islamic social finance funds.

Raising literacy is a prerequisite to realizing the national EKSyar vision. The 2025 National Sharia Economic Literacy Survey showed continued strengthening of literacy, with the index at 50.18 percent in 2025 compared with 42.84 percent in 2024. Nevertheless, the achievement remains below potential, given that Muslims account for 87 percent of the population, which indicates significant room to expand public education so that sharia economic values and practices are understood more widely, applied more practically, and are closer to daily life.

One priority is to develop areas that provide a comprehensive and implementable illustration of the sharia economy and finance. Such areas are expected not only to raise public awareness and education but also to encourage direct participation in adopting a halal lifestyle, thereby reinforcing the application of Islamic values and principles in economic behavior.

The Halal Lifestyle Area program has three primary objectives. First, raise public awareness and involvement in the sharia economy and finance to bridge gaps in education and financial literacy by establishing Halal Lifestyle Areas that foster understanding and participation across halal dimensions of the economy and finance. The areas should host educational activities on the sharia economy and finance so that communities understand how Islamic values are applied in the modern economy and can directly observe, participate in, and support halal lifestyle practices. The program needs to reinforce key halal lifestyle elements, namely halal food, halal fashion, Islamic finance, Islamic entrepreneurship, Islamic education, and green economy or energy.

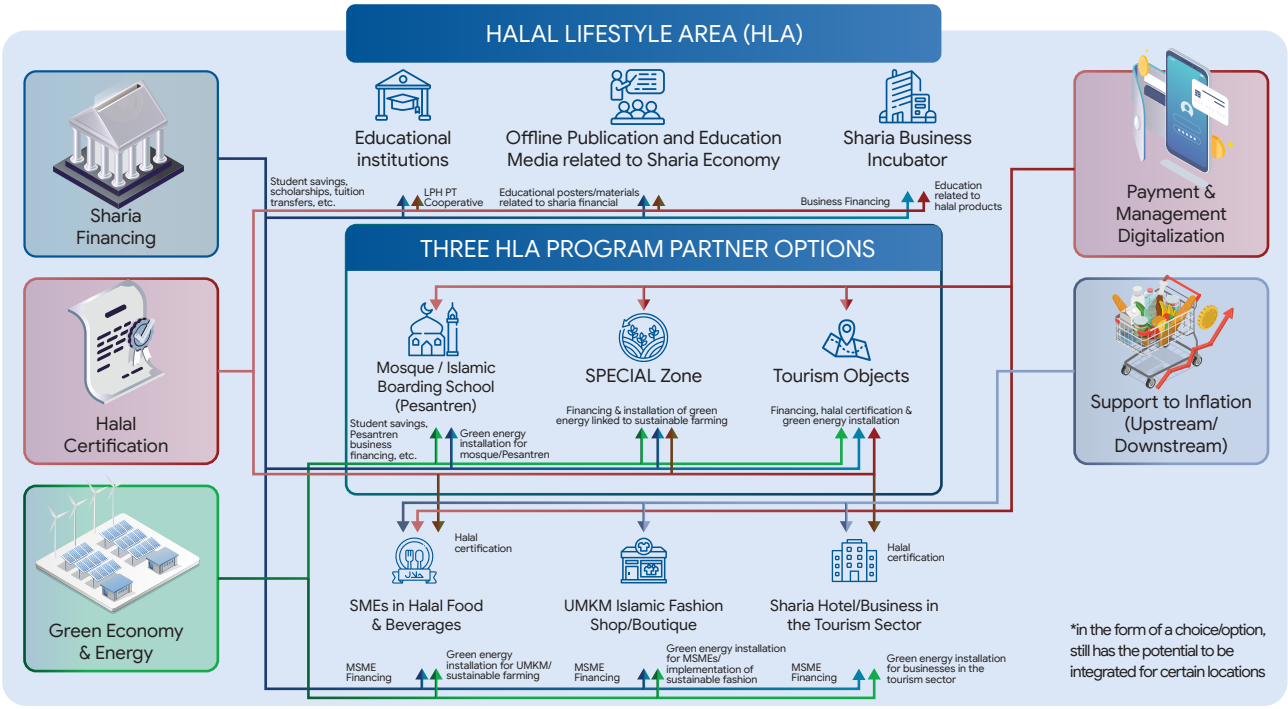
Second, provide informative supporting infrastructure, such as information boards and bulletin walls, to introduce halal elements in the sharia economy and finance. A Halal Lifestyle Area should serve as an effective educational medium by displaying at least three of the six key elements listed above to reduce literacy gaps and strengthen public understanding of halal concepts relevant to an Islamic lifestyle.

Third, promote synergy to deliver sharia economic education and outreach to communities. Collaborative development with KDEKS, pesantren, mosques, and other relevant institutions is expected to position the Halal Lifestyle Area as a flagship education and outreach program that introduces values, concepts, and practices related to the sharia economy and finance.

A Halal Lifestyle Area is an integrated area that demonstrates how sharia values can be applied in daily life from worship to muamalah, encompassing both education and implementation. An area is considered a potential Halal Lifestyle Area when it fulfills at least three of six elements in the sharia economy and finance, namely halal food, halal fashion, Islamic finance, Islamic entrepreneurship, Islamic education, and green economy or energy. Based on an assessment of element completeness conducted with local stakeholders, the Syekh Ahmad Khatib Al Minangkabawi Grand Mosque in West Sumatra, was selected as the first pilot location for the Halal Lifestyle Area program, as presented in Figure 3.18.

Beyond alignment with the six elements above, several considerations supported the selection of the West Sumatra Grand Mosque as the pilot. West Sumatra is known as a Muslim-friendly destination, reinforced by the religious culture of the Minangkabau people, founded on the philosophy Adat bersandi syara', syara' bersandi kitabullah, which places Islamic values at the core of social and cultural life. To support sharia economy and finance development, West Sumatra has established a Regional Committee for Sharia Economy and Finance (Komite Daerah Ekonomi dan Keuangan Syariah, KDKS), the first provincial-level committee in Indonesia focused on this agenda, with a work program that includes various strategic initiatives already under implementation. In addition, the mosque, as a leading religious tourism destination, is equipped with Halal Lifestyle Area elements, including a halal culinary zone, a halal centre, a halal literacy corner, Muslim fashion, and Islamic financial services from institutions such as BAZNAS, BWI, and Bank Nagari Syariah. The combination of tourism potential, institutional support, and local wisdom positions West Sumatra as a flagship destination for sharia-based tourism and economic development.

Figure 3.18. Concept Halal Lifestyle



Source: Bank Indonesia

The Halal Lifestyle Area implementation programme in 2025 marked the second year of support. In 2025, the focus was on two key areas: governance development and spatial planning for the Halal Lifestyle Area, with further details as follows:

Governance enhancement is achieved through the revitalisation of MRSAKA to manage the key halal lifestyle elements (food, fashion, finance, entrepreneurship, education, and green) present at MRSAKA, with reference to ISO 9001 for management systems and ISO 26000 for social responsibility. The program also involves organising themed events to attract visitors and offer education and outreach on the different aspects of halal lifestyle at West Sumatra Grand Mosque. In this context, Bank Indonesia collaborates with the Directorate of Community Engagement and Social Innovation (DPIS) of Universitas Indonesia as the expert team for governance enhancement.

Spatial planning strengthening. The function of the mosque as a Muslim friendly tourism destination was enhanced through spatial and infrastructure recommendations prepared in stages, including a feasibility review. One short-term priority recommendation will be accelerated in an investment forum. Activities involved drafting recommendations to improve the mosque's economic support infrastructure and preparing interpretive tour materials for presentations at the Grand Mosque. The materials highlight educational narratives about Minangkabau figures and the development of Islam in West Sumatra, thereby enriching the mosque's appeal as a tourism destination. In this component, Bank Indonesia collaborated with the Tourism Planning and Development Centre (P2Par) and Institut Teknologi Bandung.

Governance Strengthening Program for the Halal Lifestyle Area. The program concentrated on three pillars, namely institutional strengthening, corporatization, capacity building, and access to financing, to support the mosque revitalization function, implement ISO 9001 and ISO 26000-based governance, and reinforce the positioning of MRSAKA as a Halal Lifestyle Area. The program produced several recommendation documents, which included asset mapping and optimization recommendations, an asset and financial recording dashboard and tools for the mosque, a Halal Lifestyle Area Calendar of Events, a mapped schedule of study sessions for sharia economic literacy and halal lifestyle education, ISO 9001 and ISO 26000 based standard operating procedures for mosque management, and recommendations to establish an independent and professional institutional structure.

The Spatial Planning Strengthening Program for the Halal Lifestyle Area was formulated with an orientation toward the following priorities :

I. **Spatial Planning Strengthening Program for the Halal Lifestyle Area.** The spatial plan for MRSAKA was guided by the following principles: an orientation towards Islamic values. Spatial functions and governance are designed to incorporate Islamic principles, including the use of designated spaces as venues for educating visitors and congregants about the sharia economy and the halal lifestyle.

II. I**nclusive and visitor-friendly design.** The plan must accommodate diverse users, including regular congregants, religious tourists, older persons, children, persons with disabilities, and the public.

III. **Local cultural aesthetics.** The plan should integrate Minangkabau cultural elements into visual features and architectural design, in a way that is consistent with MRSAKA's identity.

IV. **Functionality and education.** Interior and exterior areas should facilitate the objectives of the Halal Lifestyle Area by providing zoning and supporting features for education, halal economic transactions, and sharia finance outreach.

Recommendations for infrastructure improvements and for the use of the Halal Lifestyle Area as a religious tourism destination in West Sumatra included a parking management system to support safety and monitor visitor numbers, detailed engineering designs and budget plans to optimize the auditorium as a commercial area that can strengthen MRSAKA's self-reliance, development of tour packages and educational materials, and spatial design recommendations to optimize mosque assets, including garden revitalization and a halal centre.

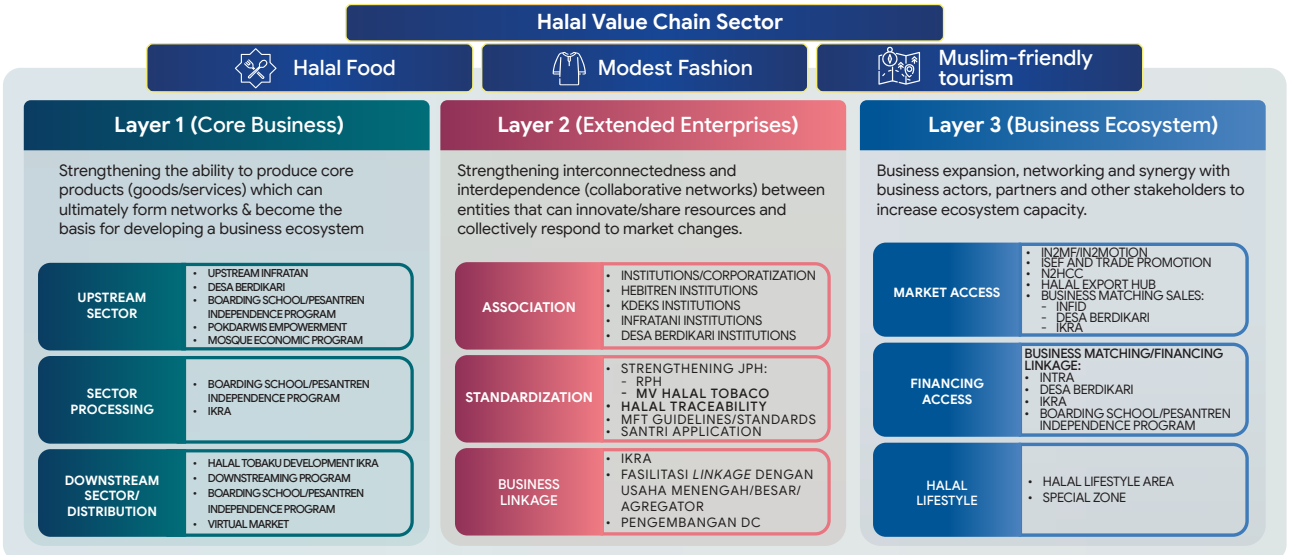
Bank Indonesia, together with ministries, agencies, and partners, continued developing components of the halal value chain (HVC) in the core business layer, Layer 1, while strengthening the extended enterprise layer, Layer 2, to form a robust business ecosystem, Layer 3. A series of pilot initiatives and cross-sector synergy programs have gradually strengthened the halal product ecosystem, as indicated by the formation and fulfilment of several key ecosystem components. The illustration in Figure 3.19 presents the completeness of the halal product ecosystem initiated by Bank Indonesia based on the business ecosystem approach developed by James F. Moore.

3.2.2. Strengthening Inclusive and Sustainable Islamic Finance

Strengthening Islamic finance is integral to Bank Indonesia's strategy to build a national financial system that is stable, inclusive, and highly resilient. Islamic finance plays a strategic role in supporting financial system stability and promoting national economic growth. This role reflects characteristics closely linked to the real sector and oriented toward justice and public benefit, ensuring that the resulting growth is not only quantitative but also qualitative and sustainable. Within this framework, Islamic finance serves as both an alternative financial system and a key pillar supporting the national financial structure, especially by fostering productive financing and increasing access to financial services for enterprises and communities that remain underserved by the formal financial sector.

In line with this, strengthening Islamic finance is closedly link to the strategic role of Islamic social finance (ISF) which includes zakat, infaq, sadaqah, and waqf, ZISWAF. ISF has significant potential as an inclusive economic instrument with a direct impact on improving community welfare. Integration of Islamic commercial finance (ICF) and ISF can help subsistence groups and micro enterprises evolve into more productive and sustainable economic units actors. In this context, Bank Indonesia consistently promotes strengthened governance, digitalization, and institutional synergy in ISF so that its role in supporting economic growth and social stability becomes increasingly effective.

Figure 3.19. Completeness Achievement of Halal Food Business Ecosystem



Source: Bank Indonesia

A. Strengthening Access to Islamic Finance through Bulan Pembiayaan Syariah (BPS)

Enhancing access to Islamic finance is seen not only as a way to strengthen financial intermediation but also as a strategic move to expand the involvement of enterprises and the public in the economy activity. Adequate financial access supports the real sector, particularly sharia MSMEs, which contribute to job creation and to national economic resilience. In line with the policy direction to expand access to Islamic finance, since 2021 Bank Indonesia has organized Sharia Financing Month (Bulan Pembiayaan Syariah, BPS) as a thematic policy platform to accelerate the expansion of sharia financing access in a structured and measurable manner. BPS is designed as an integrative forum that brings together Islamic financial institutions, business actors, and relevant stakeholders in a series of activities focused on improving business readiness, strengthening financing intermediation, and realizing financing transactions with tangible impact.

In its implementation, Sharia Financing Month (Bulan Pembiayaan Syariah, BPS) was conducted collaboratively with the National Sharia Economy and Finance Committee, KNEKS, the Financial Services Authority, OJK, the Islamic banking industry, sharia fintech associations, and relevant ministries and agencies. BPS aims to strengthen linkages for sharia financing to MSMEs and sharia enterprises, covering both commercial and social financing, to increase linkages between MSME sales realization and sharia businesses, and to raise sharia financial literacy. The 2025 BPS series commenced with a Kick Off on 21 February 2025, accompanied by a sharia financing workshop intended to align policy perspectives, reinforce industry understanding, and build the capacity of mentors and enterprises to access sharia financing. The workshop served as the initial step to reinforce the sharia financing ecosystem before moving into broader implementation across regions.

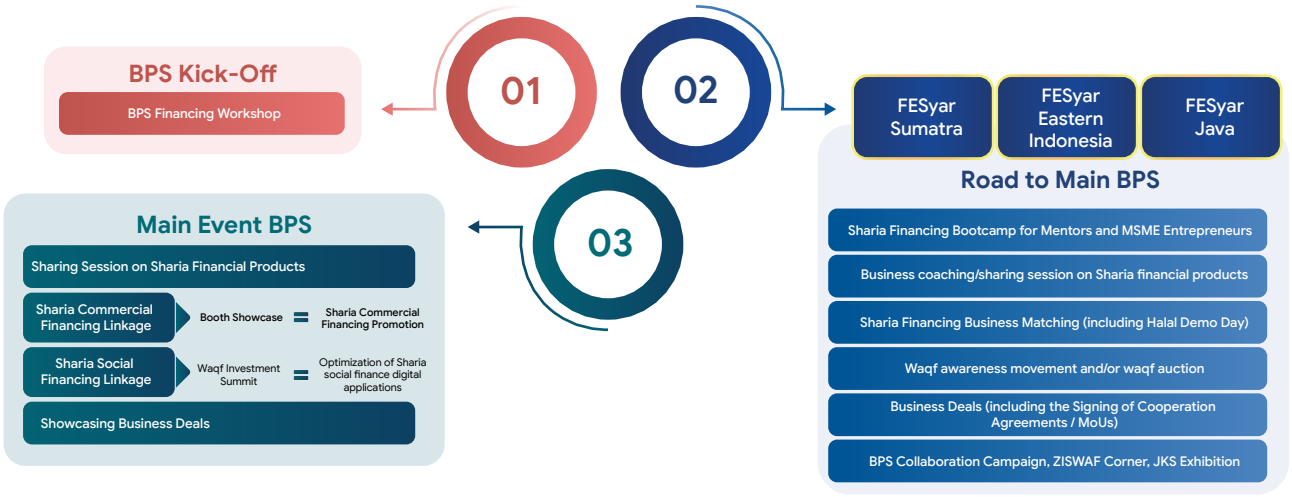
The Road to Main BPS 2025 series was conducted across several regions in Indonesia as part of the Sharia Economic Festival, FESyar in Sumatra, Java, and Eastern Indonesia. At this stage, efforts to strengthen access to Islamic finance were carried out through applied activities that included sharia financing bootcamps for mentors and MSME participants, business coaching and sharing sessions on Islamic financial products, as well as sharia financing business matching between enterprises and financial institutions, cash waqf

Figure 3.20. Financing Workshop as Part of the BPS 2025 Kick-Off



Source: Bank Indonesia

Figure 3.21. Series of Activities for Sharia Financing Month (BPS) 2025



Source: Bank Indonesia

awareness movements and or waqf auctions, BPS business deal and collaboration campaigns, a ZISWAF Corner, and an IJKS exhibition. These activities were designed to improve the readiness of sharia MSMEs in terms of institutional capacity, business capabilities, and understanding of financing schemes so that financing realization can be achieved more successfully.

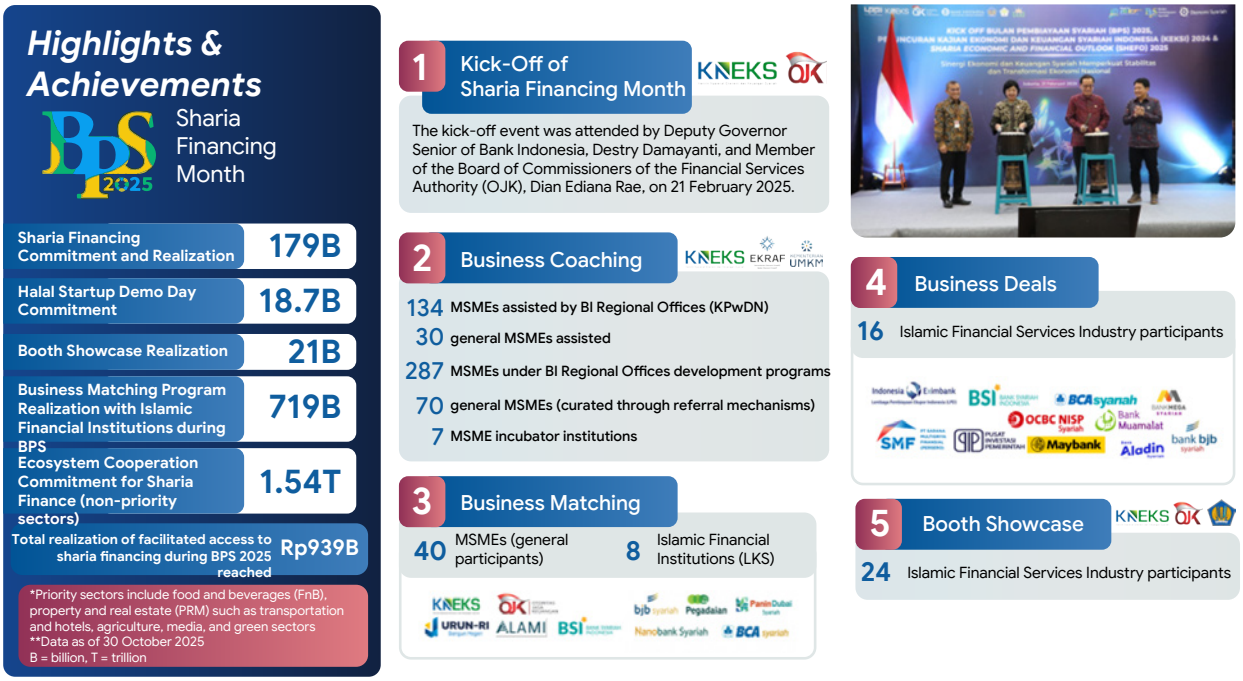
The 2025 focus of BPS was not only to broaden access to financing for sharia MSMEs, but also to promote innovative Islamic financing schemes that integrate both commercial and social finance based on waqf, such as Cash Waqf Linked Deposit (CWLD) and to encourage financing for Asta Cita 2025 priority sectors. In addition, collaboration partners were expanded to include sharia non-bank financial institution associations and incubators. By promoting wider and more affordable access to sharia financing, BPS is expected to increase the scale, productivity, and competitiveness of sharia MSMEs. The BPS main events were integrated with ISEF 2025, featuring a series of Sharing Sessions on Islamic Financial Products, linkages between commercial and social sharia financing, and showcasing business deals.

Within the BPS series, Bank Indonesia encouraged the use of ZISWAF instruments through the Gerakan Sadar Wakaf and the ZISWAF Corner. This approach enables subsistence groups and micro enterprises to receive initial support via Islamic social finance, ISF, before gradually transforming to become eligible for Islamic commercial finance, ICF. BPS is expected to accelerate the expansion of inclusive, high-quality sharia financial access oriented to the real sector. Through policy synergy, multi-stakeholder collaboration, and an ecosystem-based approach, BPS strengthens the effectiveness of sharia financial intermediation, broadens financing outreach to sharia MSMEs, and integrates commercial and social sharia financing in support of financial system stability and sustainable national economic growth.

B. Strengthening Islamic Social Finance

Bank Indonesia further enhanced Islamic social finance (ISF) to promote an inclusive and equitable sharia economic finance. Efforts centred on optimizing zakat, infaq, sadaqah, and waqf, ZISWAF, to improve community welfare, especially among subsistence groups, while

Figure 3.22. Achievements of Sharia Financing Month (BPS) 2025



Source: Bank Indonesia

expanding the economic impact of the sharia economic. Strengthening ISF was undertaken through collaboration with key policymakers, including the Ministry of Religious Affairs, BAZNAS, and the Indonesian Waqf Board, BWI, together with other relevant stakeholders. To enhance effectiveness and benefits, Bank Indonesia supported digitalization by developing an integrated ZISWAF data centre, preparing strategic studies to optimize waqf fund management and utilization, and building the capacity of waqf administrators so that ISF can contribute more effectively to the sustainability of national sharia economic growth.

Digitalization of Islamic Social Finance

The development of the digital economy and the rising complexity of sharia finance management require systems that are more integrated, transparent, and accountable. In the ISF context, digitalization is necessary to improve the effectiveness of ZISWAF collection, management, and distribution, while strengthening data quality as a foundation for more targeted policy formulation. Digitalization of sharia finance also plays an important role in expanding economic inclusion, accelerating the delivery of benefits to communities, and reinforcing the linkage between social sector development and the stability of the sharia economy and financial system.

In line with this need, the Governor of Bank Indonesia together with the Coordinating Minister for Economic Affairs launched the Pusat Integrasi Data Zakat, Wakaf, Infak, dan Sedekah, Pinter Zawais, at ISEF 2025. Pinter Zawais is a digital infrastructure developed collaboratively by Bank Indonesia, the Ministry of Religious Affairs, BWI, and BAZNAS to facilitate nationwide integration of ISF data managed by relevant institutions. This initiative forms part of the second pillar of Bank Indonesia's Blueprint for the Development of the Sharia Economic and Finance.

The availability of up-to-date and periodic ZISWAF data sourced from the competent authorities, namely the Ministry of Religious Affairs, BWI, and BAZNAS, constitutes a critical foundation for improving the quality of analysis to advance economic inclusion. Such data are expected to support more precise sharia economic and finance policies that promote more even national economic growth. In implementation, Pinter Zawais integrates zakat and waqf data from

the Ministry of Religious Affairs' SIMZAT and SIWAK, BAZNAS' SIMBA, and BWI's E Service and SUWUN applications, as presented in Figure 3.23.

Based on the Pinter Zawais digitalization stages agreed by Bank Indonesia and the three partner institutions, development progressed to the piloting stage for ZISWAF data submissions at the Ministry of Religious Affairs in line with the agreed metadata.

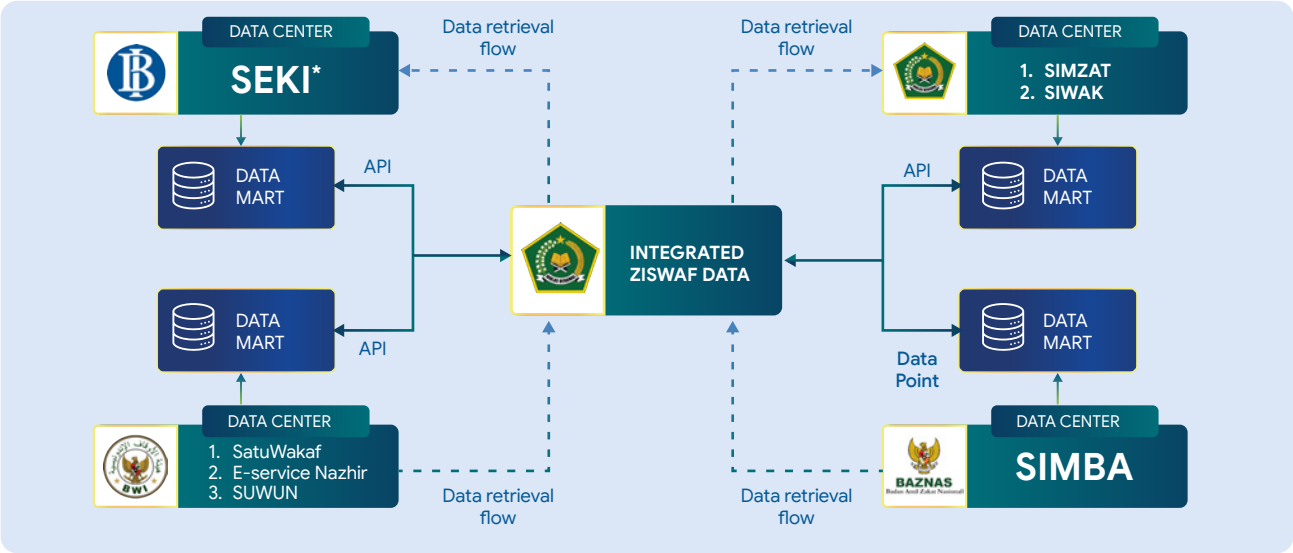
To optimize Pinter Zawais data already available at the Ministry of Religious Affairs, Bank Indonesia developed an internal ZISWAF dashboard that provides direct access to Pinter Zawais data at the ministry. The data are being utilized for several analytical purposes, namely (i) assessing the linkage between ISF collection and distribution and Gross Domestic Product, GDP, growth (ii) national mapping of ZISWAF collection and distribution (iii) analyzing the relationship between ZISWAF collection and fiscal costs (iv) examining the relationship between ISF management and the Human Development Index.

The development of Pinter Zawais will continue to be strengthened in 2026 through cooperation among Bank Indonesia, the Ministry of Religious Affairs, BAZNAS, and BWI. The already consolidated data will undergo validation and piloting to ensure accuracy, consistency, and relevance as a foundation for policy analysis. Bank Indonesia will also encourage broader participation by other ministries and agencies, including the Financial Services Authority, Statistics Indonesia, and the Ministry of Agrarian Affairs and Spatial Planning/ National Land Agency, as data contributors, in order to enrich coverage and improve the quality of the national Islamic social finance data centre on an ongoing basis.

Preparation of Islamic Social Finance Business Model Recommendations

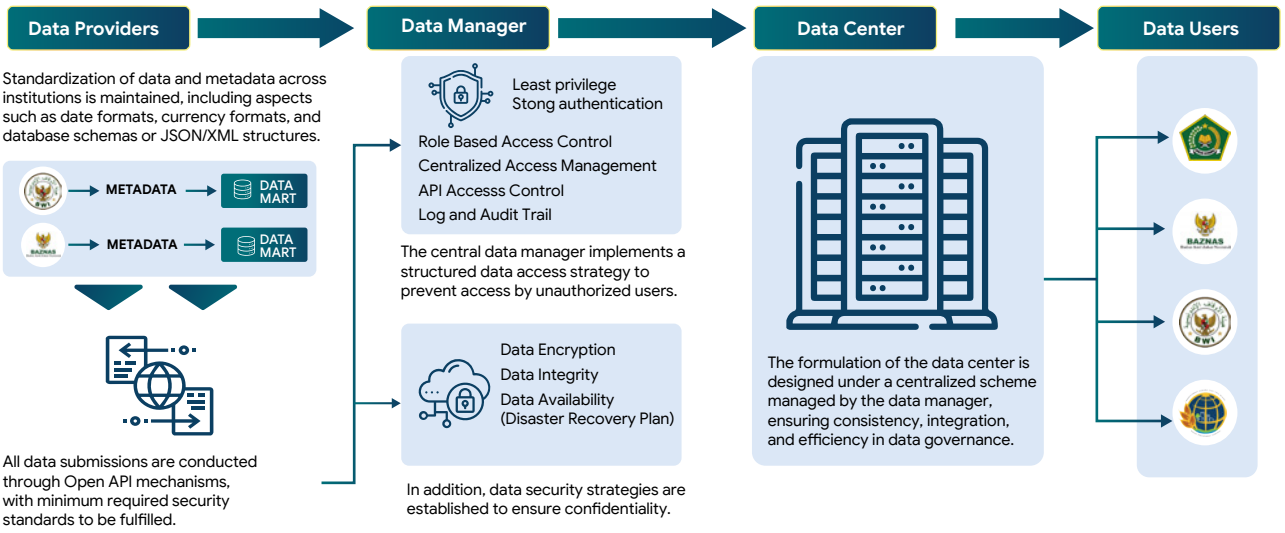
One avenue to realize Bank Indonesia's vision to become a leading digital central bank is to demonstrate policy leadership as a role model for innovation, including in the sharia economic and finance development. The waqf sector has the potential to deliver impact by strengthening demand through the fulfilment of basic needs, thereby supporting aggregate growth. The waqf sector can also contribute to price stabilization through investment or financing of productive waqf in agriculture that supports food security and stabilizes

Figure 3.23. Integrated ZISWAF Data Centre Scheme



Source: Bank Indonesia

Figure 3.24. Piloting Progress Pinter Zawais



Source: Bank Indonesia

the supply of volatile foods to help control inflation, including the financing of infrastructure and public facilities.

National Waqf Transformation Study

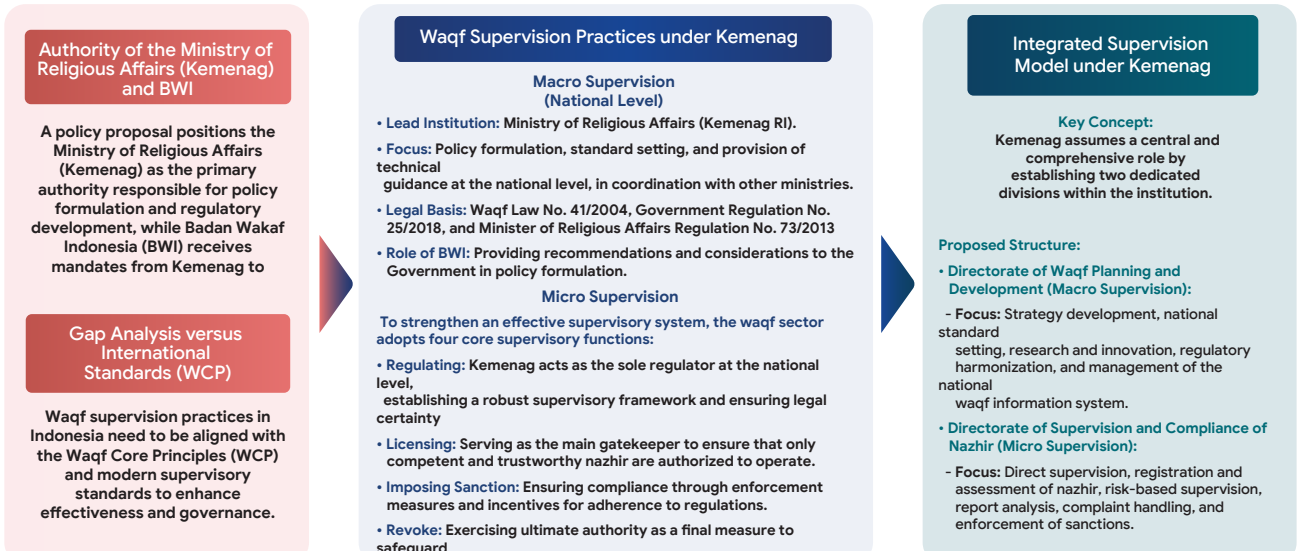
Transforming the waqf sector is considered essential so that waqf can contribute optimally to national development and support Bank Indonesia's mandate to maintain price stability and sustainable economic growth. Indonesia's potential for cash waqf is estimated at USD 12 billion, equivalent to Rp195 trillion (CSED-INDEF). This represents an initial endowment that should be harnessed effectively to help achieve Indonesia Emas 2045. Waqf has multiplier effects, including the creation of new waqf assets and welfare projects by utilizing waqf assets that are managed professionally and prudently. To unlock the full potential of these assets, the waqf sector needs a transformation that establishes an enabling ecosystem comprising a comprehensive regulatory framework, an effective supervisory authority, and waqf asset managers with sufficient technical expertise competencies. The regulatory and supervisory framework for the waqf sector can be strengthened by leveraging investment cooperation with other Islamic finance subsectors, including Islamic banking and the Islamic capital market.

To support national waqf sector strengthening and provide an academic basis for proposed waqf sector transformation, as well as inputs to proposed amendments to Law Number 41 of 2004 on Waqf, DEKS in collaboration with the Faculty of Economics and Business, Universitas Airlangga (FEB-UNAIR) prepared the study "Transformasi Sektor Perwakafan Indonesia: Pandangan Ekonomi Terhadap Sektor Perwakafan Nasional." The study was undertaken because the waqf sector has substantial potential to support quality national economic growth by building an asset base underpinned by financing sources that reach low-income communities.

The study focused on an economic perspective regarding the urgency of transformation in the waqf sector and analyzed the fundamental elements required to carry it out. The key points are as follows.

1. Alignment with national priorities. Waqf sector development is consistent with national priority programs and the RPJMN 2025 to 2029 because waqf has strategic potential as an inclusive, equitable, resilient, and sustainable Islamic financial and social instrument. Utilization of waqf is not limited to religious activities but can also support national development priorities such as food, energy, and water security; development of the sharia, digital, green, and blue economy, National Priority 2; infrastructure development and job creation, National Priority 3; and human capital development through education, research, and health services, National Priority 4. Waqf can also be integrated into the downstreaming of natural resources, National Priority 5; village economic empowerment and poverty alleviation, National Priority 6; and environmental and cultural preservation, National Priority 8. With professional management, multi-stakeholder collaboration, and robust regulation, the waqf sector can become a key pillar supporting the transformation of national development.
2. Institutional and capacity strengthening. To maximize waqf potential, it is essential to strengthen institutions, build human capital, and improve supervisory systems. The complexity of waqf management requires sound institutions, including organizational structures, information systems, and modern accountability mechanisms.
3. Regulatory and supervisory roles. Strengthening the Ministry of Religious Affairs' role as a regulator and waqf authority is critical to aligning the national waqf sector with development priorities. The ministry is proposed to take a central supervisory role, thereby integrating strategic and operational oversight functions under one roof. Strong regulation will promote domestic and international stakeholder harmonization, capacity building for Nazhir, cross-ministerial program synergies, and acceleration of productive waqf that concretely and measurably supports national development.
4. Role of BWI as national nazhir. The Indonesian Waqf Board (BWI) has a strategic role as national nazhir in managing and developing waqf assets in Indonesia. To optimize this role, BWI needs stronger institutional standing, legal authority, resources, and operational powers. The objective is to enhance professionalism and management quality and to ensure that waqf

Figure 3.25. Proposed Organizational Structure of the Ministry of Religious Affairs with Strengthened Waqf Authority Functions



Source: Bank Indonesia

programs are integrated and aligned with the government's economic and monetary policy mix and National Priority agendas, thereby positioning waqf as a long term, sustainable, and equitable development instrument.

5. Phased implementation roadmap. Implementing the waqf transformation agenda requires a clear roadmap and strong political support. Strategic steps include

   Phase I, laying the legal and institutional foundation, years 1 to 2

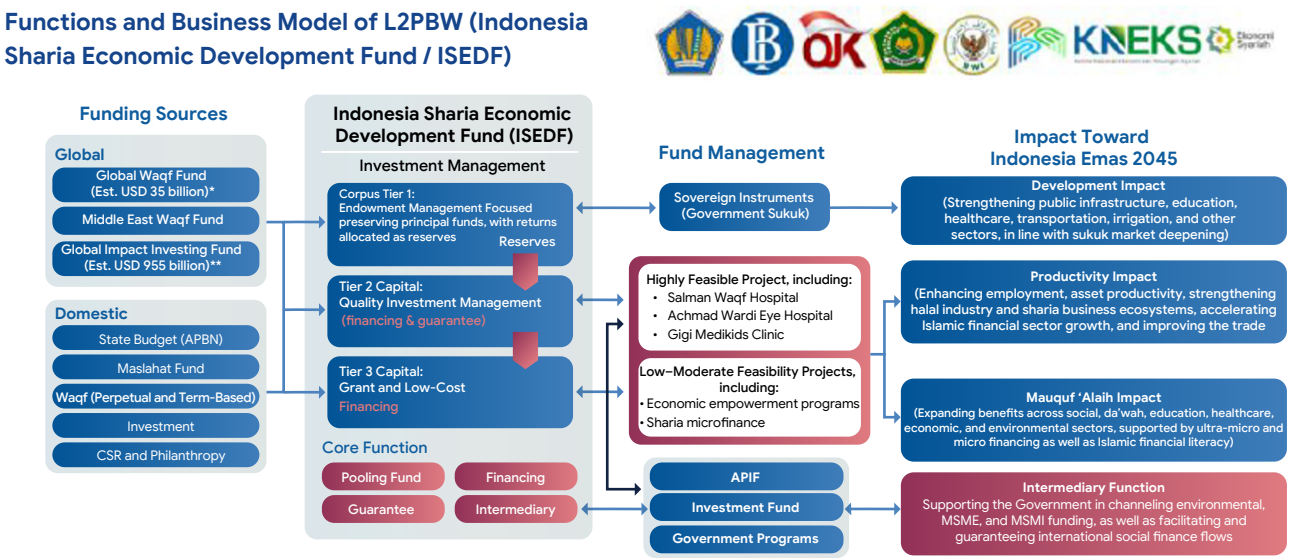
   Phase II, building capacity and toolkits, years 2 to 3

   Phase III, staged rollout and public outreach, years 3 to 5

Development of the Waqf-Based Development Finance Institution (LP2BW)

Development of Waqf-Based Development Financing Institutions (LP2BW) Waqf in Indonesia has great economic and social potential, both through immovable waqf (e.g., land and buildings) and movable waqf (e.g., cash waqf). However, its contribution to national development is still limited. Behind this great potential to make a real contribution, fundamental challenges, namely the lack of access to financing for productive waqf projects and the absence of a global waqf synergy mechanism, need to be addressed immediately to optimize and enhance the role of waqf in sustainable national development. To that end, the LP2BW, formerly known as the Indonesia Sharia Economic Development Fund (SEDF), was established with the hope of overcoming fundamental challenges in financing the waqf sector and becoming a national special mission vehicle to promote the potential of national and global waqf with development funding needs, particularly productive waqf projects. LP2BW is proposed as a new institutional option that functions as a manager of cash waqf investments, a provider of productive financing, a guarantor of viable waqf project risks, and a manager of low-cost financing instruments and grants to support strategic social projects.

Figure 3.26. Functions and Business Model of LP2BW



Source: Islamic Development Bank (IsDB), Ministry of Religious Affairs (Kemenag), BWI, DEKS BI, ISFD, World Bank, GMR 2024 (processed)

Bank Indonesia and KNEKS completed the initial draft of the study to establish Waqf-Based Development Finance Institution (Lembaga Pembiayaan Pembangunan Berbasis Wakaf LP2BW), which now needs to be formalized as an academic paper. In preparing the draft, KNEKS accommodated a series of meetings with the Directorate General of Budget Financing and Risk Management (DJPPR), the Directorate General of Economic and Fiscal Policy Strategy, Ministry of Finance, and the Ministry of National Development Planning. KNEKS then requested Bank Indonesia's support to refine the study. In response, Bank Indonesia engaged the School of Business and Management, Institut Teknologi Bandung (SBM ITB).

The SBM ITB deep-dive focused on institutional design, legal standing, business processes, impact assessment, and risk-mitigation and governance arrangements. The analysis followed a phased, indicator-based approach to enable waqf to transform into a sustainable development instrument that balances social and commercial functions. Based on the business-model, risk, and institutional analyses, LP2BW development can be sequenced in three stages:

1. Short-term, 1 to 3 years: leverage existing institutions through a special assignment.
2. Medium-term, 3 to 5 years: strengthen regulations and human capital and develop the business model.
3. Long-term, 5 to 10 years: consider transitioning LP2BW to an independent institution.

The study results were submitted to KNEKS, which plans to disseminate the findings to external stakeholders and seek the support of the President of the Republic of Indonesia.

Strengthening Governance of Islamic Social Finance

Strengthening the waqf sector is an important component of Bank Indonesia's efforts to develop the national sharia economic and finance ecosystem. To this end, Bank Indonesia provides comprehensive support that spans policy design, institutional strengthening, and human capital development. The priority is to improve the quality of governance and professionalism in waqf management, so the sector contributes more optimally to national sharia economic and financial growth.

Governance and institutional capacity were enhanced through implementation of the Technical Notes on Waqf Core Principles (TN WCP). In collaboration with BWI, Bank Indonesia provided implementation assistance to nine nazhir institutions across Sumatra, Java, and Eastern Indonesia. The program aims to reinforce good-governance principles and build the capacity of ZISWAF fund managers. 2025 marked the second year of implementation, with stages covering measurement of the Index of Implementation of Waqf Core Principles (IIWCP), delivery of socialization and capacity-building workshops, and hybrid assistance accompanied by monitoring of TN WCP module implementation.

Program results showed an improvement in the quality of waqf management among participating nazhir institutions. Assessments indicated that institutions generally improved their IIWCP scores from Poor or Fair to Fair, Good, and Very Good categories. The IIWCP is measured on a 0 to 1 scale, with the following classifications:

Table 3.2. IIWCP Scores of Waqf Management Institutions Assisted under the TN WCP Programme

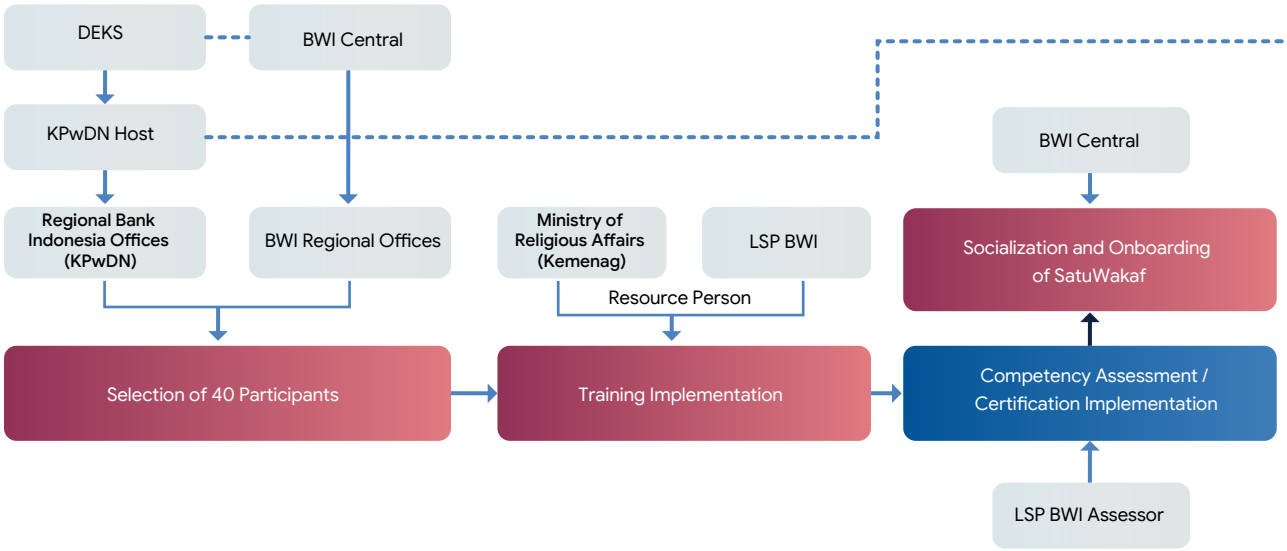
No	Region	Nazhir Institution	IIWCP Before Assistance	IIWCP After Assistance
1	Sumatra	Baitul Maal Aceh	0.219	0.553
		Yayasan Rotte	0.370	0.635
		BWI Provinsi Riau	0.395	0.701
2	Java	Badan Wakaf Sultan Agung Semarang	0.399	0.940
		Tazakka Batang Jawa Tengah	0.399	0.832
		L-Kaf Sidogiri Jawa Timur	0.309	0.719
3	Eastern Indonesia	Dana Sosial Madani Bali	0.290	0.757
		Metro Insan Mulia Lombok	0.402	0.718
		Baitul Wakaf Munzalan Pontianak	0.289	0.692

Source: Bank Indonesia

Not Good (0.00 to 0.20), Poor (0.21 to 0.40), Fair (0.41 to 0.60), Good (0.61 to 0.80), and Very Good (0.81 to 1.00).

Strengthening the waqf sector has also been pursued by enhancing the competencies of waqf administrators through national–standard–based nazhir certification. According to data from the Indonesian Waqf Board (BWI), only about 1 percent of total nazhir in Indonesia have been certified in accordance with the Indonesian National Work Competency Standards (SKKNI) for Waqf. To foster Nazhir who are professional, productive, transparent, and trustworthy, Bank Indonesia collaborated with BWI and the BWI Professional Certification Body (LSP BWI), in coordination with Bank Indonesia's Domestic Representative Offices, to hold four Nazhir Certification programs across three Sharia Economic Festival (FESyar) events and one Indonesia Sharia Economic Festival (ISEF). The programs were attended by 269 participants, including 100 Nazhir from the Majelis Ulama Indonesia Waqf Institution. Through competency development and certification, waqf asset management is expected to become more professional and transparent, thereby improving waqf asset performance and strengthening the waqf ecosystem on a sustainable basis.

Figure 3.27. Nazhir Certification Scheme



Source: KNEKS

3.3 Synergy in Empowerment and Strategies to Strengthen the Sharia Economic and Finance

3.3.1. Strengthening Halal Lifestyle Adoption through Enhanced Sharia Economic Literacy

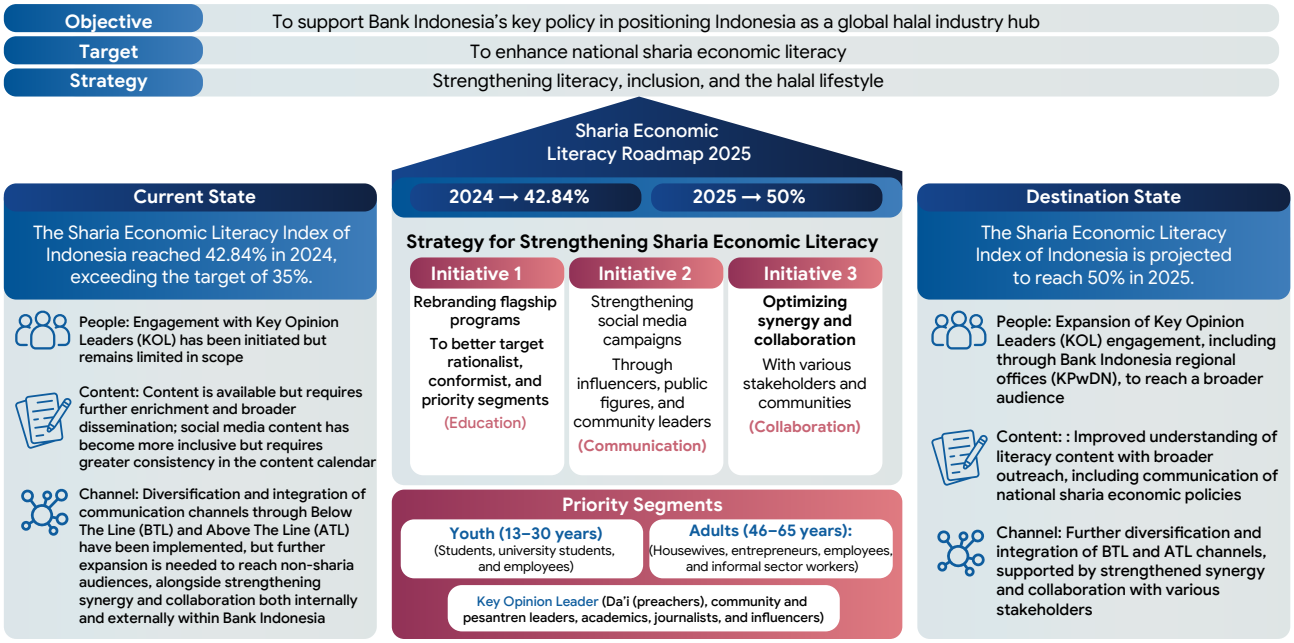
Efforts to strengthen and broaden literacy in the sharia economic and finance (Eksyar) continued to support Indonesia's vision to become a global hub for the halal industry. In 2025, Bank Indonesia advanced sharia economic literacy through three strategies: i) Education, namely rebranding flagship programs so they reach a wider range of groups; ii) Communication, namely strengthening social media campaigns through influencers, religious leaders, and public figures; iii) Collaboration, namely optimizing synergy and collaboration with relevant stakeholders

To implement these strategies effectively and in view of the breadth of target groups, three priority segments were designated for sharia economic and financial literacy, namely youth, adults, and key opinion leaders (KOLs).

The first strategy focused on rebranding education and outreach flagships through activities tailored to each priority segment. Bank Indonesia intensified Eksyar education and literacy through seminars, talk shows, lectures and workshops, competitions, and Training of Trainers (ToT). In this cycle, several rebranding initiatives were undertaken so that each activity more precisely targets its intended audience and program objectives.

The implementation and organization of the Kompetisi Ekonomi Syariah Nasional (KESN) were rebranded as the Olimpiade Ekonomi Syariah Nasional (OESN). The objective is to nurture outstanding young talent in the sharia economic and finance, Eksyar. The rebranding was a strategy to strengthen public perception of higher-quality delivery and to enhance the legitimacy of the competition. In 2025, the fifth KESN or OESN was held for senior high schools, madrasah aliyah, and vocational schools nationwide, attracting 9,427 students (Figure 3.3) comprising 3,184 participants

Figure 3.28. Sharia Economic Literacy Roadmap



*)Informal workers consist of: farmers, fishers, laborers, and freelance workers

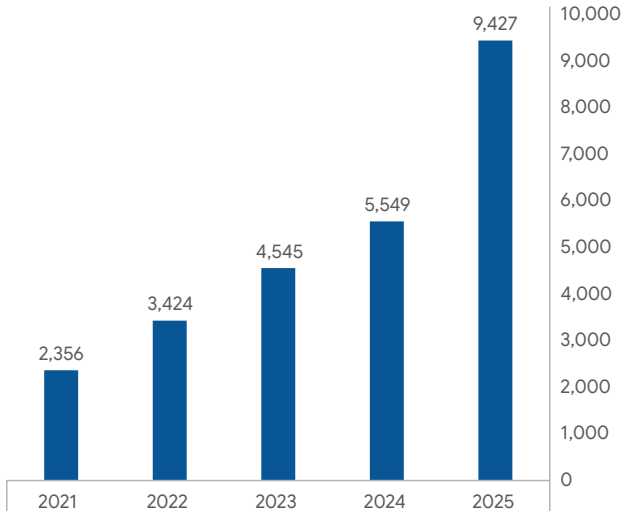
Source: KNEKS

from Sumatra, 2,544 from Eastern Indonesia, and 3,699 from Java. Figure 3.4 presents the increase in KESN participants from 2021 to 2025.

The 2025 OESN introduced several innovations. First, the competition mechanism was refined. Given the higher participant target and the large regional demographics in the Java archipelago, participant quotas were aligned with registration numbers and regional population distributions. During the preliminary and semifinal stages, Java was divided into two regions: Java Region 1, which includes DKI Jakarta, Banten, and West Java; and Java Region 2, which includes Central Java, the Special Region of Yogyakarta, and East Java. The final round mechanism was also strengthened to ensure that the winners are truly outstanding.

Second, there was alignment and synergy with KNEKS literacy programs. One of KNEKS' literacy programs is Sekolah Pelopor Ekonomi Syariah (SPES), a model of schools that have successfully implemented the sharia economic and can inspire others to follow suit. As an incentive, SPES schools were granted a larger team quota for OESN 2025, namely double that of non-SPES schools.

Graph 3.4. Trend in the Number of KESN Participants, 2021–2025



Source: Bank Indonesia

In addition to rebranding across various sharia economic education programs, the rebranding also considered the four Muslim consumer characteristics described by Yuswohadi (2014). The four groups targeted by Bank Indonesia are conformist, apathetic, rationalist, and universalist

Figure 3.29. Characteristics of Muslim Consumers

Rationalist

- Critical and evidence-based, emphasizing facts, data, quality, and safety aspects, including health and environmental benefits
- Training of Trainers (ToT) for teachers, academics, women's communities, and journalists
- Book publication on sharia economic literacy, highlighting benefits, accessibility, and the application of a halal lifestyle
- Seminars, webinars, talk shows, and podcasts focusing on the benefits of halal products for health and finance, featuring experts in halal and Islamic economics
- Infographics and white papers reporting the advantages of halal products compared to conventional alternatives, supported by credible data (e.g., KEKSI, SGIE), disseminated through social media or websites
- Campaigns (e.g., #EkyarBasedOnScience) showcasing laboratory testing of halal products
- Dissemination of policy outcomes or programs through various media channels
- Testimonials from experts or educated Muslim influencers
- Certified competitions and thematic quizzes, including social media giveaways and survey-based incentives with merchandise

Universalist

- Globally oriented, viewing Islam as inclusive and progressive, with emphasis on sustainability, inclusivity, and social justice
- Collaboration with national and international brands sharing similar values, such as environmentally friendly campaigns
- Sustainability storytelling through video documentaries addressing themes such as halal products in the sustainable economy, inclusivity, and social justice, as well as discussions on halal value chain transparency
- Seminars, webinars, talk shows, and podcasts discussing end-to-end halal ecosystems and Islamic lifestyle balance, featuring speakers from multiple countries, including experts and influencers, and expanding talk shows at FESyar/ISEF events
- Cross-sector collaboration
- Dissemination of policy or program benefits across various media channels
- Testimonials from experts or educated Muslim influencers
- Social media campaigns on halal lifestyle and education on the fundamental values and principles of sharia economy and finance
- Community engagement initiatives, including green halal movements and community-based activities
- Thematic programs aligned with major religious events

Apathist

- Limited concern for Islamic values in consumption, prioritizing price and convenience
- Preference for more flexible communication strategies that do not overly emphasize Islamic values, focusing instead on convenience, ease of access, and competitive pricing
- Promotional strategies such as "Belanja Halal Hemat: Diskon 50% untuk Semua Produk Halal Hari Ini"
- Convenience-driven access and marketing approaches, including "One Stop Halal Solution" through BTL activities that provide platforms for affordable halal products or integrated events such as ISEF/FESyar
- Testimonials emphasizing ease of halal transactions (e.g., "Kampanye Halal Gak Ribet")
- Certified competitions and thematic quizzes with incentives such as merchandise
- Endorsements or campaigns involving non-sharia public figures

Conformist

- Follows prevailing Muslim trends and is highly influenced by the surrounding social environment
- Endorsements and campaigns involving Muslim public figures (influencers, ustadz/ustadzah, da'i/daiyah)
- Development of exclusive communities based on Muslim lifestyles, such as Muslim Lifestyle Gatherings
- Training of Trainers (ToT) for da'i/daiyah
- Visits, seminars, and talk shows in Islamic boarding schools (pesantren)
- Podcasts featuring ustadz/ustadzah or da'i/daiyah
- Islamic study programs, seminars, and talk shows, including social media content covering Qur'anic verses and hadith
- Testimonials from religious leaders or Muslim community figures

Source: KNEKS

segments. Each group requires specific approaches to ensure that Eksyar education messages are delivered more effectively.

The second strategy was a communication program implemented through social media campaigns delivered by various Key Opinion Leaders, including influencers, religious figures, and public figures. The campaigns were delivered through multiple media, including KOL collaboration to produce educational content, competitions to raise the scale and frequency of Eksyar literacy content, and targeted Training of Trainers for several types of KOL to build communities that advance the mission of sharia economic and finance.

Throughout 2025, Bank Indonesia, through its ISEF social media channels, produced 48 educational Eksyar contents and 7 podcast videos. Total viewers of Eksyar content reached 795,629 across 48 social media posts, and 93,023 users downloaded Eksyar literacy materials from the Bank Indonesia website. Public access to educational Eksyar content continued to grow, as reflected in the increase in @isef.id followers by 16.86 percent, equivalent to 18,942 new followers in 2025. Over the same period, Bank Indonesia recorded an engagement rate of 0.18 percent, which increased by 5.88 percent.

The third strategy is Bank Indonesia's policy synergy and active collaboration with a broad range of stakeholders. Such synergy and collaboration with the government, financial institutions, industry players, academia, and community groups constitute a key element in advancing sharia economic and finance literacy and education. During 2025, more than 14 literacy and outreach programs were implemented in collaboration with stakeholders, including communities, associations, Islamic organizations, students, pupils, and da'i/da'iyah.

The implementation of sharia economy and finance literacy and inclusion strategies also continued to be promoted through the Eksyar festival platform to strengthen the halal lifestyle. The implementation of the Sharia Economic Festival (FESyar) across three regions of Indonesia and the Indonesia Sharia Economic Festival (ISEF) represented a concrete manifestation of the commitment of Bank Indonesia and stakeholders to develop Eksyar in Indonesia. Through these activities, the public obtained comprehensive information on various aspects of the sharia economic, ranging from Islamic finance to halal products. In 2025, Bank Indonesia organized 29 Road to FESyar events in various regions, followed by FESyar in three regional areas, culminating in the peak sharia economic activities at ISEF (Figure 3.47). The FESyar series, held for the eighth time in 2025, featured several innovations in the concept of the activity. FESyar 2025 commenced in Sumatra on 21 to 25 June 2025 in Lampung, continued in the Eastern Indonesia Region (KTI) on 29 to 1 August 2025 in Pontianak, and in Java on 12 to 14 September 2025 in Surabaya, with the theme **"Synergy in Sharia Economic and Finance to Strengthen Regional Economic Stability and Self-Reliance."**

At FESyar 2025, several new concepts supported more efficient and measurable strengthening of the sharia economy and finance sector in Indonesia. First, the activity series was standardized with a more structured format and a maximum duration of four days. The more detailed FESyar activity standards covered the opening and closing ceremonies and business matching, with a streamlined approach that still prioritized implementation effectiveness and efficiency.

Second, Business Matching for Sharia Financing Month was strengthened through more detailed guidelines. Collaboration to achieve business matching with KNEKS, IJKS, and relevant associations was further reinforced, accompanied by monitoring of transaction commitment realization to ensure tangible impact from the business matching activities.

The third innovation was simplifying the activity series to increase focus and effectiveness. Only one mandatory seminar was held, while other educational activities were implemented through a sharia fair. The exhibition of IKRA food products was conducted through Halal Mart to improve efficiency, aligned with a Halal Chef Competition that was integrated with Halal Food literacy. The Pesantren Economic Self-Reliance Competition and ZISWAF institution competitions were conducted online to broaden participation.

The fourth innovation was the expansion of synergy and collaboration, both within and outside Bank Indonesia. Internally, the role-sharing of regional Representative Offices as co-hosts was further strengthened. Externally, collaboration with KDEKS and the HOREKA industry for Business Matching was expanded to reach more businesses and reinforce the sharia economic ecosystem.

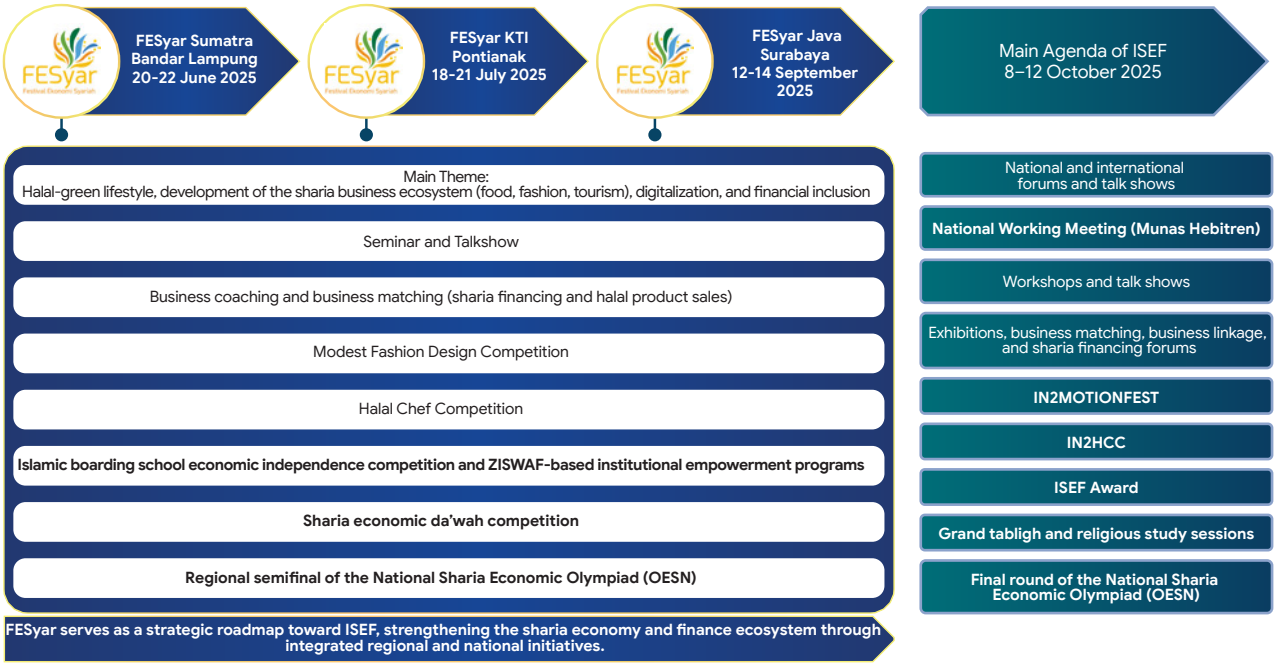
The fifth innovation was a reformulation of achievement measurement to enhance accountability. Transaction recording was required to have a clear activity basis, with the FESyar achievement measurement period starting from January through two weeks prior to the implementation of ISEF 2025. This reformulation aimed to ensure that every recorded transaction genuinely resulted from measurable FESyar activities.

The subsequent innovation was measuring FESyar efficiency and effectiveness using more comprehensive indicators. This more holistic evaluation approach enabled the impact of FESyar to be measured not only in terms of transaction quantity, but also implementation quality and the benefits perceived by all stakeholders in supporting the achievement targets of the Indonesia Sharia Economic Festival (ISEF) 2025. **The implementation of FESyar 2025 focused on creating new potential for the development of the sharia economic and finance (Eksyar) through a series of strategic agendas across regions** (Figure 3.30).

At the Sumatra Regional FESyar, activities focused on three areas: (1) strengthening the halal product ecosystem through digitalization and Muslim-friendly tourism (PRM), (2) strengthening sustainable demand for IKRA MSMEs through various programs, including training, business coaching, and export programs, and (3) branding that the sharia economic is an inclusive and engaging concept through the Gerakan Sadar Wakaf, personal colour analysis, and various other interactive Eksyar education media and activities.

At the Eastern Indonesia Region (KTI) FESyar, the focus was implemented through several activities, namely (1) expansion of halal products through the implementation of ZONA KHAS and halal

Figure 3.30. Alignment of FESyar and ISEF



Source: Bank Indonesia

certification for MSMEs throughout KTI, (2) the Gerakan Lelang Wakaf program to promote the empowerment of productive waqf, and (3) the implementation of sharia economic education and literacy through Training of Trainers activities.

At the Java Regional FESyar, the focus was implemented through three main programs, namely (1) HALALAN (Downstreaming and Acceleration of Halal Services for Sustainable Sharia Enterprises) through the acceleration of halal certification, zona KHAS, and the development of halal food commodities to strengthen pesantren self-reliance, (2) SIAGA (Synergy for the Acceleration of the Sharia Finance Strengthening Movement) supported by the Kick Off of Sharia Financing Month and the Gerakan Sadar Wakaf, and (3) CEMERLANG (Smart and Literate in the Sharia Economic to Live Trustworthy and Purposeful) through the optimization of social media as a communication platform and Training of Trainers programs.

3.3.2. Implementation of the Indonesia Sharia Economic Festival (ISEF) 2025 Series

The 12th Indonesia Sharia Economic Festival (ISEF) was held on 8–12 October 2025 at the Jakarta International Expo (JIEXPO) Convention Centre & Theatre with the theme "Synergy of Sharia Economy and Finance to Strengthen Economic Self-Reliance and Inclusive Economic Growth." ISEF served as the culmination of the Sharia Economic Festival (FESyar) series across three regions—Java, Sumatra, and Eastern Indonesia (KTI)—as well as Sharia Financing Month and the Road to FESyar series in 43 regions. The main agenda of the 12th ISEF in 2025 comprised 100 activities, consisting of 22 sharia forums and ceremonies, 28 sharia fair and business linkage activities, and 50 sharia education and literacy activities.

The implementation of ISEF 2025 involved synergy with various ministries/agencies (K/L) that are members of the National Committee for Islamic Economy and Finance (KNEKS) and all relevant stakeholders. The ISEF 2025 series attracted 106,291 visitors, both in person and online, comprising business actors, academia, students, communities, and the general public. ISEF 2025 engaged 723 business actors from various sectors, including modest fashion, halal food, MSMEs, Islamic financial institutions, creative industry players, and domestic and international investors, supported by 858 strategic partners comprising ministries/agencies, halal industry associations, Islamic financial institutions, universities, creative communities, and international partners.

The 12th ISEF in 2025 represented a concrete manifestation of synergy and collaboration among multiple parties in developing the sharia economy and finance to support Indonesia as a global hub

Figure 3.31. Opening Ceremony Fesyar 2025



Source: Bank Indonesia

for the halal industry. The opening of ISEF 2025 was conducted in a hybrid format on 8 October 2025 by the Coordinating Minister for Economic Affairs of the Republic of Indonesia, Mr. Airlangga Hartarto, with the launch of four national Eksyar development programs. The opening ceremony series continued with the launch of the Pesantren Digital Business Holding ecosystem (pesantara.id) on 9 October 2025 to support the National Food Security Program, attended by the Coordinating Minister for Food Affairs of the Republic of Indonesia, Mr. Zulkifli Hasan, as well as the kick-off of the Sharia Hackathon Competition at the Youth Sharia Entrepreneurship Forum on 11 October 2025 by Bank Indonesia's Senior Deputy Governor together with Kemendikti-Saintek, KNEKS, and HIPMI Syariah.

Several flagship activities were delivered at ISEF 2025, including the Indonesia International Modest Fashion Festival, IN2MOTIONFEST, which presented 1,785 looks from 225 domestic and international designers across 20 fashion show parades. IN2MOTIONFEST was organized through collaboration between Bank Indonesia, the Ministry for Cooperatives and SMEs, and the Indonesia Fashion Chamber, IFC, as an annual agenda and the leading reference for modest fashion domestically and internationally. The Indonesia International Halal Chef Competition, IN2HCC, was held to enhance awareness and develop the halal food sector, involving 144 participants from seven countries—Indonesia, Malaysia, Singapore, Jordan, Tunisia, Saudi Arabia, and Russia—complemented by talk shows, live cooking demonstrations, cooking classes, and table experiences as part of gastronomy diplomacy.

ISEF 2025 also featured a series of sharia forums comprising six international forums and eight domestic forums, including the BI IILM IFSB IsDB Joint High-Level Seminar and Investment Forum, the 7th International Hajj Fund Forum, the 7th International Halal Conference, the Global Islamic Social Finance Forum, Silaturahim Pesantren, the Pesantren Business Forum, the Islamic Social Finance Forum, and the 3rd Indonesia Conference on Islamic Economics. Business linkage and business matching sessions were convened to connect enterprises with potential buyers, Islamic financing institutions, and investors. In addition, 20 national and international competition categories were held to strengthen public literacy and capabilities in the sharia economy and finance, including the National Sharia Economics Olympiad, OESN, and the ISEF Award 2025.

At the opening of the twelfth ISEF in 2025, the Coordinating Minister for Economic Affairs of the Republic of Indonesia, Airlangga Hartarto, together with the Governor of Bank Indonesia, inaugurated four strategic programs for the development of the national sharia economy. First, the launch of the Indonesia Sharia Economy and Finance Masterplan, MEKSI, 2025 to 2029, as a comprehensive roadmap for developing the sharia economy and finance in alignment with central and regional development plans and in support of the Government's Asta Cita program. Second, the launch of Central Regional Collaboration Synergy in Sharia Economy and Finance Development, aimed at strengthening harmonization and synergy between the central and regional governments to accelerate sharia economic growth nationwide.

Figure 3.32. Opening Ceremony ISEF 2025



Source: Bank Indonesia

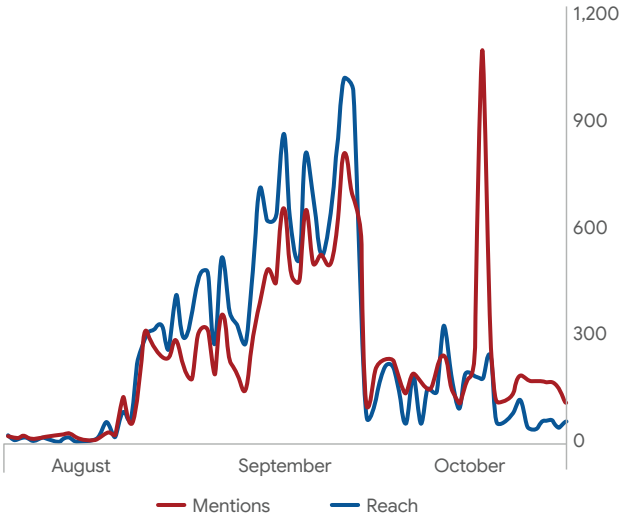
Third, the launch of SukBI Plus, an enhancement to Sukuk Bank Indonesia's features, aims to strengthen sharia financial market instruments and provide more diverse Islamic investment alternatives. Fourth, the launch of an integrated ZISWAF database to optimize the management and distribution of zakat, infaq, sadaqah, and waqf funds in a more measurable and transparent manner, thereby broadening benefits for society.

ISEF 12 in 2025 further strengthened Indonesia's positioning under Bank Indonesia's leadership across international fora. At the **BI IILM IFSB IsDB** Joint High Level Seminar and Investment Forum themed "Enhancing Resilience and Innovation in Liquidity Management for the Islamic Financial Services Industry," the forum reached agreements to: (i) strengthen the role of IILM sukuk as a practical and ethical solution for cross border liquidity management, (ii) leverage digital technology and innovative sharia instruments to broaden Islamic financial inclusion, and (iii) reinforce collaboration among authorities to build a global sharia financial system that is inclusive, resilient, and sustainable. The forum underscored Indonesia's position given its strong domestic sharia money market experience, with 94 percent of Islamic banks actively participating in the sharia interbank money market, and the Syariah Interbank Placement Agreement, SIPA, recorded as the instrument with the most significant increase.

Through the delivery of ISEF 2025, sharia economy and finance education also reached a wider audience. From a communications perspective, ISEF 2025 recorded significant traction with **1.71 million social media engagements, up 115 percent** compared with 795 thousand in 2024, and ranked among the **top five national trending topics** on the X or Twitter platform during the opening period of ISEF 2025. Big data analytics and social media listening showed that ISEF 2025 dominated social media conversations with 17.5 thousand mentions, a 38.9 percent increase from 12.6 thousand in 2024. It reached 130.3 million, up 3.5 percent from 125.90 million in 2024. The event also generated 1.6 million interactions, a 60 percent rise from 1 million in 2024, and maintained an 80 percent positive neutral sentiment, with an upward trend from the pre-event period that peaked during the ISEF 2025 showcase.

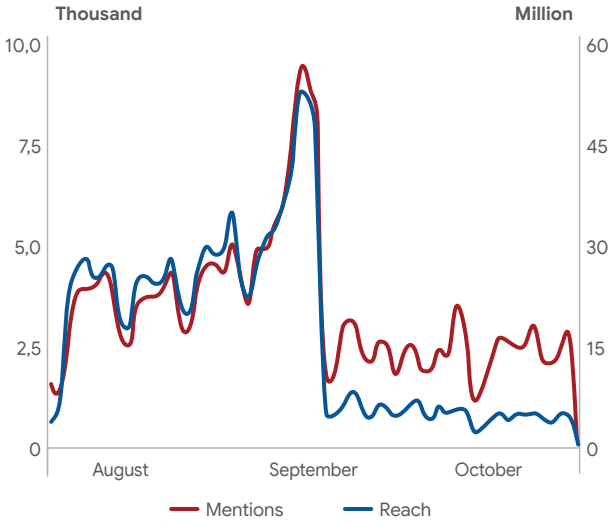
ISEF 2025 was organized through collaboration with a wide range of national and international institutions and strategic partners focused on sharia economy and finance. These included the National Committee for Islamic Economy and Finance (Komite Nasional Ekonomi dan Keuangan Syariah, KNEKS), various ministries and agencies, the Indonesian Ulema Council (Majelis Ulama Indonesia, MUI), Hajj Financial Management Agency (Badan Pengelola Keuangan Haji, BPKH), Halal Product Assurance Organizing Agency

Graph 3.5. Volume of Mentions & Reach on Sharia Economic and Finance Topics



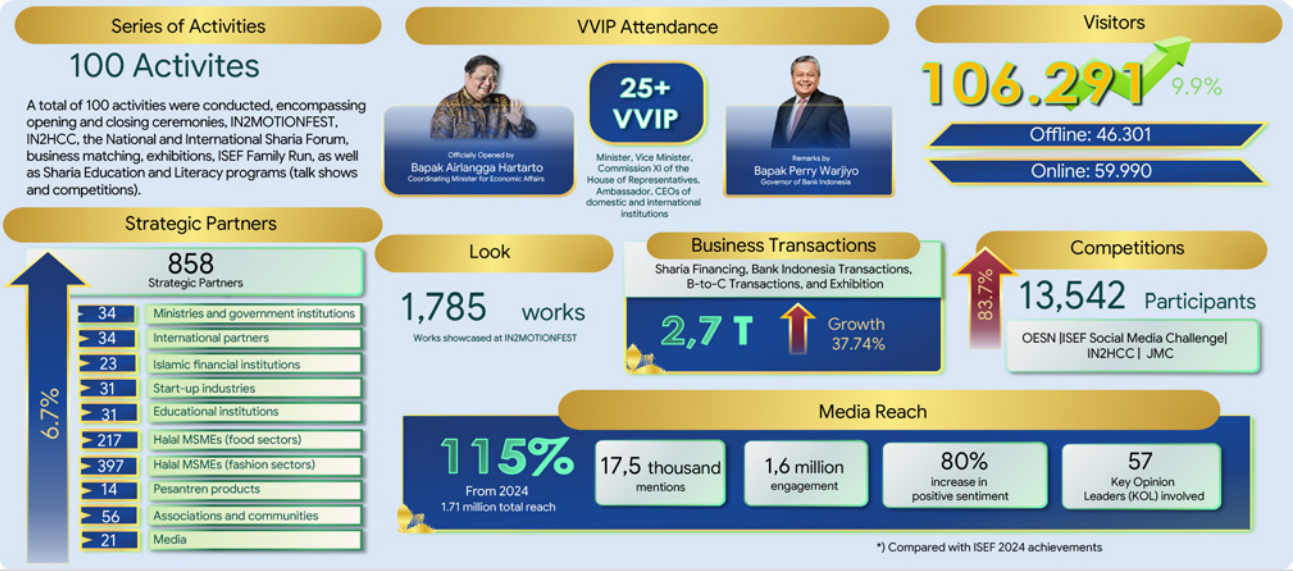
Source: Media Sosial, processed

Graph 3.6. Sentiment Analysis on Sharia Economy and Finance Topics



Source: Media Sosial, processed

Figure 3.33. ISEF Achievements



Source: Bank Indonesia

(Badan Penyelenggara Jaminan Produk Halal, BPJPH), National Amil Zakat Agency (Badan Amil Zakat Nasional, BAZNAS), and Indonesian Waqf Board (Badan Wakaf Indonesia, BWI), pesantren communities, organizations such as Nahdatul Ulama and Muhammadiyah, the Islamic Development Bank (IsDB), the Islamic Financial Services Board (IFSB), IAEI, MES, the Indonesia Halal Life Centre (IHLC), and others HEBITREN. ISEF served as a tangible manifestation of the spirit "Goodness for All" (Kebaikan untuk Semua) in building an inclusive, globally competitive economy.

3.3.3. Central–Regional Synergy Forum

Following the inclusion of sharia economy development directions in the RPJPN and RPJMN, Bank Indonesia encouraged faster alignment of those directions into regional long- and medium-term development plans (RPJPD and RPJMD). Integrating sharia economy content at the regional level is crucial to ensure that national agendas are implemented broadly, inclusively, and evenly across all regions. Alignment between central and regional policy directions is also a necessary precondition for ensuring that regional sharia economy development remains coherent and continuous with national policy. In addition to outreach and encouragement for regional governments to incorporate sharia economy policy directions in their development plans, it is also necessary to prepare implementation guidelines for activities and sub-activities of sharia economy development in the regions so that the stated policy directions can be executed. This will enable budgeting and monitoring of Sharia economy development activities and sub-activities, which is important for policy evaluation going forward.

Bank Indonesia, therefore, deemed it necessary to prepare guidelines for implementing sharia economy development activities and sub-activities at the regional level. The guidelines are intended to ensure that policy directions already embedded in planning documents can be translated into operational programs and to provide a basis for budgeting and monitoring–evaluation mechanisms for regional sharia economy activities. With these guidelines in place, program delivery becomes more measurable and accountable.

To accelerate adoption and implementation, Bank Indonesia worked in synergy with KemenPPN or Bappenas, the Ministry of Home Affairs, and KNEKS to convene a series of outreach, coordination, and technical assistance forums. These activities involved

Figure 3.34. Launch of the Cross-Sectoral Regional Collaboration Guidebook for Sharia Economic Development at the Central and Regional Synergy Forum for Sharia Economic Development



Source: Bank Indonesia

relevant regional units, including KDEKS, Bappeda, and regional secretariats. Through these forums, regional governments obtained a comprehensive understanding of the urgency, planning mechanisms, and procedures for preparing action plans for sharia economy development.

As a concrete follow-up, Bank Indonesia initiated the Central–Regional Synergy Forum for Sharia Economy Development during the ISEF 12 series in 2025. The forum brought together Bappeda, regional secretariats, and KDEKS from various provinces, regencies, and municipalities to strengthen coordination and align policy directions. At this forum, DEKS also launched the Guidebook for Cross-Functional Regional Collaboration in Sharia Economy Development as an official reference for regional governments to design and coordinate Sharia Economy programs in a systematic and sustainable manner. The main achievements in aligning regional development planning were as follows

1. **Twenty-six provinces** have included sharia economy agendas in their **RPJPD**.
2. **Twenty-three provinces** have incorporated sharia economy agendas in their **RPJMD**.
3. **Fourteen provinces** have established **sharia economy indicators** in their **RPJMD**.

3.3.4. Strengthening Bank Indonesia's Leadership in International Sharia Economy and Finance Fora

Aligned with Bank Indonesia's vision to become a leading digital central bank with robust governance that significantly contributes to the national economy and ranks among the best in emerging markets for an advanced Indonesia, one pathway to realize this vision is to showcase Bank Indonesia's leadership through chairmanship and stewardship in international forums, including in the sharia economy and finance domain. Tangible institutional leadership by Bank Indonesia in developing the sharia economy and finance, particularly in the international Islamic finance sector, is evident in its active participation in a range of international cooperation forums. This active role is evident in Bank Indonesia's membership and participation in key international Islamic finance bodies, namely the International Islamic Liquidity Management, IILM, the Islamic Financial Services Board, IFSB, the International Islamic Financial Market, IIFM, in which Bank Indonesia is a founding member, and the Islamic Development Bank, IsDB, in which Bank Indonesia serves as alternate governor, as well as other international cooperation platforms.

In general, Bank Indonesia's representation across these fora is summarized in the accompanying diagram **Table 3.3. BI Chairmanship in International Fora**.

Table 3.3. BI Chairmanship in International Fora

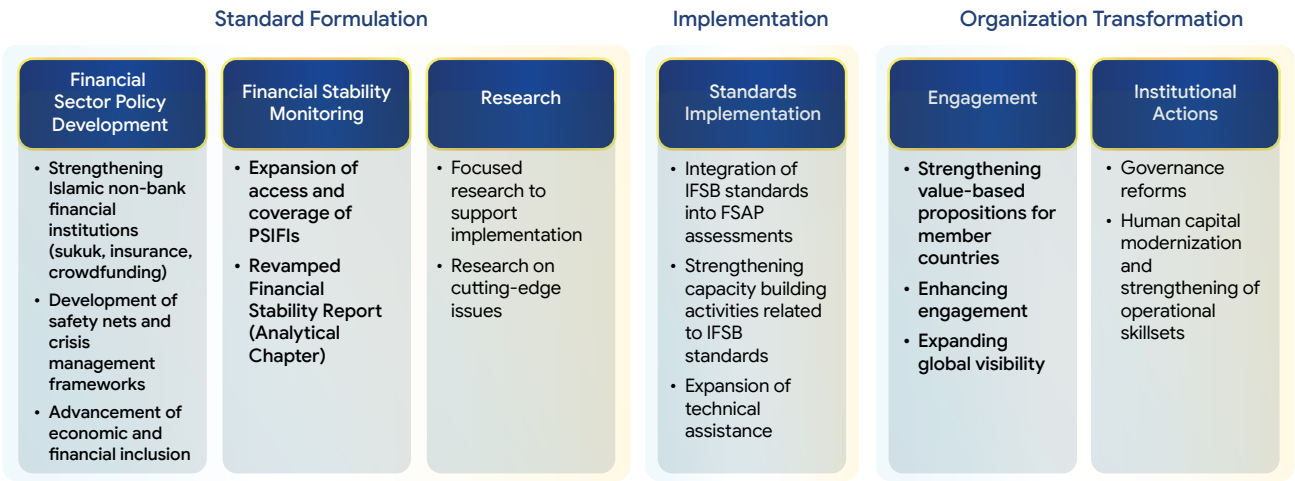
Fora	Description	Year of Establishment	Chairmanship / Membership	Number of Members
IFSB	An international standard-setting body (SSB) in the macroprudential and microprudential areas that ensures the soundness and stability of the Islamic financial services industry, including banking, capital markets, and takaful.	3 November 2002	Deputy Chairman of the IFSB Council – Governor of Bank Indonesia Member of the IFSB Executive Committee – Deputy Senior Governor Member of the IFSB Technical Committee	181 members from 61 Jurisdictions
IILM	An international organization established by central banks, monetary authorities, and multilateral organizations to provide Sharia-compliant liquidity instruments.	25 October 2010	Member of the Governing Board – Governor of Bank Indonesia Member of the Board of Executive Committee – Deputy Senior Governor Chairman of the Board Risk Management Committee Member of the Board Audit Committee	8 Central Banks and IsDB
IIFM	An international SSB established to develop standards and documentation for global Islamic money market and capital market transactions.	11 August 2002	Board of Director	70 (authorities and industry)
IsDB	*A Multinational Development Bank (MDB) that supports sustainable development through Sharia-compliant financing.*	15 December 1973	Alternate Governor	57 Member Countries

Source: Bank Indonesia

A. Strengthening the Islamic Finance Regulatory Framework through the Formulation and Implementation of Sharia Financial Standards

To enhance the global Islamic finance landscape, Bank Indonesia partnered with the Islamic Financial Services Board (IFSB) to develop and promote a medium-term plan for improving the Islamic finance regulatory framework. The IFSB Secretariat worked with Bank Indonesia to prepare the IFSB Strategic Plan 2025 to 2027. The document sets out IFSB's program priorities that contribute positively to the development of the global Islamic finance industry, particularly in priority areas for standards issuance. IFSB's priorities to support development of the Global Islamic Financial Services Industry, IJKS, for 2025 to 2027 are organized into three main areas, namely Standard Formulation, Standard Implementation, and Organizational Transformation.

Figure 3.35. Strategic Areas for IFSB Development



Source: Bank Indonesia

In terms of its standard formulation, the IFSB focused on two main aspects: the development of the regulatory framework and the monitoring of global Islamic financial stability, supported by comprehensive research. The two aspects are closely linked, given that the implementation of IFSB standards is expected to strengthen the resilience and stability of the Islamic Financial Services Industry (IJKS). Beyond reinforcing resilience, regulatory fulfilment is also intended to unlock potential in Islamic social finance. The IFSB views Islamic social finance, encompassing zakat, infaq, sadaqah, and waqf, ZISWAF, as a prospective new source of growth with a strategic role as a social safety net. In addition to strengthening these areas, Bank Indonesia consistently encouraged the IFSB to align IFSB standards with products issued by conventional standard-setting bodies, including the Bank for International Settlements for banking, the International Organization of Securities Commissions for capital markets, and the International Association of Insurance Supervisors for insurance.

Standard-setting achievements in 2025 were in line with the targets of the IFSB Strategic Plan 2025 to 2027. Up to 2025, the IFSB had issued one standard and two Guidance Notes. In total, the IFSB now has thirty-one standards, accompanied by five Technical Notes and eleven Guidance Notes, consisting of seven banking documents, one cross-sector document, one Islamic capital market document, and two takaful documents. These regulatory products have gained international recognition and serve as references for sixty-one member countries in implementing Islamic finance, particularly in banking, capital markets, and Islamic insurance.

Bank Indonesia consistently provided input on standard concepts and their technical application, as well as country experience from practices in Indonesia. During 2025, Bank Indonesia served on IFSB Working Groups and Task Forces for, among others: 1) Revised Guiding Principles on Sharia Governance, 2) Revised Guiding Principles on Corporate Governance [Banking], 3) Guidance Note on Regulation and Supervision of Climate-related Financial Risks for IIFS.

In its standard implementation, the IFSB continued to promote the prudent and comprehensive adoption of its standards. As a constructive breakthrough, the IFSB undertook cooperation to incorporate its standards into the Regulatory Consistency Assessment Programme (RCAP) framework of the Bank for International Settlements (BIS) and into the Financial Sector Assessment Program (FSAP) conducted by the International Monetary Fund (IMF) and the World

Figure 3.36. Integration Framework for the Formulation and Implementation of Standards and Financial Assessment between IFSB and International Financial Standard-Setting Bodies

Master Agreement, Standard Document and Proposed Model (2002-2024)

Number	Standard	Issuance - Area
IIFM-1	Master Agreement for Treasury Placement (MATP)	2008 - Liquidity Management Standards
IIFM-2	ISDA/IIFM Tahawwuth Master Agreement	2010 - Hedging Standards
IIFM-3	ISDA/IIFM Mubadalatul Arbaah (Profit Rate Swap)-Single Sale	2012 - Hedging Standards
IIFM-4	ISDA/IIFM Mubadalatul Arbaah (Profit Rate Swap)-Two Slae	2012 - Hedging Standards
IIFM-5	Inter-Bank Underestricted Master Investment Wakalah Agreement	2013 - Liquidity Management Standards
IIFM-6	Master Collatelarized Murabaha Agreement	2014 - Liquidity Management Standards
IIFM-7	ISDA/IIFM Islamic Cross-Currency Swab (ICRCS)	2015 - Hedging Standards
IIFM-8	ISDA/IIFM Islamic Foreign Exchange Forward (IFX Forward)-Single Sale	2016 - Hedging Standards
IIFM-9	ISDA/IIFM Islamic Foreign Exchange Forward (IFX Forward)-Two Sale	2016 - Hedging Standards
IIFM-10	ISDA/IIFM Credit Support Deed for Cash Collateral	2017 - Hedging Standards
IIFM-11	IIFM-BAFT Master Unfunded Participation Agreement	2019 - Trade Finance Standards
IIFM-12	IIFM-BAFT Master Unfunded Participation Agreement	2019 - Trade Finance Standards
IIFM-13	Sukuk Al Ijarah Documentation Templates	Suku Standard
IIFM-14	IIFM Template Sukuk Al Midarabah Tier 1 Srarndard Documents	Suku Standard
IIFM-15	Sharia-Compliant Structuring Solutions for RFR Implementation for Islamic Financing	IBOR Transition
IIFM-16	ISDA/IIFM IBOR Fallback Standard Documentation	Hedging Standard
IIFM-17	2024 Version ISDA/IIFM Mubadalatul Arbaah (Profit Rate Swap)-Single Sale	Hedging Standard
IIFM-18	2024 Version ISDA/IIFM Mubadalatul Arbaah (Profit Rate Swap)-Two Sale	2024 - Hedging Standard
IIFM-19	ISDA/IIFM Islamic Foreign Exchange Forward (IFX Forward)-Single Sale	2024 - Hedging Standard

Source: Bank Indonesia

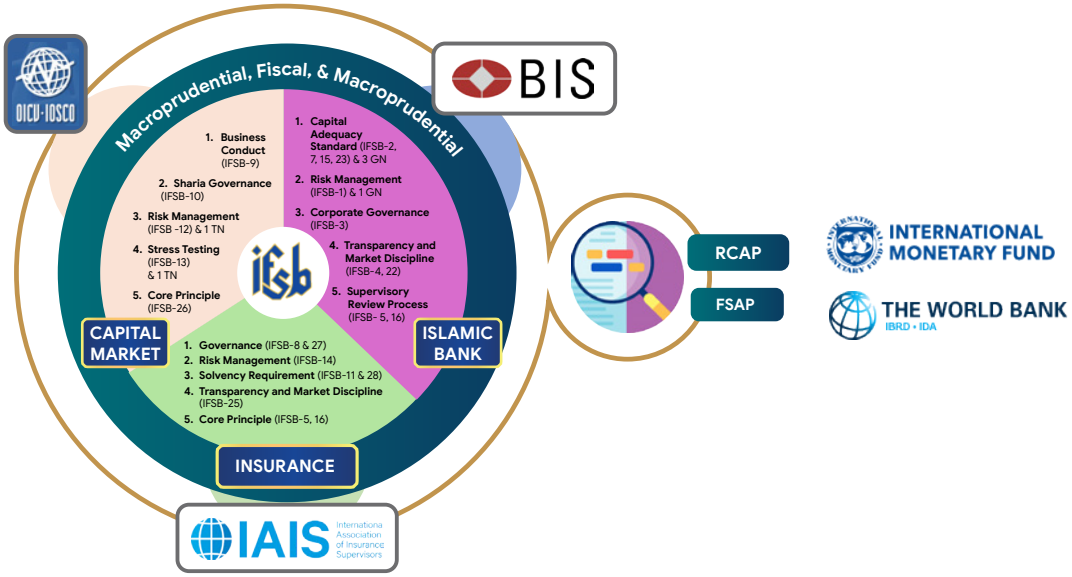
Bank (WB). The integration is intended to ensure that financial stability assessments are conducted comprehensively, including coverage of the Islamic finance segment. It enables a more complete analysis of risks and opportunities in Islamic finance that may not be fully captured under conventional frameworks.

Bank Indonesia and other IFSB members also collaborated to strengthen the implementation of standards and global Islamic financial stability through technical assistance (TA). Under the IFSB Strategic Plan 2025–2027, the TA mandate was reinforced—shifting from a broad-based approach to targeted, high-impact, and collaborative regional initiatives. The objective is to strengthen regulatory frameworks, enhance regional supervisory capacity, and advance strategic initiatives on stability and inclusion across member countries, thereby supporting the development and resilience of Islamic finance. In 2025, demand for TA was high, underscoring the IFSB's growing relevance in the development of global Islamic finance. The IFSB has conducted 23 TA and capacity-building activities across member countries and aims to increase this to 36 in 2026. Bank Indonesia supported these efforts by presenting best practices on Indonesia's sharia monetary operations to the National Bank of the Kyrgyz Republic (NBKR) and sharing best practices on strategies for financial market deepening and development in the Tour De Table on Islamic Finance at the 46th IFSB Council Meeting.

Regarding organizational transformation, Bank Indonesia has also undertaken governance improvements and the enhancement of human capital. This included initiating the formation of a task force, approved by IFSB members, tasked with formulating funding strategies to mobilize resources commensurate with the IFSB's increasingly strategic mandate. In addition, Bank Indonesia worked with the IFSB to strengthen human capital by implementing a secondment program, which serves as one avenue for Bank Indonesia's thought leadership in global Islamic finance.

Beyond standard setting within the IFSB's remit, in 2025, Bank Indonesia consistently encouraged the International Islamic Financial Market (IIFM) to strengthen the sharia money market, liquidity, and arrangements anchored in sukuk. IIFM continued to advance international sukuk standardization, particularly with respect to structures, documentation, and efficient sizing of issuance volumes. One key pathway was the development and updating of standard documentation for a range of Islamic financial

Figure 3.37. IIFM Standards Cover Hedging, Sukuk, and Other Areas



Source: Bank Indonesia

instruments, such as the Master Agreement for Treasury Placement, MATP, and Collateralized Murabahah. These documents are designed to facilitate cross-institution liquidity transactions among Islamic financial institutions globally by improving efficiency and consistency. As of 2025, IIFM had issued nineteen internationally recognized standards.

To ensure IIFM keeps pace with the dynamics of global Islamic finance, Bank Indonesia also consistently promotes IIFM transformation. The transformation was initiated to strengthen IIFM's product offerings, reinforce the organization, and broaden the implementation of IIFM standards. On the business and product side, Bank Indonesia encouraged IIFM to update its standard-setting framework and diversify its business lines. On organizational strengthening, Bank Indonesia urged IIFM to prepare a Business Continuity Plan, BCP, amid global uncertainty and to undertake market-assessment initiatives to support wider implementation of IIFM standards. In line with Bank Indonesia's initiative, IIFM formed a Working Group, a sub-committee of the Board of Directors, to assess transformation proposals submitted by IIFM Management.

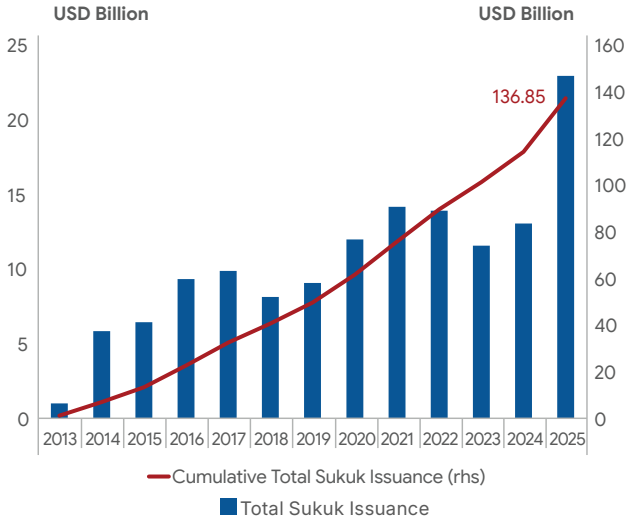
In multiple fora, Bank Indonesia also exercised thought leadership by sharing best practices from Indonesia's policy implementation. In the IIFM Sukuk Annual Report 2025, Bank Indonesia presented the implementation of the SukBI, which has served as an instrument for monetary–fiscal integration while supporting growth in the real sector. Bank Indonesia also shared best practices on IIFM's principal discussion platforms for SukBI, SUVBI, and Cash Waqf Linked Sukuk.

Strengthening Liquidity in the Global Islamic Financial Industry

Indonesia's participation in developing international Islamic finance strengthened, underpinned by Bank Indonesia's active contribution to global liquidity stability. A tangible manifestation is Bank Indonesia's role as founder and member of the International Islamic Liquidity Management (IILM) an international institution with a strategic mandate to provide sharia-compliant liquidity instruments. IILM issues and manages short-term sukuk across various tenors to fill the gap in globally tradable Islamic liquidity instruments. This initiative not only enriches the variety of sukuk in Islamic financial markets but also supports a more stable liquidity system consistent with sharia principles.

IILM closed 2025 with results that underscored its strengthened role as a global provider of Islamic liquidity instruments. Over the year, IILM conducted twenty-one auctions of short-term sukuk with total issuance of USD 22.9 billion, the highest since its inception. Issuance spanned one-, three-, six-, and nine-month tenors, with competitive returns in the 3.85–4.04 percent range. Market demand was very strong, with total bids of USD 3.31 billion at the final auction and an average bid-to-cover ratio of 2.43 times. These outcomes reflect investor confidence in IILM sukuk, which carry ratings of A-1 from S&P and F1 from Fitch. IILM sukuk have been traded globally across numerous jurisdictions, with cumulative sukuk issuance reaching USD 136.85 billion in 2025.

Graph 3.7. IILM Sukuk Issuance



Source: IILM Management, processed

In addition to increasing issuance volume, the International Islamic Liquidity Management (IILM) expanded its sukuk program capacity to USD 8.5 billion and introduced a nine-month tenor to provide greater liquidity flexibility. The outstanding sukuk portfolio reached USD 6.4 billion, an 82 percent increase over the past 18 months. Expansion of the Primary Dealer network, including the addition of the first dealer from Africa, underscored IILM's commitment to strengthening global distribution. With average monthly issuance rising from USD 1.1 billion in 2024 to USD 1.9 billion in 2025, these outcomes marked significant growth and reinforced IILM's position as a strategic institution supporting stability in international Islamic financial markets through sharia-compliant liquidity instruments that are safe, efficient, and reliable.

In 2025, Bank Indonesia's international leadership strengthened further through the participation of members of the Board of Governors and Bank Indonesia department heads as members and chairs of IILM boards. Through this leadership, Bank Indonesia continued to strengthen its synergy with international stakeholders to enhance IILM's capacity and effectiveness. Since its establishment in 2010, IILM has become one of the world's largest sukuk issuers. In various jurisdictions, IILM sukuk have been treated as High Quality Liquid Assets (HQLA) with differentiated risk weight treatments. The availability of IILM sukuk provides an important option for financial institutions in liquidity management. At present, IILM sukuk are rated A1 by S&P and F1 by Fitch, indicating very low default risk and strong credit quality, which makes the instruments highly suitable for liquidity management needs. Considering the continued improvement in secondary market performance and the strengthening of IILM sukuk ratings, these instruments can serve as foreign exchange investment options for managing short-term liquidity at Islamic banks in Indonesia.

Refocusing the Direction of Global Islamic Finance Development through the IsDB Group 10 Year Strategic Framework

The Islamic Development Bank (IsDB) is a multilateral financial institution established in 1975 at the initiative of the Organization of Islamic Cooperation (OIC), with a mandate to enhance the socio-economic welfare of member countries and Muslim communities in non-member countries in accordance with sharia principles. Bank Indonesia works in synergy with the Ministry of Finance as part of the Board of Governors to strengthen and broaden the strategic cooperation that IsDB has undertaken in Indonesia. The primary focus is to increase the role of the sharia economy and finance in supporting national development, including through capacity-building programs and stronger governance of the social finance sector, particularly zakat and waqf. Strengthening zakat and waqf management capacity is expected to broaden funding sources within the sharia financial system, especially for lower income communities.

Synergy between Bank Indonesia and IsDB is in line with Asta Cita, which emphasizes strengthening the people's economy, national self-reliance, and the role of the sharia economy. Asta Cita promotes the development of sharia finance and enterprises, the halal industry, and the use of zakat and waqf to reduce poverty and create jobs. Cooperation between Bank Indonesia and IsDB focuses on deepening Islamic finance, strengthening governance of social finance, and developing inclusive sharia financing instruments. IsDB's financing support and capacity building reinforce the implementation of Asta Cita, particularly the agenda to build from the grassroots and to strengthen Indonesia's position as a sharia economy and finance hub.

In 2025, IsDB entered a critical phase by preparing a ten year strategy known as the IsDB Group 10 Year Strategic Framework 2026 to 2035 as guidance for direction and priorities over the next decade. The document is designed to address contemporary challenges, including geo-economic tensions, widening inequality, food and energy security, and the need to finance climate action. To this end, IsDB sharpened three core focuses: increasing additionality at the member country level, strengthening cooperation platforms among member countries and other developing countries, intra-OIC and South-South, and consolidating IsDB's role as a global reference in Islamic economic and financial thought and practice.

The strategic direction to strengthen IsDB's role continues to be advanced in response to global development challenges and the needs of member countries. Through the High-Level Consultation Retreat of the IsDB Board of Governors in Madinah on 12 January 2025, the Governors directed IsDB to optimize its financial model to provide more affordable financing, increase the share of concessional financing for fragile and debt-vulnerable countries, and develop innovative sharia financing instruments focused on priority development sectors.

Enhancing Indonesia's role in the governance of multilateral financial institutions is an important element of sharia economic diplomacy. In this context, synergy between Bank Indonesia and IsDB is reflected in Bank Indonesia's role in promoting Indonesia's aspirations as a major shareholder to position IsDB as a development partner of choice aligned with the domestic agenda to strengthen the sharia economy and finance, deepen Islamic financial markets, and finance green and inclusive development. Through Indonesia's membership channel, Bank Indonesia helps shape IsDB's focus on developing sharia financing instruments, strengthening South-South cooperation, and integrating maqasid al sharia principles into financing frameworks and programs, so that national policies and the international sharia development architecture are mutually reinforcing going forward.

Figure 3.38. High-Level Consultation Retreat IsDB Board of Governors



Bank Indonesia also actively collaborated with other international institutions on various initiatives. As part of the Indonesia Sharia Economic Festival (ISEF) 2025, Bank Indonesia, together with the Islamic Financial Services Board (IFSB), convened a Roundtable Discussion: Enhancing Financial Inclusion on 2 October 2025. The event was held in collaboration with the Financial Services Authority (OJK), the National Committee for Islamic Economy and Finance (KNEKS), Bank Syariah Indonesia (BSI), BTPN Syariah, the National Board of Zakat (BAZNAS), the Indonesian Waqf Board (BWI), Dompet Dhuafa, BMT Binama, and universities including Universitas Indonesia, IPB University, Universitas Airlangga, and Universitas Islam Tazkia. Discussions focused on advancing financial inclusion by integrating Islamic commercial finance and Islamic social finance (zakat, waqf, sadaqah), digital innovation, and regulation. The roundtable also formed part of the IFSB's research program series, which has been designated a strategic agenda in the IFSB Strategic Plan 2025 to 2027. Going forward, the implementation of Islamic social finance (ZISWAF) in Indonesia is expected to evolve into a global best practice, serving as a new source of growth and playing a strategic role as a social safety net.

Proceedings can be accessed at the following link:

<https://isef.co.id/wp-content/uploads/2026/01/01.-Proceeding-BI-IFSB-Roundtable-Discussion.pdf>

In addition, reflecting its commitment to strengthening Bank Indonesia's role in international sharia economy and finance fora, Bank Indonesia, in collaboration with IILM management, convened the second Joint High-Level Seminar and Investor Forum on 3 October 2025. The 2025 program carried the theme "Enhancing Resilience and Innovation in Liquidity Management for Islamic Financial Services Industry" and was held in collaboration with IFSB, IsDB, Bank Negara Malaysia, the International Monetary Fund, BPKH Indonesia, Cornell University, and industry participants such as Bank Syariah Indonesia (BSI), PT Airpay International Indonesia (ShopeePay), Maybank Indonesia, Fitch Ratings, Affin Hwang Investment Bank, and Arqaam Capital. The seminar offered perspectives from a broad range of institutions on several strategic issues.

First, global Islamic finance development should be anchored in an aligned regulatory framework to mitigate systemic liquidity risks and market volatility. Islamic finance needs to be positioned as a strategic pillar of stability that can grow in parallel with conventional finance. In addition, acceleration of Islamic finance development should be supported by integration of social and commercial finance as well as digitalization to drive inclusive long-term growth.

Second, digitalization plays a critical role in Islamic finance development by broadening access, lowering transaction costs, and improving infrastructure. The growth of digital Islamic finance must be accompanied by consumer protection to ensure inclusion within a sharia-compliant digital ecosystem that is safe, transparent, and adaptive.

Third, the expansion of Islamic finance must be accompanied by sound liquidity management. Liquidity is a core pillar that ensures Islamic finance remains not only inclusive but also resilient and competitive. At the global level, greater interoperability, diversification of instruments, and strengthened technology are required to foster global collaboration and market integration.

Proceedings can be accessed at the following link:

<https://isef.co.id/wp-content/uploads/2026/01/02.-Proceeding-BI-IILM-IFSB-IsDB-Joint-High-Level-Seminar-and-Investor-Forum.pdf>

Recognition at The 15th Global Islamic Finance Awards (GIFA)

Bank Indonesia was awarded Best Central Bank for Facilitation & Support 2025 at the 15th Global Islamic Finance Awards (GIFA) held in Kuala Lumpur, Malaysia, on 11 September 2025. The award recognizes public institutions, private entities, and individuals that have made significant contributions to global Islamic finance based on three criteria, namely (i) achieving notable progress in thought leadership, (ii) implementing world-class initiatives, and (iii) developing industry-leading products and services with scale and broad impact.

This marked Bank Indonesia's fourth recognition at the GIFA, following Best Central Bank of the Year awards in 2018, 2022, and 2024. According to Professor Humayon Dar, Ph.D., Chairman of GIFA, Bank Indonesia's role as a catalyst in advancing the international sharia economy and finance was decisive in outperforming other nominees. At the same event, the Governor of Bank Indonesia received the GIFA Central Banker of the Year 2025 award for leadership in strengthening Indonesia's role within the global Islamic finance ecosystem.

In 2025, Bank Indonesia implemented an intensive slate of programs to develop the sharia economy and finance at both national and international levels. At the national level, efforts focused on strengthening the halal value chain (HVC), optimizing Islamic social finance (ZISWAF), empowering enterprises and pesantren economies,

reinforcing the halal industry, and improving sharia financial literacy and education. These initiatives were delivered through strategic collaboration with domestic partners, including the Ministry of Religious Affairs, MUI, PP Muhammadiyah, Nahdlatul Ulama, BAZNAS, and BWI.

At the international level, Bank Indonesia reinforced its role through strategic initiatives in cooperation fora such as IILM, IFSB, IsDB, and IIFM, including contributions to global sharia finance human capital development through workshops, seminars, webinars, and a secondee program. These efforts demonstrate that Bank Indonesia's initiatives received positive responses and strong synergistic support from a wide range of stakeholders, notably KNEKS and related institutions domestically and abroad. These achievements strengthened optimism about positioning Indonesia as a global hub for the sharia economy. Going forward, Bank Indonesia remains committed to continued coordination with all relevant institutions to advance the sharia economy and finance sector.

Figure 3.39. Presentation of the GIFA Award 2025 in Kuala Lumpur on 11 September 2025



Source: Bank Indonesia

Box 3.1

GERBANG SANTRI (ISLAMIC BOARDING SCHOOL AND HALAL VALUE CHAIN DEVELOPMENT MOVEMENT)

Rationale for Development

Over the past decade, Indonesia's sharia economy and finance strengthened, as reflected in Indonesia's rise to third place globally in the State of the Global Islamic Economy (SGIE). This performance has been supported by demographic strengths and a strategic socio-economic base, particularly the presence of more than 42,000 pesantren, which have transformed from centres of education and da'wah into drivers of community empowerment and productive, sharia-based economic activity. Pesantren are now engaged in national strategic initiatives. Through the National Movement for Food Inflation Control (Gerakan Nasional Pengendalian Inflasi Pangan, GNPIP), carried out by Bank Indonesia in collaboration with the Regional Inflation Control Team (Tim Pengendali Inflasi Daerah, TPID), pesantren assist in managing the production of key foods like rice, chili, and shallots, thus supporting efforts to stabilize national food prices stability. That role has been built through Bank Indonesia's pesantren enterprise empowerment program, which by 2025 had been implemented in 1,036 pesantren business units across 34 provinces, spanning agriculture, livestock, fisheries, halal food, potable water processing, and renewable energy.

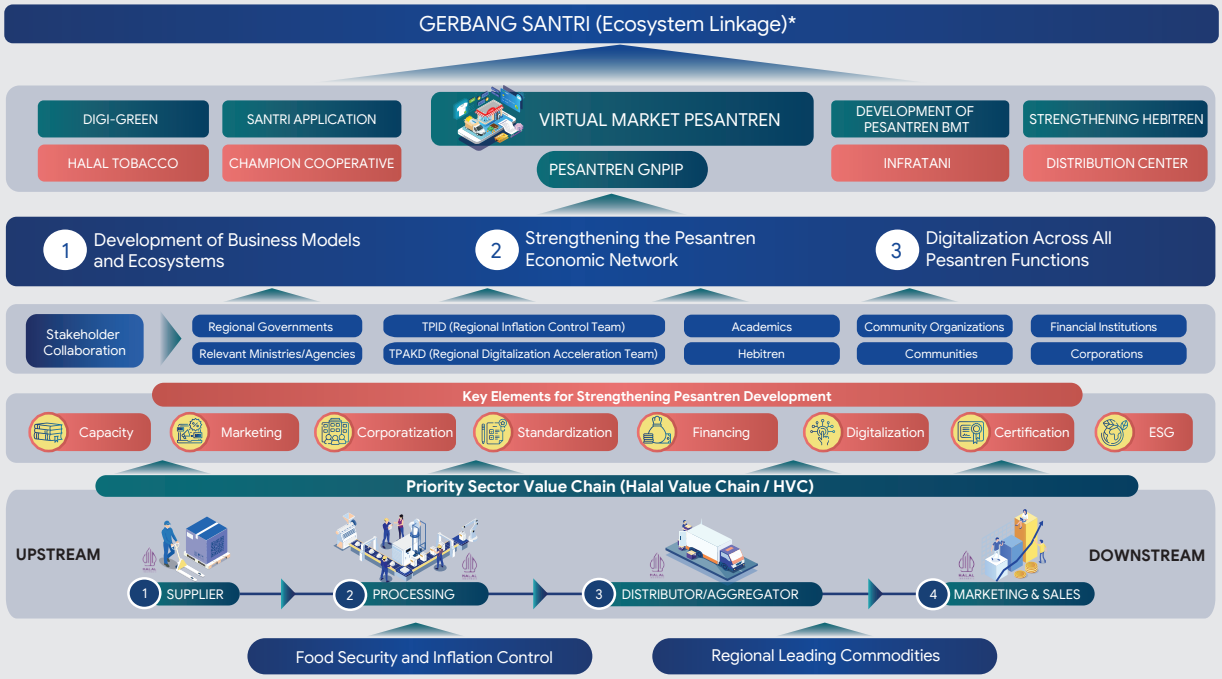
Notwithstanding the progress, pesantren continue to face structural gaps, including limited governance and managerial capacity, restricted access to Islamic finance, slow adoption of digital technology, limited integration into national and global halal value chains, HVC, and capability disparities across pesantren. To address these challenges, the **Gerbang Santri** initiative was designed as a cross-sectoral collaborative effort with three core objectives: to strengthen pesantren entrepreneurship capacity, to expand synergy potential between pesantren and external partners, and to deepen inter-pesantren collaboration through digital platforms.

Within the national development framework, Gerbang Santri is also tasked with supporting RPJMN priority programs. Specifically, it promotes the Free Nutritious Meal Program (Program Makan Bergizi Gratis, MBG) by involving pesantren in the nutritious food supply chain, and the Red and White Village/Sub-district Cooperative Program (Program Koperasi Desa atau Kelurahan Merah Putih, KDKMP) by integrating pesantren cooperatives and BMT into the national cooperative system network. In doing so, Gerbang Santri is expected to deliver a dual impact, namely strengthening pesantren self-reliance and governance at the micro level while contributing to national strategic agendas and Indonesia's sharia economy and finance vision at the macro level.

Implementation Strategy

The Gerbang Santri implementation strategy is designed to ensure that pesantren effectively perform a dual role as centres of education and da'wah while serving as engines of economic self-reliance for the ummah. The strategy considers actual pesantren conditions, dynamics in the sharia economy, and national development priorities. It rests on three principal pillars, namely the development of business models and ecosystems, the strengthening of pesantren economic networks, and the digitalisation of pesantren business processes.

Figure 3.40. GERBANG SANTRI (Ecosystem Linkage)



*Gerbang Santri represents a flagship program for the digitalization of pesantren. Bank Indonesia continues to advance complementary initiatives, including the digitalization of pesantren accounting, agricultural technical digitalization (Infratani), good agricultural practices, facilitation of contract farming and financing business matching, as well as strengthening institutional capacity and Hebitren business forums.

Source: Bank Indonesia

1. Development of Business Models and Ecosystems

The first Gerbang Santri strategy focuses on developing sustainable pesantren business models integrated into the halal enterprise ecosystem from upstream to downstream. The approach focuses not only on strengthening pesantren production capacity and entrepreneurship, but also on ensuring linkage of output with market access, the halal value chain (HVC) particularly the halal food sector, as well as readiness to access Islamic finance. With a structured business system in place, strengthening the pesantren economy is expected to proceed comprehensively and sustainably.

In implementation, the Pesantren Economic Self-Reliance Program under GNPIP positions pesantren as producers of strategic food commodities such as rice, chilli, and shallots, thereby contributing to price and supply stability and strengthening pesantren's position within the halal food value chain. The Infratani program then reinforces pesantren agricultural enterprises through the application of modern technology, engagement of offtakers and distribution partners, and improved bankability supported by feasibility studies as the basis for accessing Islamic financing.

Reinforcement of the business model is underpinned by institutional and market instruments, with Koperasi Juara increasing scale, transaction efficiency, and economic intermediation, and Tobaku Halal serving as an aggregator and distribution channel for pesantren products. To encourage replication and broaden impact, the strategy is complemented by a pesantren mentoring scheme, mentor-mentee, that ensures practical knowledge transfer and strengthens inter-pesantren collaboration. Through this approach, pesantren are developed as connected and structured components of a

pesantren-based halal business ecosystem aligned with the strengthening of the national sharia economy and finance.

2. Strengthening the Pesantren Economic Network

The second strategy focuses on strengthening economic networks among pesantren and with strategic partners to raise efficiency, business scale, and collective competitiveness. Through the role of HEBITREN as a collaboration platform and pesantren holding business, pesantren can meet one another's needs, consolidate demand and supply, and allocate business roles based on each pesantren's comparative advantage and specialization. HEBITREN's role is reinforced through the Pesantren Business Forum as a strategic meeting point to curate business opportunities and connect pesantren with business partners and the Islamic finance sector. Going forward, HEBITREN strengthening should prioritize enhanced governance and institutional quality, a stronger role as business aggregator and market-access conduit, and broader collaboration with Islamic finance through more structured and sustainable business forums. With these improvements, HEBITREN is expected to become the engine of pesantren economic integration within the national sharia economy and finance ecosystem, in line with the Eksyar Blueprint 2030.

3. Digitalization of Pesantren Business Processes

The third strategy emphasizes digital transformation as the key to greater efficiency, transparency, and market reach for pesantren. Aligned with the enhanced HEBITREN structures at the provincial and district or municipal levels, the Pesantren Nusantara Virtual Market (Pesantara) has been established as a digital pesantren holding company. It offers a storefront and platform to facilitate inter-pesantren transactions, regardless of geographic location. Through Pesantara, pesantren can conduct business matching, market products to regional and national markets, and derive economic benefits through cooperative schemes, with the potential to develop into member financing and investment.

Digitalized governance is reinforced through the SANTRI application as a financial-recording system and sharia finance literacy tool, while economic transactions are promoted using QRIS. The Mastren Digi-Tren program further integrates digitalization with sustainability principles by applying smart farming and utilizing renewable energy.

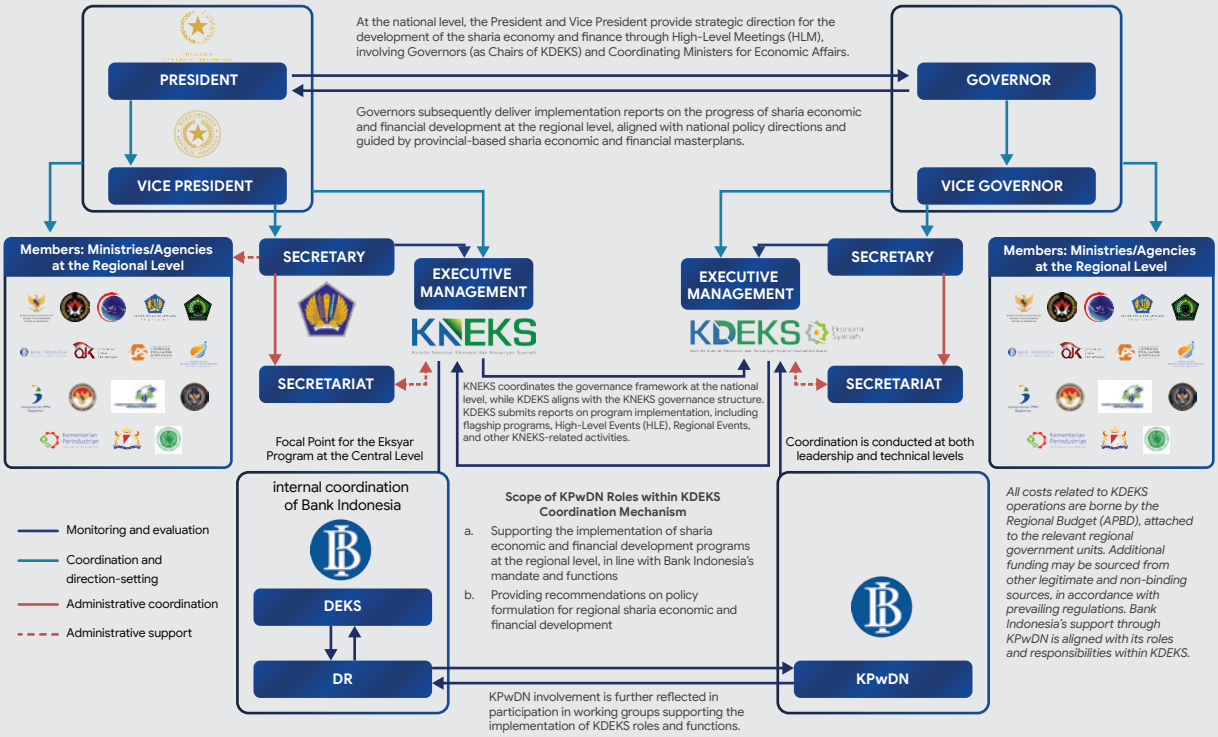
In addition, digitalization extends beyond platforms and systems to include strengthening pesantren human capital through the Santripreneur Digital program. This initiative builds santri capacity as principal actors in pesantren digital entrepreneurship, covering training and incubation for digital businesses, management of online stores, digital marketing, and business matching via the Pesantara Virtual Market. Under this approach, santri are encouraged not only to use technology but also to play active roles as managers, marketers, and innovators of pesantren digital business units. Through this strategy, pesantren are expected to transform into modern, adaptive, and competitive economic institutions, with santri as key drivers of a digital economy grounded in sharia values.

Institutional Arrangements and Stakeholder Collaboration

The success of Gerbang Santri is determined by robust institutional collaboration through a multi-stakeholder model that engages central and regional actors according to their strategic roles. **Bank Indonesia** acts as a policy catalyst through the Eksyar Blueprint 2030. Relevant ministries and agencies serve as principal partners to strengthen pesantren institutions and education, develop business units and cooperatives, and facilitate access to food, trade, and exports so that pesantren are integrated into national development strategies.

At the regional level, local governments ensure that Gerbang Santri is integrated into development planning documents, the RPJMD, provide infrastructure, facilitate regulation, and involve regional food enterprises, BUMD pangan, in the distribution of pesantren products. **Islamic financial industry** players such as Islamic banks, BMT or cooperatives, and Islamic microfinance institutions form the backbone of productive financing for pesantren and broaden Islamic financial inclusion**. The private sector and offtakers** act as marketing bridges for pesantren products, while **pesantren and HEBITREN** serve as the principal actors of production, innovation, and network management. Within this collaborative framework, Gerbang Santri is positioned as a national initiative that connects education, the economy, and social development while strengthening the sustainability of pesantren and accelerating Indonesia's vision as a global sharia economy hub.

Figure 3.41. National Synergy Map: The Role of KNEKS and KDEKS in Integrating Central and Regional Policies



Source: Bank Indonesia

Box 3.2

GEMA HALAL (COLLECTIVE HALAL ACCELERATION MOVEMENT)

Rationale for Development

Demand for halal products in Indonesia has continued to strengthen, in line with a demographic structure dominated by Muslims and a consumer shift toward safe, hygienic, and sustainable products. Consistently, the national halal product assurance ecosystem has also recorded significant progress. As of June 2025, BPJPH recorded approximately 6.5 million halal-certified products, up from around 5.5 million in 2024, reflecting an acceleration of certification, particularly following the implementation of free certification programs and the self-declare scheme. At the global level, the halal market has also expanded rapidly, with halal certification increasingly serving as both a prerequisite for export market access and a means of differentiation for producers. Notwithstanding the strengthening demand, several challenges remain, including dependence on imported raw materials, limited institutional capacity and human resources in the halal domain, as well as uneven literacy and digitalization of certification processes. These conditions raise compliance costs, especially for MSMEs, amid external pressures from global supply chain disruptions, competition for the Global Sharia Market, and issues of cross-border standard harmonization and mutual recognition of halal certification.

Indonesia's regulatory framework responds to these dynamics through Law **Number 33 of 2014 on Halal Product Assurance (JPH), reinforced by Government Regulation Number 42 of 2024 on Administration of the Halal Product Assurance Sector.** The regulations mandate phased halal certification for all products entering, circulating, and traded in Indonesia, according to product classifications and specified transition periods. The scope covers goods such as food and beverages, pharmaceuticals, cosmetics, chemical, biological, and genetically engineered products, certain consumer goods, and related services. In addition, the JPH Law comprehensively regulates institutional aspects, including the JPH administering authority, accreditation of Lembaga Pemeriksa Halal (LPH) and halal auditors, the certification process from ingredient determination to halal ruling, supervision, and the application of sanctions.

Implementation of mandatory halal certification has become more explicit, particularly following the requirement that medium and large food and beverage enterprises be halal-certified starting 17 October 2024, while micro and small enterprises are granted a transition period until October 2026. Although the number of halal-certified products has continued to increase, coverage still needs to be broadened, given the scale of the national product base and the challenge of equalizing inspection capacity across regions and sectors. The obligation also necessitates Islamic finance support for investment and working capital so that production processes meet halal standards, amid financing growth that remains concentrated by sector and geography. In line with the GEMA HALAL agenda as well as the RPJPN 2025–2045 and RPJMN 2025–2029, the Government is targeting mass acceleration of halal certification, with Bank Indonesia serving as an accelerator and initiator to strengthen the halal product assurance ecosystem on a sustainable basis, in collaboration with partners at both the central and regional levels.

Table 3.4. Growth of Financing in Sectors Subject to Mandatory Halal Certification

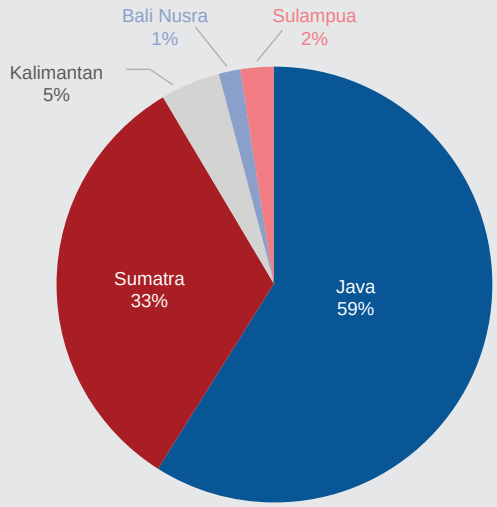
June 2025		
Segment	**Food and Beverage Industry (yoy)**	**Food and Beverage Provision (yoy)**
Corporates	11.58%	-23.06%
MSMEs	12.21%	12.92%
Total	11.78%	4.32%

Source: Bank Indonesia, processed

Implementation Strategy

Gema Halal is implemented through four strategies, namely strengthening the production of halal raw materials, accelerating upstream halal certification, reinforcing halal centres (institutions and human capital), and deploying the Halal Information System (SiHalal) for consumer protection and RNH (traceability). Strengthening halal raw-material production is aimed at deepening the upstream industrial structure so that the availability of critical inputs—such as enzymes, gelatin, emulsifiers, and ancillary materials—becomes more self-reliant and stable. The strategy is pursued by bolstering the upstream manufacturing base through fiscal and non-fiscal incentives, promoting industrial upgrading, and developing and expanding halal industrial zones equipped with shared facilities, including laboratories, cold-chain infrastructure, and segregated logistics. Regulatory harmonisation across ministries and agencies is also a prerequisite for aligning ingredient licensing, quality standards, and halal compliance. From an economic perspective, upstream strengthening reduces the marginal cost of compliance, lowers the sensitivity of downstream product prices to global shocks, and builds economies of scale that support import substitution, raise domestic value added, and reinforce Indonesia's position within the global halal value chain (HVC) going forward.

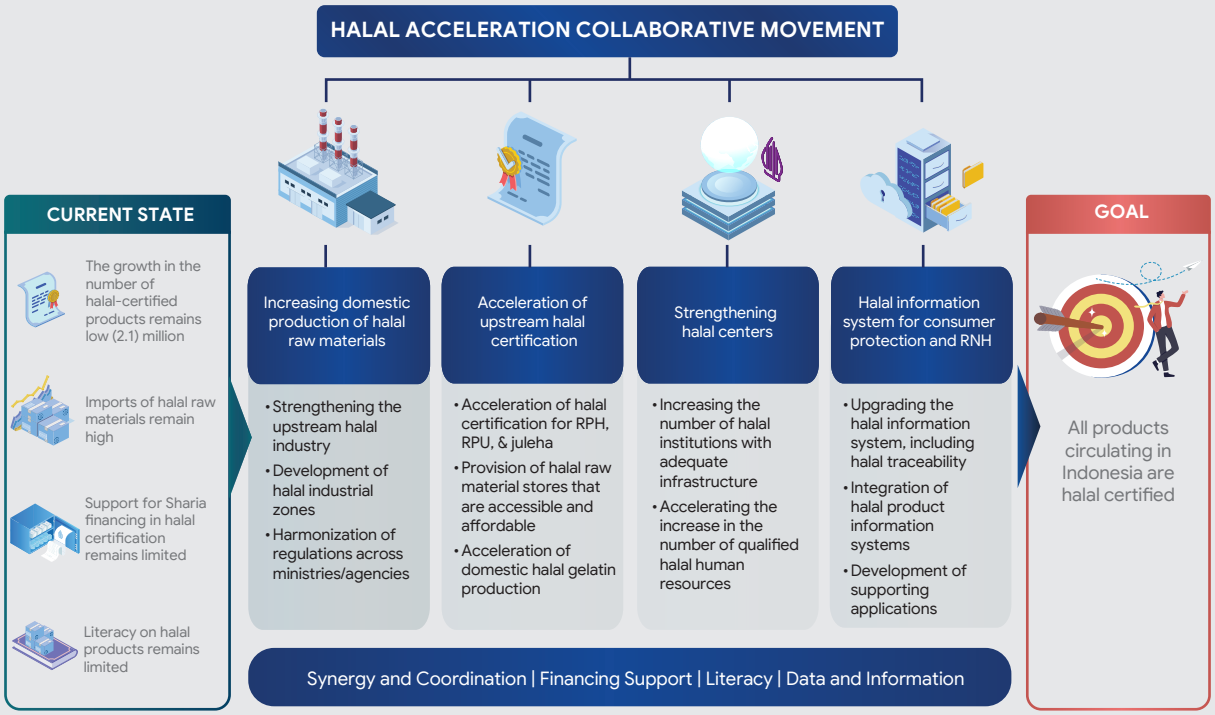
Grafik 3.8. Spatial Distribution of Financing in Sectors Subject to Mandatory Halal Certification



Source:

The upstream acceleration strategy for halal certification is directed to address structural bottlenecks downstream by expediting halal compliance among raw material suppliers and initial facilities along the value chain. GEMA Halal focuses on accelerating certification for slaughterhouses, RPH or RPA, and strategic raw material suppliers, while at the same time developing distribution nodes in the form of halal raw material stores that ensure efficiency, quality, and certainty of halal status. This provides a structural solution to ensure that enterprises, particularly MSMEs, obtain easy and affordable access to halal inputs, thereby significantly reducing downstream certification hurdles. In parallel, fast-tracking domestic production of critical upstream commodities such as halal gelatin is promoted as a quick win to strengthen supply self-reliance, reduce import dependence, and create multiplier effects through smoother halal certification from upstream to downstream.

Figure 3.42. GEMA Halal



Source: Bank Indonesia

Strengthening halal centres is aimed at decentralizing and expanding halal service capacity so that inspection and certification proceed faster, more efficiently, and more evenly across regions. Policy focus is placed on developing halal service institutions supported by adequate infrastructure, particularly in production centres and halal industrial zones, to reduce bottlenecks, shorten waiting times, and narrow gaps in service access between central and regional areas. At the same time, human capital in the halal field, including halal auditors, halal supervisors, and Juru Sembelih Halal (Juleha), is being enhanced through standardized vocational schemes, assignment incentives in the regions, and strategic partnerships between universities and industry. This approach also encourages stronger research on raw material substitution and refinement of risk-based audit methodologies.

On the digital infrastructure side, development of the Sistem Informasi Halal (SiHalal) by BPJPH is positioned as the single gateway for halal certification services with continuously updated modules, including regular and self declare schemes. Digitalization lowers information transaction costs, accelerates tracking of certification status, and opens room to integrate traceability with other systems such as OSS, BPOM or SNI, and customs. Adoption, however, is not yet fully end-to-end, especially upstream among RPH, RPA, and suppliers, so supply chain data do not yet fully support risk-based supervision. Therefore, strengthening SiHalal is intended to serve as the backbone of integrated data through interoperability among authorities, traceability from upstream to downstream, and the development of supporting applications for MSMEs, auditors, and consumers. The expected outcomes are more effective supervision, stronger consumer protection, and greater confidence in both domestic and global markets.

Institutional and Strategic Collaboration

GEMA HALAL is designed as a national, institution-based initiative that emphasizes orchestration across ministries and agencies, sectors, and levels of government within the halal product assurance ecosystem. The approach aligns regulatory mandates, service capacity, financing support, and digital infrastructure to ensure that mandatory halal certification is delivered efficiently, accountably, and sustainably basis. National coordination is undertaken to harmonize regulations, resolve cross-sector bottlenecks, and maintain continuity of the upstream to downstream strengthening agenda, including raw material production, certification acceleration, and development of the national halal information system.

In governance and halal standardization, BPJPH, MUI or Komisi Fatwa, LPH, and BSN hold central roles in delivering credible halal product assurance aligned with national and international standards. BPJPH acts as the organizing and supervisory authority, MUI determines product halal status, LPH conducts inspections, while BSN strengthens standardization through SNI and technical guidelines. Service capacity is reinforced through collaboration with Halal Centres, halal auditors, and research institutes and universities to develop human resources, risk-based audit methodologies, and applied research. Upstream, technical ministries promote self-reliance in halal raw materials by developing halal industrial zones, strengthening RPH or RPA, cold chain, and licensing harmonization, while product quality and safety regulators ensure that halal aspects are integrated with health and safety standards.

From an ecosystem support perspective, financing, trade, logistics, and digitalization are the main levers for accelerating implementation. Bank Indonesia, together with the Islamic finance industry, acts as a catalyst through the development of halal-themed financing, strengthening of literacy, and curation of off-takers. The Ministry of Trade and Customs ensure smooth goods flows by synchronizing trade and customs policies, while Kominfo and BSSN strengthen data integration and security for the national halal system. At the implementation level, local governments, associations, and Kadin function as last-mile drivers, supported by supply chain actors, logistics, retail, and e-commerce in safeguarding distribution integrity. With public support and recognition from international partners, this multi-stakeholder institutional framework positions GEMA HALAL as the foundation for accelerating halal certification while sustainably strengthening the competitiveness of Indonesia's halal industry.

CHAPTER IV

POLICY DIRECTION FOR THE SHARIA ECONOMY AND FINANCE IN 2026:

STRENGTHENING SYNERGY IN THE IMPLEMENTATION OF SHARIA ECONOMIC AND FINANCIAL DEVELOPMENT

Bank Indonesia, in collaboration with ministries, government agencies, industry players, and the sharia economic and financial community—including through the National Committee for Sharia Economics and Finance (KNEKS)—continues to strengthen the development of the national sharia economy and finance to realize Indonesia's vision as a global hub for the sharia economy and finance. Bank Indonesia's sharia economic and financial policies in 2026 are based on the Sharia Economy and Finance Policy Blueprint 2030, which aligns with the Government's policy direction under the National Long-Term Development Plan (RPJPN) 2025–2045 and the National Medium-Term Development Plan (RPJMN) 2025–2029. These policies aim to strengthen the integrated and competitive halal value chain (HVC) by empowering sharia enterprises, developing halal value chains, and advancing infrastructure and digitalisation. Optimising Islamic finance (ICF) by strengthening macroprudential policy, deepening the sharia interbank money market (PUVA), and expanding access to financing supported by digitalisation. Expanding literacy and inclusion in the sharia economy and finance, particularly through enhanced literacy and inclusion in Islamic social finance (ISF). Through this synergy, the sharia economy and finance are expected to contribute to stronger and more resilient economic growth in the future.

4.1 Policy Synergy Direction for the National Sharia Economy and Finance

The development of the sharia economy and finance has remained a strategic pillar in Indonesia's economic transformation. This commitment is reflected in various government strategic documents, both long-term and medium-term. Under the National Long-Term Development Plan (RPJPN) 2025–2045, the sharia economy and finance are directed to support the development of an inclusive, equitable, and sustainable economy. This approach encompasses strengthening all aspects of the sharia economic ecosystem, from Islamic social finance (ISF) to the halal industry, with the objective of enhancing productivity, stability, and national economic welfare.

This policy direction also aligns with the broader vision articulated in the *Asta Cita* Prabowo–Gibran document, particularly Vision 2. The vision positions the sharia economy as a key instrument in fostering national independence, both through achieving self-sufficiency in food, energy, and water, and by strengthening the digital, green, and blue sectors (Figure 4.1). In this context, the optimisation of zakat, infaq, sadaqah, and waqf (ZISWAF) has been identified as one of the strategic priorities, supported by institutional innovations such as the refinement of the Waqf Bank and the strengthening of the ecosystem of other sharia financial institutions. Furthermore, relevant incentives are provided to state-owned enterprises (SOEs) and national private companies engaged in the sharia economy and finance sector.

In accordance with the RPJPN, the National Medium-Term Development Plan (RPJMN) 2025–2029 has also incorporated the sharia economy and finance into national development priorities. Within the RPJMN, five priority programs have been specifically directed at strengthening the sharia economy ecosystem (Eksyar), encompassing the acceleration of halal certification, the strengthening of Islamic finance, the development of the halal industry, and the optimisation of Islamic social finance (ISF) funds. This support further underscores that the development of Eksyar is no longer a sectoral agenda, but rather an integral

Figure 4.1. Policy Direction for the Sharia Economy under Asta Cita Prabowo–Gibran



**POLICY DIRECTION OF ISLAMIC ECONOMY IN ASTA CITA
(VISION & MISSION OF THE PRESIDENT AND VICE PRESIDENT 2024–2029)**

[ASTA CITA MISSION 2]

Strengthening national defense and security systems and promoting national independence through self-sufficiency in food, energy, and water, as well as the development of the **Islamic economy**, digital economy, green economy, and blue economy.

[CITA 2 – Islamic Economy]

54 Promoting Indonesia as a global Islamic economy hub through strengthening Islamic financial institutions, expanding the Islamic economic ecosystem, education and research, and optimizing the use of social funds (zakat, infaq, sadaqah, and waqf) in accordance with their purposes.

55 Enhancing the role of Waqf Bank as a driver of inclusive and equitable economic growth, supported by comprehensive and fair regulations and the implementation of relevant laws.

56 Strengthening national state-owned enterprises (BUMN) and private sector players, both domestic and those with international operations in the Islamic industry and tourism sectors.

57 Strengthening the halal industry ecosystem and providing necessary incentives.

[CITA 3 – Developing Creative Industries]

8 Creating new sources of economic growth, including tourism, creative economy, digital economy, startups, Islamic industries, and community-based maritime industries.

[CITA 4 – Strengthening the National Health System]

11 Enhancing the traditional medicine industry to ensure affordable prices and widespread availability of halal vaccines, supported by local capacity.

[CITA 8 – Just, Prosperous, and Harmonious Society]

7 Establishing a Hajj savings institution to maximize benefits and improve the quality of Hajj implementation.

Source: Vision, Mission, and Program Book of the President and Vice President 2024–2029 (Prabowo–Gibran)

component of the national development strategy. Moreover, the Government has aligned the sharia economy content in the RPJPN 2025–2045 with the RPJMN 2025–2029 and the Regional Long-Term Development Plans (RPJPD) 2025–2045 across various regions, through *Asta Cita* as well as the vision and mission of regional leaders. These efforts have enhanced collaboration between central and regional governments in promoting national sharia economic growth through the Central–Regional Synergy Forum. As a concrete follow-up, the Regional Sharia Economic and Finance Committees (KDEKS), together with local governments, will prepare Regional Action Plans (RAD) for Sharia Economic Development.

The position of Eksyar in the RPJMN has also been reinforced through the establishment of measurable targets and indicators, including increasing the contribution of sharia GDP, expanding the share of halal exports, increasing the number of enterprises certified halal, broadening sharia financial inclusion, and mobilising Islamic social finance (ZISWAF) funds. With clear targets, this policy direction affirms that the development of Eksyar is not merely a normative commitment, but a concrete development agenda with direct impact on economic resilience and public welfare. Accordingly, the RPJMN 2025–2029 consolidates Eksyar's position as one of the key drivers of Indonesia's economic transformation. Eksyar is expected to play a dual role: as a new source of globally competitive growth, and as a mechanism for welfare distribution that promotes inclusion, equity, and sustainability in national development.

Within the framework of implementing these strategic documents, the RPJMN 2025–2029 has prioritised strengthening the sharia economy. The development of the halal value chain

Figure 4.2. Policy Direction for the Sharia Economy in the Draft RPJMN 2025–2029

National Priority (NP) 2:
Strengthening national defense and security systems and promoting national independence through self-sufficiency in food, energy, water, **Islamic economy**, digital economy, green economy, and blue economy.

Target: A progressive, inclusive, and sustainable national economy.
Indicator: Indonesia's Islamic economy ranking in the Global Islamic Economy Indicator (GIEI) → Rank 3 (2023), Rank 1 (2029)

Priority Program (PP):
Islamic Economy

Target: Strengthening the role of Islamic economy and finance and increasing economic productivity
Indicator: Contribution of Islamic GDP to total GDP: → 45.66 (2022); 52.45-55.00 (2029)***

Priority Activities (KP) 1:	Priority Activities (KP) 2:	Priority Activities (KP) 3:	Priority Activities (KP) 4:	Priority Activities (KP) 5:
Halal Industry	Halal Export and International Cooperation	Halal Ecosystem	Islamic Finance	Social Islamic Funds
Sasaran: Increasing halal industrial value-added and halal industrial contribution **Indikator:** • Industrial Added Value (MNM Halal)	**Target:** Increasing exports of halal products and strengthening Indonesia's global position **Indicator:** • Halal product exports (USD billion) → 61.60 (2022); 85.65-91.88 (2029)	**Target:** Strengthening halal ecosystem and increasing number of certified products **Indicator:** • Number of certified products**	**Target:** Strengthening the role of Islamic finance in national economy **Indicator:** • Islamic finance share (% of GDP) → 12.13 (2022); 15.34-15.41 (2029)	**Target:** Increasing the role of social Islamic funds **Indicator:** • Social Islamic funds (ZISWAF) to GDP ratio (%) → 0.11 (2022); 0.20 (2029) • cash waqf assets to GDP ratio (%) → 0.011 (2023); 0.013 (2029)
Priority Projects*:	**Priority Projects*:**	**Priority Projects*:**	**Priority Projects*:**	**Priority Projects*:**
1. Development of halal food and beverage industry 2. Development of halal pharmaceutical and cosmetics industry 3. Development of Muslim fashion industry 4. Development of halal tourism 5. Strengthening halal value chain 6. Strengthening halal industrial promotion	1. Strengthening halal export ecosystem 2. Strengthening international Islamic economic cooperation	1. Acceleration of halal certification facilitation 2. Strengthening halal certification institutions and human resources 3. Development of halal inspection institutions 4. Strengthening halal product assurance system 5. Development of Halal Ecosystem (HCB) 6. Development of Islamic economic ecosystem	1. Strengthening Islamic banking 2. Strengthening Islamic capital market 3. Strengthening Islamic non-bank financial institutions	1. Acceleration of ZISWAF collection and utilization 2. Strengthening governance and literacy of ZISWAF

Each KP-Prop is supported by representatives from various ministries/agencies, not by only one ministry/agency.

Notes:
*The number and classification of ProP are still being refined; ** Target figures are still being calculated;
*** Temporarily using the proxy indicator figure for the Share of Sharia Business Activities (%)
Source: Bappenas

(HVC) has been established as one of the main pillars, aimed at increasing the added value and competitiveness of halal products in both domestic and global markets (Figure 4.2). Promotion of Indonesian halal products—through expanded halal certification and international collaboration—has also been prioritised to broaden export market share. Within this framework, collaborating with member countries of the Organisation of Islamic Cooperation (OIC) and related committees is a key element in strengthening Indonesia's position as a leading player in the global halal sector.

In the context of Islamic social finance, particularly the waqf sector, momentum is expected to accelerate for the transformation of the national waqf management structure. Policy direction is now focused on operationalising institutional innovation through the establishment and strengthening of waqf-based development financing institutions. These institutions are being advanced to serve as catalysts in optimising the potential of both domestic and global waqf to finance strategic national projects, including social infrastructure and food security.

In line with these efforts, the revision process of Law No. 41 of 2004 on Waqf, which has been officially included in the 2025 National Legislation Program (Prolegnas) Priority List, continues to be closely monitored to foster a more flexible, transparent, and accountable waqf ecosystem. The revision is directed at expanding the utilisation of productive waqf, strengthening the governance of *nazhir*, and integrating waqf reporting systems to address the challenges of an economy undergoing digital transformation.

The overall policy direction aims to reinforce the foundation of Indonesia's sharia economic transformation, which is not only oriented towards productivity and competitiveness, but also towards inclusion and social protection. This simultaneously consolidates the role of the sharia economy in offering a more inclusive and resilient economic framework that supports sustainable growth. Close collaboration among stakeholders in implementing these plans and policy directions is expected to enable Indonesia to continue progressing towards its vision of becoming the global centre for the halal industry.

4.2 Policy Synergy Direction for Sharia Economy and Finance at Bank Indonesia

As part of its ongoing commitment to advancing the sharia economy and finance (Eksyar) in Indonesia, Bank Indonesia has formulated the Sharia Economy and Finance Policy Blueprint 2025–2030 to guide the development of Eksyar in line with Bank Indonesia's overall policy mix. Through this blueprint, Bank Indonesia, as the authority for monetary policy, financial system stability, and payment systems, continues to play an active role in the development of the sharia economy and finance together with relevant stakeholders, while adhering to the principles and values of sharia economics and finance.

In line with the policy direction outlined in the Blueprint 2025–2030 to realise Indonesia's vision as a global hub for the sharia economy and finance, Bank Indonesia will, in 2026, focus on three main strategies. First, strengthening the integrated and competitive halal value chain (HVC), with emphasis on priority sectors of the sharia economy, namely halal food, modest fashion, and Muslim-friendly tourism. Second, optimising Islamic finance by strengthening sharia monetary operations, integrated with the sharia interbank money market (PUVA) and the sharia foreign exchange market. Third, expanding literacy and inclusion in the sharia economy and finance through strengthening Islamic social finance (ISF) and implementing the Indonesia National Strategy for Sharia Economic and Financial Literacy and Inclusion (SNLIEKSI) 2025. In addition to these three main strategies, efforts to strengthen collaboration between ministries and between central and regional programmes will continue, including the implementation of a national sharia economy campaign.

To accelerate the achievement of Eksyar targets under the RPJMN 2025–2029 and as part of its core development strategies, Bank Indonesia has formulated six strategic policy initiatives in collaboration with the Indonesian Ulema Council (MUI) as national collaborative efforts. These include: (i) Gerbang Santri (Islamic boarding school and halal value chain development movement),(ii) Jawara Ekspor (Sharia entrepreneurship network to boost exports), (iii) Gema Halal (Collective halal acceleration movement), (iv) SAPA Syariah (Synergy of sharia trade and financing), (v) Kanal ZISWAF (National collaboration for zakat, infaq, sadaqah, and waqf development), and (vi) Lentera Emas (Literacy and inclusion movement toward Sharia Economy and Finance for Golden Indonesia). These six strategic initiatives will form an integral part of Bank Indonesia's main strategy to realize an integrated and competitive halal value chain ecosystem, optimize Islamic finance, and expand literacy and inclusion in the sharia economy and finance.

4.2.1. Strengthening the Halal Value Chain Ecosystem

Halal Food and Beverage Sector

In pursuit of Indonesia's vision to become a global hub for the sharia economy and finance, Bank Indonesia will continue to strengthen collaboration with strategic partners. This synergy encompasses both policy alignment and joint implementation in developing the halal value chain (HVC) ecosystem. In 2026, the development strategy will be enhanced through territorial expansion and strengthening of ecosystem models in agriculture, fisheries, and livestock. These efforts will be supported by institutional strengthening and infrastructure development, such as Halal Raw Material Stores (Tobaku), improvements in production quality and capacity, enhancement of human resource competencies, and broader access to markets and financing. Collaboration among *pesantren* and relevant stakeholders will also be reinforced to build stronger linkages and expand community outreach. All these initiatives will be underpinned by strengthened halal product assurance and the development of a halal export ecosystem, which will form an integral part of the national halal industry.

Figure 4.3. National Strategic Initiatives for the Sharia Economy (Eksyar)



Source: Blueprint Kebijakan Eksyar Bank indonesia 2030

As a continuation of upstream strengthening efforts, the communal business unit model supported by inter–Islamic boarding school (pesantren) mentoring schemes will be refined and expanded. This model is designed to promote collaboration among Islamic boarding schools (pesantren), achieve economies of scale, and enhance bargaining power within the value chain. Refinement will be based on feasibility studies and impact assessments, including comparative analysis between communal and non-communal business models. Where feasibility studies indicate positive prospects, replication and expansion will be pursued in other locations, tailored to the characteristics and readiness of each Islamic boarding school (pesantren). The mentoring scheme will be enhanced through apprenticeship programs, enabling less experienced Islamic boarding schools (pesantren) to minimise business risks, while experienced Islamic boarding schools (pesantren) acting as mentors will benefit from strengthened business networks, expanded market opportunities, enhanced reputation, and leadership roles within the ecosystem. This mutually beneficial arrangement is expected to support the sustainable collective development of the Islamic boarding school (pesantren) economy.

Upstream strengthening will be integrated with downstream development, particularly in the halal food and beverage processing industry. The strategy will be optimised through expanded access for sharia business actors to the Sharia Creative Industry (IKRA) Indonesia program. The selection of new IKRA members will be conducted regionally in Sumatra, Java, and Eastern Indonesia, ensuring broad participation nationwide. Capacity development will target both newly selected members in 2026 and existing IKRA participants, with tailored programs aligned to product quality and production capacity. This will include competitive selection, bootcamp training, mentoring, and intensive sales pitching, with a focus on product development (including packaging), market expansion, food technology, and business plan formulation aligned with financing needs and global market targets. Implementation will be supported by strengthened collaboration with strategic partners and stakeholders.

To ensure integration and efficiency across the value chain, Bank Indonesia will consistently strengthen and expand Islamic boarding school (pesantren) economic development through the digital Islamic boarding school (pesantren) holding business ecosystem. This initiative aligns with the Gerbang Santri (Islamic boarding school and halal value chain development movement) under the Eksyar Blueprint 2025–2030, positioning Islamic boarding schools (pesantren) as community economic hubs and drivers of grassroots development independence. The Pesantren Nusantara Virtual Market (Pesantara) will be further developed as a digital platform facilitating transactions and business cooperation among Islamic boarding schools (pesantren). Beyond increasing transaction volumes, Pesantara will serve as a consolidation instrument to expand business networks. Membership expansion will be pursued to strengthen the internal market base, while institutional aspects—supported by digital cooperative structures—will be enhanced through updated governance and operational mechanisms. Bank Indonesia will also encourage synergy with sharia financial institutions and other strategic partners to ensure sustainability, broaden access to financing, and expand sharia financial services for the Islamic boarding school (pesantren) business ecosystem.

In 2026, Bank Indonesia will continue to expand market access, financing opportunities, and linkages among sharia business actors in the halal food and beverage sector. Market access will be broadened through trade promotion activities in collaboration with ministries, institutions, and IKRA members, integrated into regional, national, and international events. Financing access will be facilitated through business matching with sharia financial institutions under the Sharia Financing Month (BPS) 2026 program. Business linkages will be strengthened through integrated collaboration coverage. The competition will maintain its presence through talk shows and business-matching sessions with potential buyers.

Bank Indonesia consistently provides market outlets for sharia business actors in the halal food and beverage sector through the annual Indonesia Sharia Economic Festival (ISEF). In line with these efforts, Bank Indonesia continues to strengthen synergy and collaboration with partners and stakeholders, reinforce linkages with IKRA Indonesia members, and enhance public awareness of halal product usage through the Indonesia International Halal Chef Competition (IN2HCC). In 2026, IN2HCC will once again be held, with expanded coverage from regional to national levels, integrated into the series of FESyar and ISEF activities through the Halal Chef Competition. IN2HCC 2026 will maintain its international-scale cooking competition format, featuring halal chefs who utilise premium products from IKRA Indonesia members, complemented by talk shows and business-matching sessions with potential buyers.

The overall development of this ecosystem will ultimately be supported by credible and sustainable halal product assurance. Within the framework of the Eksyar Blueprint 2025–2030, these efforts align with the Gema Halal (Collective halal acceleration movement), which emphasizes

accelerating halal certification through structured, sustainable multi-stakeholder collaboration. Bank Indonesia will continue to reinforce synergy in accelerating halal certification through various initiatives and collaborations at both national and regional levels, in support of the mandatory halal certification requirement in 2026. To broaden certification coverage for slaughterhouses (RPH), one measure is to enhance halal human resource competencies, particularly among halal butchers (*Juleha*), through cooperation with regional partners and KNEKS and KDEKS. In addition, halal lifestyle campaigns and awareness of mandatory halal certification in 2026 will be further intensified through education and outreach activities conducted jointly with stakeholders and strategic partners.

Modest Fashion Sector

Entering 2026, synergy and collaboration with strategic partners in the development of the modest fashion sector will continue to be strengthened. These efforts are directed at improving product quality, enhancing business capacity, expanding access to domestic and global markets, and advancing promotion and branding. Throughout 2025, Bank Indonesia worked intensively with relevant ministries and agencies, as well as fashion associations, both domestic and international. Through consistent collaboration, the modest fashion sector is expected to play a strategic role in supporting Indonesia's vision as a global hub for the sharia economy and finance.

Strengthening business actors and ready-to-wear (RTW) modest fashion products will be pursued through the IKRA Indonesia program, which is designed as a comprehensive initiative. In line with the implementation of IKRA Indonesia in the halal food and beverage sector, the selection process for modest fashion IKRA members will be conducted across three regions to broaden access for modest fashion designers nationwide to business linkage activities and RTW product quality enhancement programs. Capacity building for IKRA members will be carried out in a modest fashion through bootcamp programs that include training, mentoring, and intensive sales pitching. Development priorities will focus on strengthening design, utilising Indonesian textiles (*wastra*), expanding production and promotion capacity, and improving business management. In addition, IKRA members will be classified based on product quality, production capacity, and product characteristics, which will serve as the basis for mapping market targets and financing access most suitable for each participant.

As a promotional and branding outlet, IN2MOTIONFEST enters a new phase, positioning itself as a global-scale modest fashion event while maintaining the distinctive character of RTW products based on Indonesian textiles. This strategy builds on the achievements of previous IN2MOTIONFEST events. In 2026, IN2MOTIONFEST is planned to be held both domestically and internationally, in selected fashion cities that can provide optimal exposure for RTW products based on *wastra*. Collaboration with ministries/agencies and relevant associations will continue to be strengthened to support more extensive promotion, while a structured event calendar will be prepared to enhance the effectiveness of promotional programs and maximize their impact on the development of Indonesia's modest fashion industry.

Expansion of market access, financing opportunities, and linkages among modest fashion entrepreneurs will be further advanced through IN2MOTIONFEST and various trade promotion activities at both domestic and global levels. These efforts form part of the implementation of the Jawara Ekspor (Sharia entrepreneurship network to boost exports) initiative under the Eksyar Blueprint 2025–2030, which aims to strengthen the readiness and competitiveness of sharia business actors to sustainably penetrate export markets. Program implementation will be supported by strong synergy between Bank Indonesia and relevant stakeholders, including ministries/agencies, industry associations,

and other strategic partners. This collaboration is expected to increase the exposure of leading Indonesian products in international events while expanding business opportunities for sharia entrepreneurs. In line with this, Bank Indonesia will continue to support strong connections among brands, designers, and sharia business actors to meet the growing demand for ready-to-wear products in both domestic and global markets.

Muslim-Friendly Tourism Sector

Muslim-friendly tourism (PRM) continues to present a growing economic opportunity with significant future potential. The *Global Muslim Travel Index (GMTI) 2025* reported that international Muslim tourist arrivals reached 176 million in 2024, an increase of around 25% compared with 2023. This figure is projected to rise further to 245 million visits by 2030, with total expenditure expected to reach USD 235 billion. Most of these travellers are from younger generations, with 70% of the global Muslim population under the age of 40, a demographic that is highly familiar with technology and social media. Towards 2030, the growth in Muslim tourist arrivals will be driven by the maturing of Generation Z and Millennials entering their peak travel and spending years, complemented by the strong purchasing power of older age groups (51 years and above). These dynamics confirm that Muslim-friendly tourism is no longer a niche market but is evolving into a strategic segment within the global tourism industry.

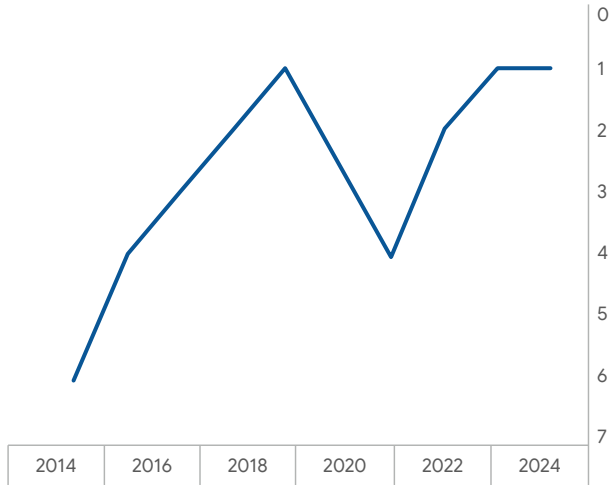
The GMTI 2025 also highlighted that the growth of global Muslim tourism is not only quantitative but also characterized by shifts in traveller preferences. Muslim tourists are becoming more independent, value-driven, and seeking more personalised, safe, and meaningful experiences. Travel preferences are shifting towards purpose-led tourism, such as regenerative tourism that supports environmental recovery and local communities, digital detox retreats aligned with spiritual values, and family-oriented sports and wellness tourism.

At the same time, digitalisation and technology—including AI and halal travel applications have become key enablers of efficient and reliable travel experiences. Inclusivity and accessibility issues are also gaining importance, with greater attention to travellers with disabilities and active elderly groups, underscoring the need for destinations and tourism services to accommodate diverse visitor needs. From a global competitiveness perspective, GMTI 2025 noted the rising ability of non-OIC countries to attract Muslim travellers. Destinations such as Singapore, the United Kingdom, Hong Kong, Taiwan, and Spain demonstrate that Muslim-friendly tourism principles can be effectively implemented across different cultural contexts through service excellence, infrastructure development, and strengthened halal assurance. This reflects a shifting competitive landscape in which the attractiveness of destinations is increasingly determined by the quality of governance and services rather than solely by demographic or cultural factors.

These evolving preferences have direct implications for the development of the Muslim-friendly tourism industry and open strategic opportunities for destinations and stakeholders to advance PRM in a more comprehensive and value-added manner. The growing interest in purpose-led travel is encouraging the industry to expand its business models towards value-based and ecosystem approaches. This reinforces the need for collaboration among tourism operators, MSMEs, local communities, and other sectors of the halal economy to ensure that economic benefits are more widely distributed and sustainable. The RIDA framework (Responsible, Immersive, Digital, Assured), which aligns with the Sustainable Development Goals (SDGs), provides a new direction for building sustainable and competitive tourism. In addition, the rising number of female travellers, solo travellers, active elderly groups, and tourists with special needs demands new standards in safety, inclusivity, and accessibility of destinations.

According to the *Global Muslim Travel Index (GMTI) 2025*, Indonesia ranked 5th globally as a Muslim-friendly tourism destination, with a score of 76. This achievement indicates that Indonesia remains within the top five destinations worldwide, although the ranking declined compared with the previous year. The position at 5th place highlights that Indonesia's competitiveness going forward requires a strengthened quality of visitor experiences, product differentiation, and consistency in service standards at the destination level. Amid intensifying global competition, particularly from Middle Eastern countries and several non-OIC destinations, this ranking serves as an important signal to accelerate innovation, enhance service excellence, and integrate the halal ecosystem. These measures are expected to enable Indonesia to improve its position in future GMTI editions and reinforce its role as a leading player in the global Muslim-friendly tourism industry.

Graph 4.1. Indonesia's Ranking in the Global Muslim Travel Index (GMTI), 2015–2024



Source: Global Muslim Travel Index (GMTI)

Table 4.1. Indonesia's Ranking in the Muslim-Friendly Travel Category, SGIER 2018–2023

	2018	2019	2020	2022	2023
Turkey	3	3	3	3	1
UAE	1	2	2	5	2
Tunisia	7	6	5	6	3
Saudi Arabia	>10	>10	>10	7	4
Malaysia	2	1	1	1	5
Morroco	>10	>10	>10	10	6
Jordan	9	8	8	>10	7
Bahrain	>10	>10	>10	4	8
Kazahkstan	>10	>10	>10	9	9
Uzbekistan	>10	>10	>10	>10	10
Indonesia	4	4	6	>10	>10
Maldives	5	5	0	>10	>10
Thailand	6	10	4	>10	>10
Azerbaijan	8	7	7	>10	>10
Albaina	10	9	10	>10	>10
Singapore	>10	>10	9	2	>10
Kuwait	>10	>10	>10	8	>10

Source: State of the Global Islamic Report (SGIER) 2018-2023

4.2.2. Optimizing Islamic Finance

Strengthening Sharia Monetary Policy Integrated with the Deepening of the Sharia Money Market and Foreign Exchange Market (Pasar Uang dan Pasar Valuta Asing Syariah, PUVA Syariah)

Amid the positive progress of Islamic finance in 2025, the development of sharia monetary policy, integrated with PUVA Syariah, will need to be further strengthened to anticipate heightened global uncertainty projected to persist in 2026. In response to these challenges, Bank Indonesia will continue to expand monetary liquidity through a "pro-market" monetary operations strategy to ensure adequate liquidity in sharia banking and accelerate the deepening of PUVA Syariah. Liquidity expansion will be implemented through the optimisation of all available sharia monetary instruments, including open market operation (OPT) instruments such as SukBI, SUVBI, and PasBI, as well as standing facilities such as FASBIS and FLISBI. To support foreign exchange liquidity management at sharia banks, Bank Indonesia will also continue to offer sharia foreign-currency term deposits and sharia hedging swaps. Going forward, sharia monetary instruments will be further strengthened by expanding the underlying assets to include foreign currency securities and developing cross-currency sharia monetary instruments. These measures will enable sharia banks to select monetary operations and instruments according to their needs, in line with market conditions, thereby supporting increased transactions in the sharia money and foreign exchange markets.

As part of efforts to deepen PUVA Syariah, Bank Indonesia will continue to strengthen initiatives across all aspects of 3P+I (product, participant, pricing, and infrastructure) to support liquidity management in sharia banking amid increasingly complex global economic dynamics in 2026. This includes the development of innovative sharia financial products tailored to market needs, enhancing the number and quality of sharia money market participants, providing transparent and credible pricing references, and strengthening infrastructure to improve efficiency and effectiveness in sharia money market transactions, as outlined in the Sharia Money Market Development Blueprint (BPPU) 2030.

First, in terms of products, strengthening will focus on expanding the use of sharia repos and SiPA, and developing sharia derivatives, including Sharia DNDF. The expansion of sharia repos and SiPA, both secured transactions, will serve as alternatives to SIMA transactions, which currently dominate the sharia money market. Initiatives launched in 2025, such as the preparation of sharia repo and SiPA handbooks and the issuance of sharia compliance statements by DSN-MUI for sharia securities repos (including SBSN and SukBI) by conventional financial institutions, will be further socialised to the industry to encourage wider adoption. In 2026, efforts will continue with the preparation of a sharia master repo agreement (MRA Syariah) aligned with international standards to provide stronger legal certainty for market participants. At the same time, Bank Indonesia will continue to assess the potential development of sharia derivatives, such as DNDF Syariah and IPRS, to support risk management activities and contribute to rupiah exchange rate stability. These measures are expected to enhance the efficiency of liquidity management in sharia banking, deepen the sharia money market, and support sustainable national economic stability and growth.

Second, in terms of pricing, the development of a sharia reference rate as a benchmark for determining returns in the sharia money market will commence in early 2026. This initiative aims to establish a transparent, continuous, credible, and Sharia-compliant pricing benchmark to improve efficiency and integrity in the Sharia money market. The establishment of a sharia reference rate is also expected to strengthen market confidence and participation, ultimately deepening the sharia financial market.

Third, efforts will continue to strengthen PUVA Syariah participants to become competent, active, and collaborative market players capable of contributing effectively to the development of a modern and advanced PUVA Syariah.

This initiative will be implemented through five strategic measures: (i) strengthening the role of industry in PUVA Syariah development initiatives; (ii) Establishing the role of Sharia Money Market Experts (ASPU); (iii) refining competency standards for PUVA Syariah participants; (iv) enhancing the competencies of PUVA Syariah participants; and (v) coordinating institutional strengthening of sharia banks in preparation for the implementation of PUVA Syariah Primary Dealers.

To ensure PUVA Syariah development remains aligned with industry needs, the PUVA Syariah Working Group will continue initiatives such as optimizing sharia repo transactions and innovating PUVA Syariah products. This market-led approach, involving industry representatives such as APUVINDO and IIGMA Global Sharia Market, is expected to enhance effectiveness and accelerate the deepening of PUVA Syariah. Industry involvement will not be limited to sharia banks but will also include conventional banks, with the aim of strengthening synergy and collaboration among market participants to create a more inclusive and competitive market ecosystem.

Furthermore, in strengthening the quality of PUVA Syariah participants, Bank Indonesia will continue to encourage IIGMA Global Sharia Market Indonesia and APUVINDO to play an active role as strategic partners, including in treasury certification, continuous training, development of training modules aligned with market dynamics, and implementation of the Islamic Market Code of Conduct. Bank Indonesia will also reinforce coordination with the industry to strengthen the institutional capacity of sharia banks to meet the criteria for PUVA Syariah Primary Dealers in preparation for their implementation.

Fourth, PUVA Syariah infrastructure development will be directed towards establishing reliable, efficient, and secure infrastructure, in line with the principles of 3i. Infrastructure development will cover: (i) transaction facilities; (ii) clearing and/or guarantee facilities (central counterparty); (iii) settlement, administration, and/or custody facilities for financial instruments (central custodian); (iv) fund settlement facilities (payment systems); (v) trade repository facilities for financial instruments and/or derivatives; and (vi) other facilities as determined by Bank Indonesia.

Strengthening Sharia Macroprudential Policy and Digitalisation

In 2026, Bank Indonesia will continue to pursue pro-growth macroprudential policies to support financing expansion and foster sustainable economic growth, while maintaining the financial system stability. Incentives through the *forward-looking lending channel* of the Macroprudential Liquidity Incentive (KLM) will be sustained to encourage sharia banking financing in priority growth and employment sectors, namely: (i) agriculture, industry, and downstreaming; (ii) services, including the creative economy; (iii) construction, real estate, and housing; and (iv) MSMEs, cooperatives, inclusion, and sustainability, which are also Government priority sectors for economic growth. Likewise, incentives through KLM's *forward-looking interest channel* will continue to be implemented to speed up the pass-through of lower financing returns in line with policy rate reductions, thereby optimising financing for higher economic growth. Bank Indonesia will periodically evaluate the effectiveness of these liquidity incentives and formulate necessary strengthening measures.

To enhance the effectiveness of policy transmission, thematic programs will be pursued, including the Sharia Financing Month (BPS). In 2026, BPS will remain a collaborative platform among institutions to expand literacy and access to sharia financing through activities such as trade business matching, financing business matching, and business deals. Building on the success of its implementation in 2025 and previous years, BPS will again be conducted to address constraints faced by sharia business actors in accessing financial products and services, particularly due to asymmetric information and low levels of literacy and inclusion. The planned activities for BPS include: (i) kick-off of Sharia

Financing Month; (ii) campaigns and promotion of sharia financing products by Islamic financial institutions; (iii) business coaching in the form of bootcamps, talk shows, or sharing sessions on government and industry financing programs; (iv) sharia financing linkages through online and offline business matching platforms; (v) halal product sales linkages to penetrate global markets; (vi) offline campaigns through showcase booths of sharia commercial and social financial institutions; and (vii) business deals through showcasing contracts, transactions, and financing cooperation during ISEF 2026. These initiatives are expected to drive inclusive and sustainable economic growth.

In the context of digital innovation, BPS 2026 will also leverage technology such as integrated financing platforms and data analytics to improve efficiency, transparency, and service reach. Digitalisation will enable more accurate risk assessments and better matching between sharia financial products and the profiles of MSMEs seeking financing. This will ensure that fund allocation becomes more optimal, measurable, and aligned with the needs of the real sector, thereby reinforcing the role of sharia financing in supporting sustainable economic transformation.

Strengthening Indonesia's Role in International Fora on Islamic Finance

Bank Indonesia continues to play an active role in advancing the global Islamic finance industry by participating in international sharia fora. In 2026, policy direction within the *International Islamic Liquidity Management Corporation (IILM)* will focus on strengthening IILM's role as a provider of global sharia liquidity instruments to support the optimisation of Islamic finance. The main priority will be to expand the reach and utilisation of IILM short-term sukuk among Islamic financial institutions across regions, thereby enhancing liquidity management efficiency and reducing funding costs for sharia financing. In addition, Bank Indonesia's active participation in the formulation of IILM's *Strategic Business Plan 2027–2029* will be directed towards encouraging product innovation, strengthening governance, and aligning business strategies more closely with the intermediation needs of Islamic financial institutions in channelling funds to the real sector in a safe, liquid, and sustainable manner.

In the global regulation and supervision of Islamic finance, Bank Indonesia continues to play a proactive role in shaping and supporting the implementation of the Islamic Financial Services Board (IFSB) Strategic Plan 2025–2027. Future regulatory development will focus on strengthening non-bank financial institutions (NBFIs), with the aim of reducing the gap between the banking and non-bank sectors while enhancing the integration of NBFIs into the global Islamic financial system. This effort is reinforced through structural reforms within the IFSB, including the establishment of dedicated technical committees for banking, insurance, and capital markets. With this strategy, participation from institutions and countries in the non-bank sector is expected to increase, thereby optimizing global Islamic financial integration. Bank Indonesia also remains committed to encouraging the involvement of relevant institutions in Indonesia to take an active role in global regulation and supervision of Islamic finance.

Furthermore, integration between commercial finance and Islamic finance will be increasingly strengthened as part of the strategy to create new sources of sustainable economic growth. This synergy is not only intended to broaden access to financial services across all segments of society but also to enhance efficiency and foster innovation in sharia-compliant financial products. By reinforcing this integration, an inclusive and resilient financial ecosystem is expected to emerge, capable of supporting a more stable, long-term, and sustainable economic development trajectory.

4.2.3. Expanding Literacy and Inclusion in the Sharia Economy and Finance

Strengthening Sharia Economy and Finance Literacy and Inclusion

Bank Indonesia remains committed to supporting sustainable national economic growth by strengthening literacy and inclusion in the sharia economy and finance (Eksyar), given the significant challenges that persist in both areas. As of 2025, the literacy rate stood at 50.18%, while the inclusion rate was only around 16.95%. This condition indicates that public understanding of sharia concepts does not automatically translate into the utilisation of sharia financial products and services.

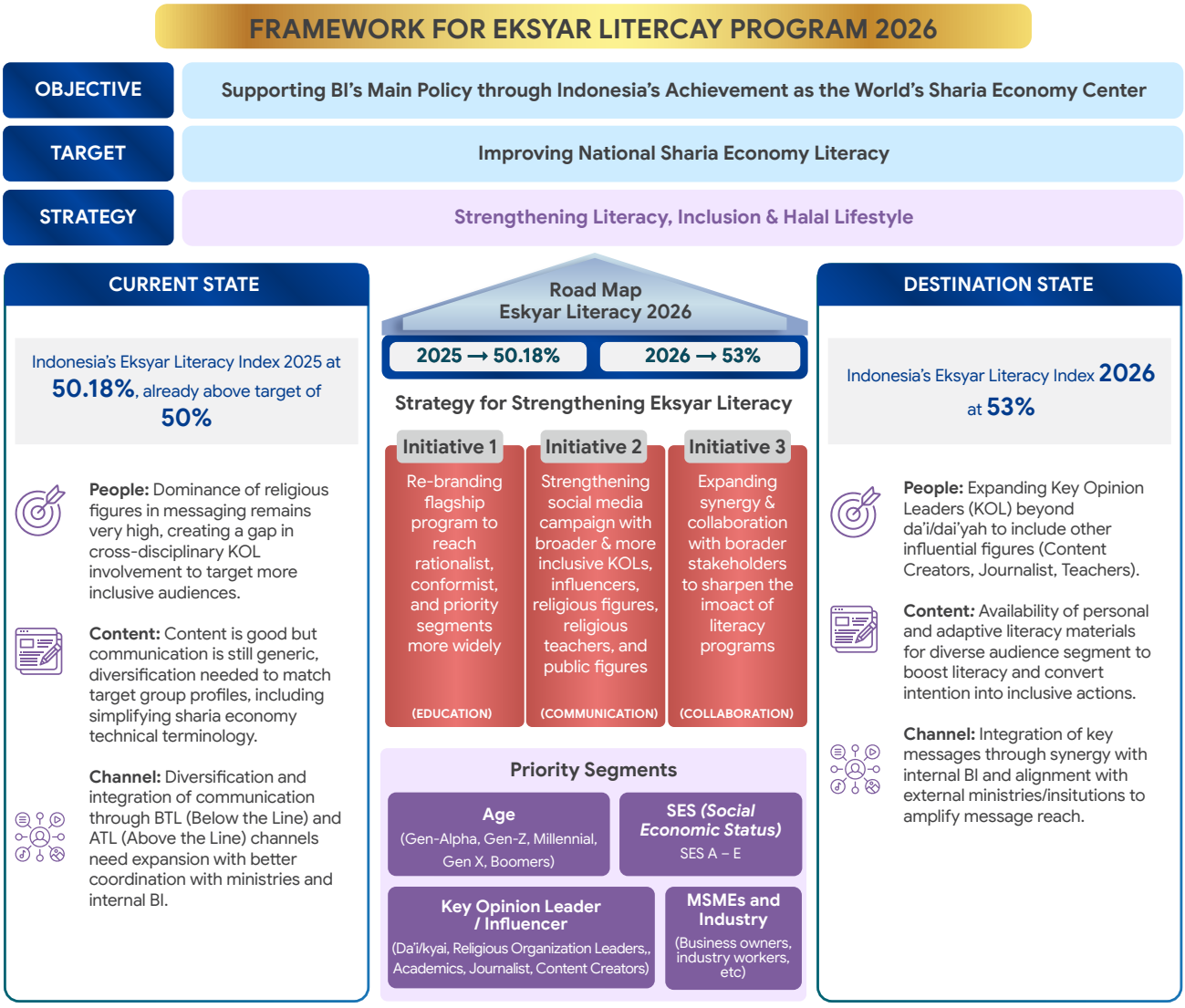
Reflecting on 2025, the expansion of Key Opinion Leaders (KOLs) was not limited to religious figures but also included other influential community leaders, such as content creators, journalists, and teachers. In terms of literacy content, the substance was relatively strong yet required refinement and diversification to better target specific community groups. Meanwhile, from a communication channels perspective, literacy activities had been conducted both *above the line* (ATL) and *below the line* (BTL), but still needed to be expanded and optimized through stronger coordination with ministries/agencies and within Bank Indonesia itself.

Based on these challenges, the policy direction for enhancing literacy and inclusion in 2026 will focus on implementing three main strategies (Figure 4.4), encompassing education, literacy, and communication initiatives. The first strategy is to execute educational programs through flagship initiatives in collaboration with ministries/agencies and relevant stakeholders. Flagship education activities will include the National Sharia Economic Olympiad, designed to increase student interest in learning sharia economics. Training of Trainers programs will also be conducted in collaboration with audiences that have multiplier effects in improving public literacy on sharia economics. In addition, several sharia economic festivals, such as FESyar and ISEF, will be integrated with programs of partner ministries and agencies to achieve greater impact.

The second strategy focuses on communication, implemented through an omnichannel approach in collaboration with Key Opinion Leaders (KOL). Content will be tailored to the target demographic and their level of understanding, supported by mapping and identification of community preferences through tracking surveys on sharia economy comprehension. Bank Indonesia's communication role is therefore strategic in maintaining public trust and building a comprehensive understanding of the sharia economy through online news coverage and social media. Communication strategies will be directed towards strengthening literacy that is both educational and clarificatory, emphasising consistency with sharia principles, transparency of processes, and institutional accountability. An integrated, data-driven, and continuous communication approach is expected to mitigate potential misperceptions while reinforcing the effectiveness of policy transmission and public support for the development of the sharia economy and finance ecosystem.

The third strategy is collaboration, realised through the implementation of the national Eksyar initiative *LENTERA EMAS Movement*, by expanding partnerships with a broader range of stakeholders. Coordination with ministries/agencies will be enhanced to ensure that sharia economy education programs are delivered more effectively, in synergy with external parties acting as hosts, co-hosts, or speakers. Alignment of key messages with BAKOHUMAS across ministries/agencies will also be pursued to amplify educational outreach and achieve wider coverage.

Figure 4.4. Eksyar Education and Literation Strategic Foresight



* Informal workers consist of: Farmers, Fishermen, Laborers, Casual Workers

Source: Bank Indonesia

To ensure the comprehensive success of literacy and inclusion development in Indonesia, a deep, integrated educational strategy will be applied, targeting four key segments, each requiring a differentiated approach. The first segment encompasses diverse age groups, from Generation Alpha to Baby Boomers. The second segment concentrates on socio-economic groups, especially productive workers with disposable income who have not yet been extensively exposed to sharia economy education, with the goal of transforming their financial access into greater acceptance of sharia inclusion. This segment also includes women's empowerment communities, which play a vital role in family financial stability and serve as pioneers in the MSME sector. The third segment involves the active engagement of KOLs such as preachers, academics, community leaders, and digital influencers, whose roles are critical in bridging information gaps, shaping positive public opinion, and expanding the resonance of sharia economic values across society. Finally, the fourth segment targets MSMEs and industry players, focusing on strengthening literacy regarding the importance of sharia standards in business operations. This will foster genuine economic inclusion, where business actors are not

merely market participants but also contributors to strengthening supply-side dynamics within Indonesia's sustainable sharia economy ecosystem.

Strengthening Islamic Social Finance through Digital Transformation, Business Model Innovation, and Governance

The role of Islamic social finance will continue to be directed towards supporting the national economy by promoting equitable sharia financial inclusion and reinforcing socio-economic resilience. Policy direction in 2026 builds on the previous year's focus, with greater emphasis on enhancing management quality and the impact of Islamic social fund utilisation, in line with the increasing mobilisation and distribution of national resources ZISWAF. In this context, Islamic social finance is positioned as a complementary policy instrument to safeguard the purchasing power of vulnerable groups and to foster community empowerment, consistent with the national development agenda and the strengthening of the sharia economy under the RPJMN 2025–2029.

Digital transformation in Islamic social finance will be reinforced to enhance the effectiveness of the collection, distribution, and management of ZISWAF funds in a transparent and accountable manner. Optimisation of previously developed digital channels will continue, including efforts to increase user acceptance and to integrate with the payment ecosystem. This will be supported by expanded piloting of cross-institutional ZISWAF data integration with regulators and institutions, including the Ministry of Religious Affairs (Kemenag), the National Zakat Agency (BAZNAS), and the Indonesian Waqf Board (BWI). These measures aim to improve reporting, monitoring, and policy evaluation, while strengthening public trust in the management of Islamic social funds.

Business model innovation in Islamic social finance in 2026 will focus on deepening ZISWAF's role as a sustainable source of productive social financing. Policy initiatives will focus on developing recommendations for business models that utilise zakat and infaq funds for productive activities, including support for subsistence groups, and on designing frameworks and/or business models for productive waqf in collaboration with relevant stakeholders. This approach will reinforce the continuity between the social function and the economic-financial role of sharia.

Strengthening governance and institutional capacity in Islamic social finance will remain a priority to ensure sustainability and enhance credibility in fund management. The implementation of governance principles through the *Technical Notes on Waqf Core Principles (TN WCP)* and the *Technical Notes on Zakat Core Principles (TN ZCP)* will be continued and expanded, supported by human resource development through certification and capacity building for ZISWAF regional-level managers.

The agenda for strengthening Islamic social finance will be implemented through cross-authority policy synergy under the *KANAL ZISWAF* framework (Box 4.3), to ensure policy consistency, improve program efficiency, and support the achievement of national development objectives. One collaborative program to be continued is the distribution of zakat and infaq funds to disadvantaged, frontier, and outermost regions (3T), in partnership with BAZNAS and the Indonesian Navy (TNI-AL). Bank Indonesia will again collaborate with BAZNAS and TNI-AL on the *Ekspedisi Rupiah Berdaulat (ERB)* program, leveraging its representative office network. This collaboration aims to ensure that ZIS funds reach remote communities, thereby delivering more equitable social and economic impact.

Box 4.1 CONCEPT AND IMPLEMENTATION OF THE VALUES-BASED ECONOMY (VBE)

The global development agenda for sustainability has driven a paradigm shift in economics and finance, moving away from short-term profit orientation towards the creation of value with broad societal and environmental impact. Integration of sustainability principles—such as green finance and the Sustainable Development Goals (SDGs)—has become mainstream in public policy, financial practices, and corporate strategies worldwide. This reflects growing awareness that economic stability and resilience cannot be separated from social, environmental, and governance dimensions.

Nevertheless, the implementation of sustainability agendas faces challenges, including limited standards for measuring impact, alignment between financial and social objectives, and differences in values and socio-cultural contexts across countries (ISRA, 2024). These conditions highlight the risk of sustainability approaches that rely solely on indicators and procedural compliance, potentially resulting in partial and inconsistent outcomes. A framework is therefore needed to ensure that values are not merely complementary, but systematically internalised in economic decision-making.

Islamic economics and finance hold a strategic position to fill this gap through a morally consistent approach oriented towards *maslahah* (public benefit). International initiatives such as Value-Based Intermediation (VBI), Islamic Sustainable Finance, and impact-oriented sharia financial instruments demonstrate the transformation of Islamic economics from mere compliance towards a system focused on utility and sustainability. In this context, strengthening the Values-Based Economy (VBE) is crucial to ensure that Islamic economics and finance play an optimal role in supporting inclusive, equitable, and sustainable national development.

VBE is an economic and financial approach that places values as the foundation of all activities, policies, and decisions. Rooted in *maqashid al-shariah*, VBE emphasises that the ultimate goal of economic activity is not only growth and efficiency, but also the realisation of *maslahah* encompassing the protection of religion, life, intellect, lineage, and wealth. This framework guides Islamic economics to produce tangible benefits for societal welfare and environmental sustainability, in line with long-term development goals.

The foundation of VBE rests on compliance with sharia provisions, which serve not only as normative rules but also as a value framework guiding economic actors to balance individual interests with public welfare within the concept of falah (comprehensive happiness in this world and the hereafter). These provisions are reflected in fundamental principles such as the equitable distribution of wealth through zakat, the prohibition of *riba*, *gharar*, and *maisir* that may cause injustice, and the strengthening of social solidarity through the optimisation of Islamic social finance instruments.

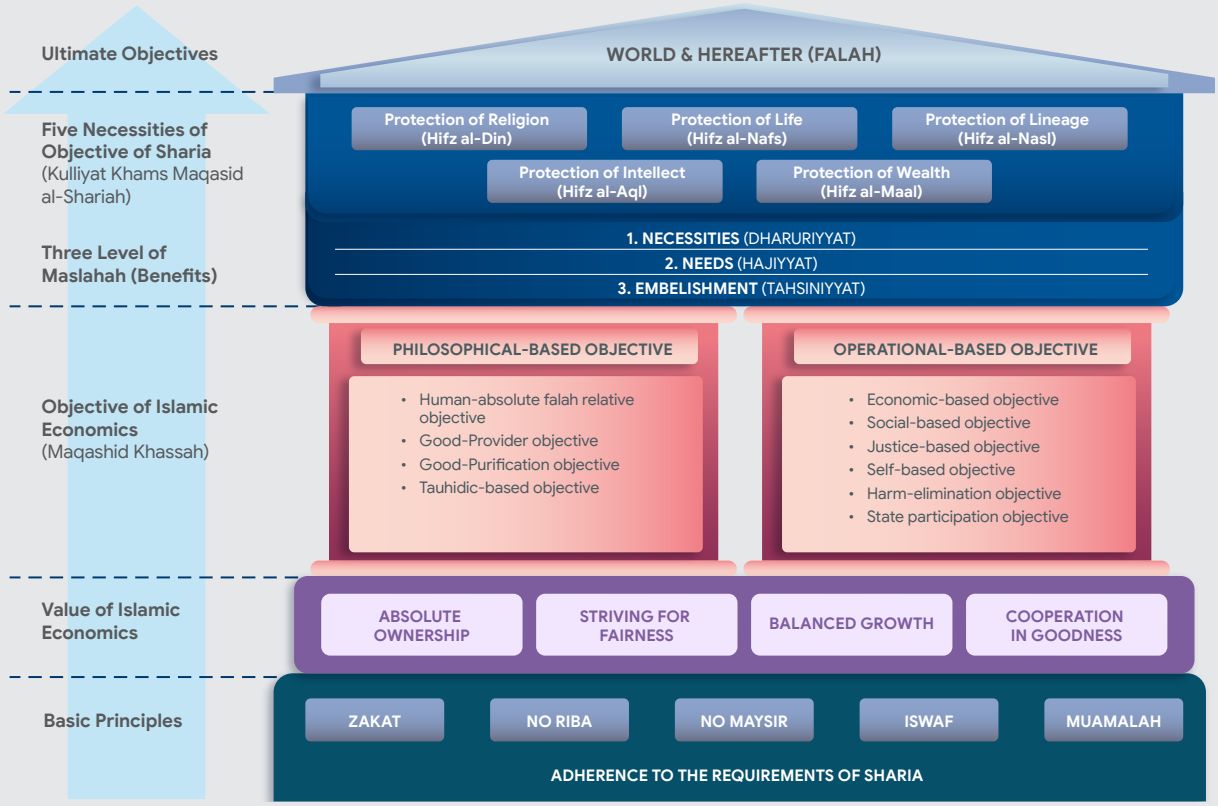
Aligned with this framework, sharia economic and financial policies are directed to embody core Islamic economic values: belief in Allah's absolute ownership with humans as trustees, enforcement of justice in all economic activities, encouragement of balanced growth

between material and spiritual dimensions, and reinforcement of cooperation and social solidarity. These values form the ethical foundation of Islamic economics, inspiring VBE to focus on moral and social sustainability, while creating sustainable economic value through improved welfare, productivity, and expanded access to economic and financial activities.

To ensure that value internalisation does not remain at the normative level, VBE implementation requires a systematic and structured framework of objectives. Mohammad and Shahwan (2013) distinguish between two layers of objectives: philosophical and operational. Philosophical objectives affirm that economic activity is part of worship and devotion to Allah, reflected in the positioning of humans as responsible stewards of resources, recognition of Allah as the provider of sustenance, purification of intentions and economic behaviour from greed and injustice, and affirmation of *tauhid* as the foundation of all economic orientations towards *falah*.

The philosophical orientation of the Values-Based Economy (VBE) is subsequently translated into operational objectives at the policy implementation and economic practice levels. These objectives encompass the fulfilment of basic needs and poverty alleviation, the strengthening of social solidarity, the enforcement of distributive justice, the respect for individual freedom with dignity, the elimination of exploitative practices that undermine sustainability, and the state's active role in safeguarding economic stability and security. In this way, sharia values are manifested concretely in economic policies and activities.

Figure 4.5. Values-Based Economy Framework



Source: Bank Indonesia, processed

Ultimately, the entire framework of VBE within the sharia economic and financial system is oriented towards achieving the ultimate objectives of *maqashid al-shariah*, namely the realisation of *al-falah* and *sa'adah*: comprehensive welfare and happiness in both worldly and spiritual dimensions. Within this framework, VBE is not only directed at generating economic growth, but also at ensuring moral sustainability, social justice, and balanced welfare between material and spiritual aspects, consistent with the three levels of *maslahah* and the five essential needs of sharia that form its foundation.

A concrete example of VBE implementation in Indonesia's sharia economic and financial policy is reflected in the development of Inclusive Sukuk Bank Indonesia (SukBI Inklusif). This instrument was designed within the framework of the Macroprudential Inclusive Financing Ratio (RPIM) policy to encourage sharia banks to channel financing to enhance community welfare and strengthen the real sector. Through SukBI Inklusif, sharia banks not only obtained a sharia-compliant liquidity management instrument, but were also directed to actively support inclusive and socially impactful financing, thereby aligning monetary functions with developmental objectives.

By design, SukBI Inklusif integrates monetary stabilization with social value creation through contract structures and impact-oriented underlying assets. It employs the *Musyarakah Muntahiyah bi al-Tamlik* contract with underlying assets in the form of Inclusive State Sukuk (SBSN series PBSG001 and PBSG002), allocated to government projects with high social impact, such as basic infrastructure, education, health, and community empowerment. With these characteristics, SukBI Inklusif functions not only as a sharia monetary operation instrument for liquidity management but also contributes directly to achieving sustainable development goals and public welfare, reaffirming Bank Indonesia's role in promoting sharia finance that is not only sharia-compliant but also value-driven.

Going forward, strengthening VBE implementation in Indonesia will require close synergy among authorities, regulators, industry players, academics, and society. This collaborative approach is expected to reinforce linkages between the financial and real sectors, promote more productive and inclusive financing, and enhance national economic resilience. With consistent policy support, adequate institutional infrastructure, and strengthened human resource capacity, Indonesia has a strategic opportunity to consolidate its position as a competitive, equitable, and sustainability-oriented hub for the sharia economy and finance.

Box 4.2

SAPA SYARIAH (SYNERGY OF SHARIA TRADE AND FINANCING)

To support financing for the real sector, one of the key components of the SAPA Syariah initiative is the integration of Sharia Monetary Operations with the money and foreign exchange markets through the *OM Pro Market* concept and the 3P+I approach. In line with the vision of the Sharia Economy and Finance Blueprint (Eksyar Blueprint) 2030 and the Money Market Development Blueprint (BPPU) 2030, which aim to establish a modern and efficient financial market, Bank Indonesia has taken strategic steps by integrating monetary operations with the development of the sharia money and foreign exchange markets (PUVA), known as the *OM Pro Market* concept. This strategy is implemented through the 3P+I framework—Product, Pricing, Participant, and Infrastructure—supported by synergy and coordination pillars, with specific targets for each dimension. The Product aspect focuses on providing diverse and liquid Pro Market instruments; Pricing is directed towards efficient price formation; Participant aims to create active market players; and Infrastructure targets the development of financial market infrastructure (FMI-SP) that meets the 3I standards (Integrated, Interconnected, Interoperable).

To strengthen participants in the PUVA Syariah market, Bank Indonesia has collaborated with industry stakeholders to ensure a market-led approach by establishing the PUVA Syariah Working Group (KK PUVA Syariah) with APUVINDO and IIGMA. The Working Group was established by Bank Indonesia's Senior Deputy Governor, Destry Damayanti, in February 2025, involving representatives from APUVINDO and IIGMA to ensure that market development remains aligned with industry needs. The Working Group was initially mandated until 31 December 2025, with the possibility of extension if required. Although membership was limited to associations (APUVINDO and IIGMA), discussions also involved the Financial Services Authority (OJK), the Ministry of Finance, the National Sharia Council–Indonesian Ulema Council (DSN-MUI), and the Sharia Accounting Standards Board–Indonesian Institute of Accountants (DSAS-IAI). This synergy and coordination were expected to yield comprehensive recommendations and proposals that represented not only industry players but also regulators and other stakeholders. The Working Group's agenda was structured around four priority areas: Sharia Repo, PUVA Syariah Product Innovation, Evaluation and Acceleration of Sharia Hedging, and Development of a Sharia Reference Rate.

The urgency of establishing the PUVA Syariah Working Group stemmed from challenges in expanding the share of the sharia financial market within the OM Pro Market framework. In 2024, average daily transactions in the Sharia Interbank Money Market (PUAS) reached Rp2.5 trillion per month, with unsecured transactions still dominating at 59%, while secured transactions (such as SiPA) accounted for only 29% (Graph 4.3). Moreover, market participation remained uneven, with 5 out of 19 Sharia Business Units (UUS) having never transacted in PUAS. In the sharia foreign exchange market, spot transactions remained dominant at 99% (Graph 4.4), while hedging instruments were used only minimally, with only 5 of 34 sharia banks actively transacting. Price disparity also emerged as a concern, with the average PUAS Overnight return recorded around 6 basis points higher than INDONIA, indicating the need for greater efficiency in price formation (Graph 4.5).

Intensive synergy and coordination through the PUVA Syariah Working Group (KK PUVA Syariah) have positively impacted sharia financial market transactions. This was reflected in the shift of Sharia Interbank Money Market (PUAS) transactions towards secured

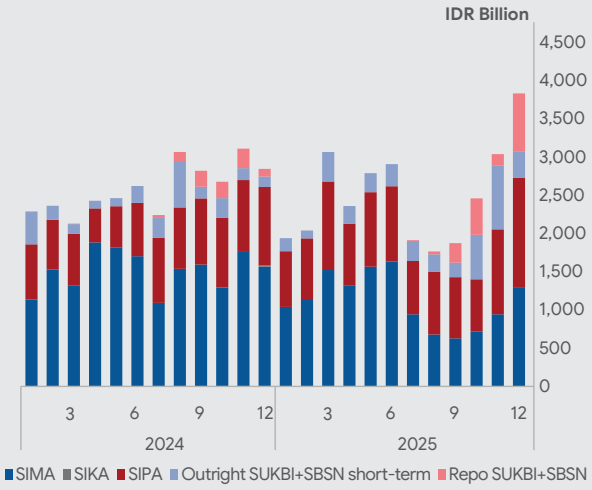
instruments. In 2025, average daily transactions remained stable at Rp2.5 trillion, with secured SiPA transactions increasing to 37%, while the share of unsecured SIMA transactions declined to 45% (Graph 4.2). This marked a positive reversal compared with 2024, when the market was still dominated by unsecured transactions at 66% and secured transactions accounted for only 34%.

In the sharia foreign exchange market, although spot transactions continued to dominate, there was notable growth in sharia hedging transactions, both simple and complex, which increased by 27.5% compared with the previous year (Graph 4.4). These market performance improvements were supported by a series of strategic initiatives from KK PUVA Syariah, including product development such as the expansion of SukBI features, the development of Sharia Repo, studies on Domestic Non-Deliverable Forward (DNDF) and Islamic Profit Rate Swap (IPRS), acceleration of sharia hedging transactions between conventional banks (BUK) and sharia banks (BUS), as well as the issuance of handbooks as technical guidelines for sharia financial market transactions.

Strengthening PUVA Syariah participants was also advanced through initiatives such as the review of the National Work Competency Standards (SKKNI) in PUVA treasury, the implementation of sharia treasury certification, the issuance of regulations and competency units for Sharia Money Market Experts (ASPU), and facilitation of cooperation agreements for SiPA and sharia hedging transactions.

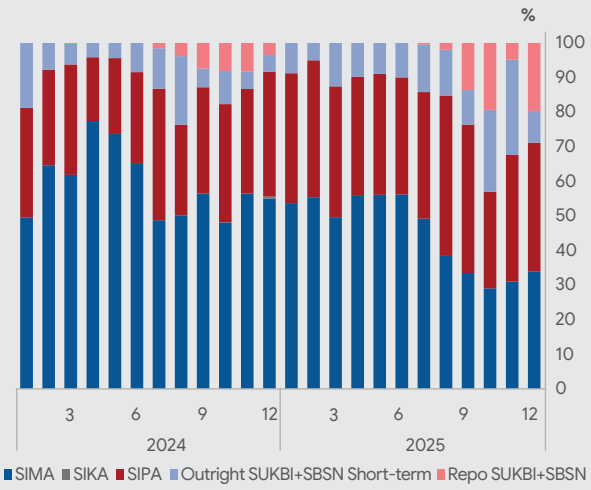
In addition to enhancing industry participants, Bank Indonesia also promoted the growth of ASPU as a complementary profession for PUVA. This aligns with the mandate of the Financial Sector Development and Strengthening Law (UU P2SK), aiming to ensure financial system stability and facilitate effective monetary policy transmission through the market deepening. ASPU is defined as an individual with knowledge and competence in sharia principles, authorised to

Graph 4.2. Sharia Interbank Money Market Transaction Volume



Source: Bank Indonesia

Graph 4.3. Proportion of Transaction Volume by Instrument



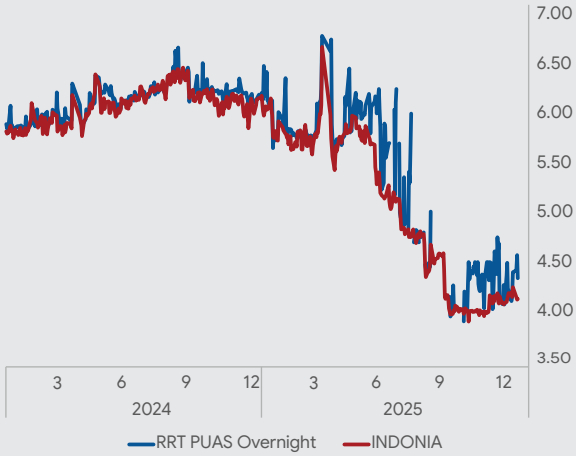
Source: Bank Indonesia

Graph 4.4. Spot, Forward, and Swap Transactions



Source: Bank Indonesia

Graph 4.5. Sharia Interbank Money Market Rate for O/N and INDONIA



Source: Bank Indonesia

issue sharia compliance statements for products or services in the sharia money market. The role of ASPU extends beyond providing sharia opinions, encompassing strategic functions in safeguarding sharia principles in the issuance, supervision, and innovation of sharia money market instruments. The presence of ASPU is therefore expected to strengthen the integrity, credibility, and competitiveness of the sharia money market, while supporting the deepening of the national sharia financial market. Currently, ASPU regulations are stipulated in Bank Indonesia Regulation (PBI) No. 6 of 2024 on the Sharia Money Market and Foreign Exchange Market (PBI PUVA), which serves as the overarching principle-based regulation governing PUVA comprehensively (end-to-end), covering aspects of product, pricing, participants, and infrastructure. To support the implementation of PBI PUVA, Bank Indonesia also issued Governor Regulation (PADG) No. 20 of 2024 on Sharia-Based Money Market Transactions (PADG TPUS) and PADG No. 25 of 2025 on Sharia Money Market Experts, which provide detailed operational guidelines.

Going forward, Bank Indonesia will continue to strengthen the development of PUVA Syariah participants as an integral part of implementing the Eksyar Blueprint 2030, particularly in supporting the strategic initiative of the SAPA Syariah (Synergy of sharia trade and financing). The strengthening of PUVA Syariah participants will focus on expanding the base of active, inclusive market players, enhancing the capacity and competence of industry participants, and fostering more liquid and sustainable transactions. The reinforcement of the PUVA Syariah Working Group (KK PUVA Syariah) and the certification of Sharia Money Market Experts (ASPU) will be further advanced, including efforts to implement sharia primary dealers in sharia monetary operations. Through strengthened coordination with associations, regulators, and relevant stakeholders, these measures are expected to reinforce PUVA Syariah's role as a key enabler of sharia banking liquidity management and the transmission of sharia monetary policy.

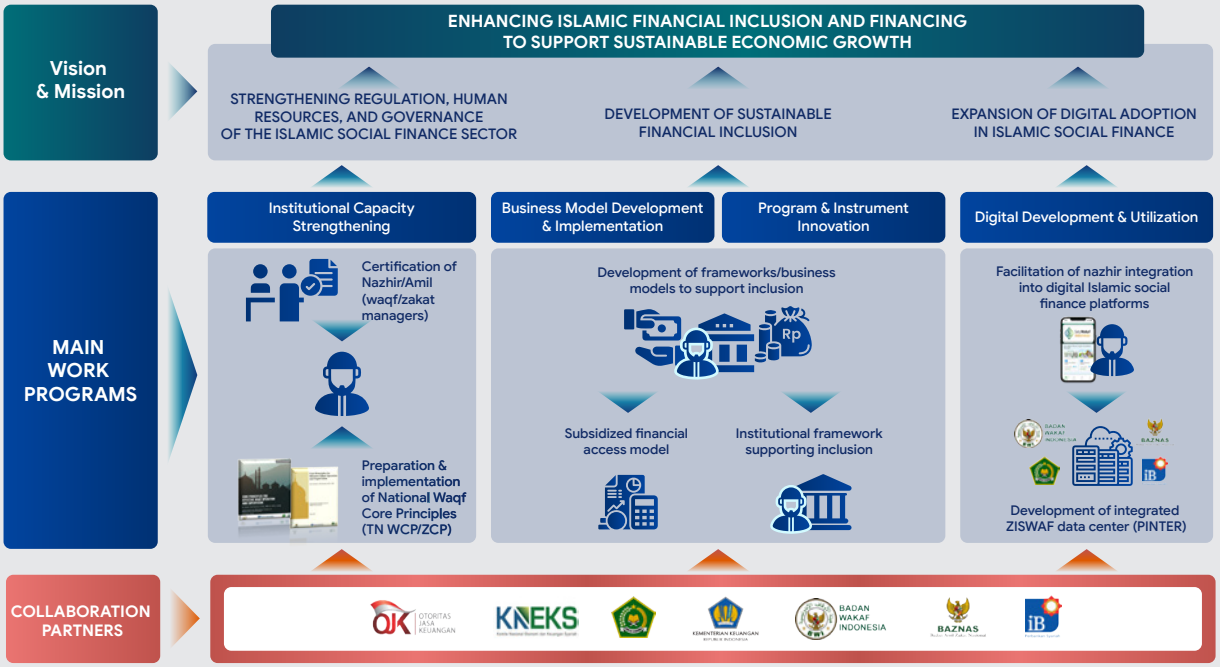
Box 4.3 KANAL ZISWAF (NATIONAL COLLABORATION FOR ZAKAT, INFAQ, SADAQAH, AND WAQF DEVELOPMENT)

The role of Islamic social finance is aligned with the direction of national development policy as outlined in the RPJMN 2025–2029. The RPJMN emphasizes strengthening the social protection system, reducing poverty, improving community welfare, and prioritizing MSMEs as national development priorities. Within this context, Islamic social finance functions as a complementary instrument to fiscal and social policy, aimed at reaching vulnerable groups and expanding economic inclusion.

The Kanal ZISWAF (National collaboration for zakat, infaq, sadaqah, and waqf development) has been established as a national framework for coordination across stakeholders. Strategies for developing innovative instruments, strengthening human resource capacity, and fostering collaboration among government, regulators, financial institutions, and community organizations are key to ensuring that Islamic social finance operates optimally as a driver of economic inclusion and equitable, sustainable national development. These initiatives are expected to increase fundraising in Islamic social finance, strengthen the role of social funds within the national social protection system, and achieve the targeted contribution of ZIS-DSKL to GDP of 0.208% and of cash waqf assets to GDP of 0.027% by 2029.

The implementation strategy of the KANAL ZISWAF program is directed towards establishing inclusive, professional, and sustainable management of Islamic social finance through institutional strengthening, innovation, and the utilisation of digital technology. This approach places emphasis on strengthening regulatory and governance frameworks with transparency, enhancing the capacity of social fund managers, expanding public access and participation, and developing an integrated data infrastructure.

Figure 4.6. KANAL ZISWAF Initiative



Source: Bank Indonesia, processed

Human resource development and governance strengthening are key prerequisites for improving the effectiveness of sustainable Islamic social finance management. Capacity building for ZISWAF managers focuses on enhancing competence and professionalism. Bank Indonesia plays the role of an accelerator by supporting certification programs for ZISWAF managers, including *nazhir* and *amil certifications*, in collaboration with the Professional Certification Institute (LSP) of the Indonesian Waqf Board (BWI) and the National Zakat Agency (BAZNAS). Meanwhile, the Ministry of Religious Affairs plays an important role in facilitating capacity building for ZISWAF managers, integrated into the Sharia Economic Festival (FESyar) activities across Bank Indonesia's regional offices. These efforts are aimed at strengthening institutional capacity and ensuring that the management of Islamic social funds is conducted in line with sharia principles and sound governance.

Governance enhancement also focused on the preparation and implementation of the Technical Notes on Waqf Core Principles (TN WCP) and the Technical Notes on Zakat Core Principles (TN ZCP) as operational and supervisory guidelines. The preparation of TN WCP and TN ZCP is a joint initiative between Bank Indonesia, BWI, and BAZNAS to accelerate the adoption of governance standards for waqf and zakat that are consistent with sharia principles and international best practices. Their implementation is expected to support institutional reform, transparency, and risk management in zakat and waqf administration.

The development of Islamic social finance is directed towards supporting community economic empowerment as an alternative financing mechanism that bridges the access gap for subsistence groups to formal financial services. Financial inclusion is advanced through the design of business models that expand access for subsistence groups and micro-enterprises based on Islamic social funds. This approach supports the gradual, sustainable transformation of vulnerable groups toward economic independence. In this regard, Islamic social funds function not only as social assistance but also as instruments of economic empowerment, enabling vulnerable groups to achieve financial self-reliance. Through collaboration with relevant partners, Bank Indonesia seeks to promote the development of social finance business models as a strategy to transform *mustahik* into *muzakki* by strengthening the competitiveness of micro and small enterprises.

Further strengthening of sharia financial inclusion is pursued through institutional frameworks that optimize the role of productive waqf as a source of long-term social financing. With its characteristics as a long-term and productive investment, waqf is directed to serve as a sustainable alternative financing source for priority sectors such as agriculture, health, Muslim-friendly tourism, and MSMEs, contributing to food price stability, income generation for vulnerable groups, and economic resilience in line with Indonesia's inclusive development goals. This requires strengthening intermediary institutions for waqf through synergy with the Ministry of Religious Affairs, the Ministry of Finance, the National Committee for Sharia Economy and Finance (KNEKS), and BWI, as well as partnerships with the private sector and global philanthropy through blended-finance schemes to expand financing capacity and international collaboration networks.

In addition to expanding financial access, sharia financial inclusion is also strengthened through initiatives such as the Waqf Awareness Movement and Waqf Auction, aimed at enhancing literacy and public participation in productive waqf management. These activities are designed to increase public understanding of waqf's role in economic and social development and broaden participation through collaboration among Bank Indonesia, OJK, BWI, and KNEKS, with support from the Ministry of Religious Affairs, implemented through national forums and seminars as part of FESyar, ISEF, and other sharia economic literacy programs.

Digital transformation is aimed at improving efficiency, reach, and transparency in the management of Islamic social finance. Through KANAL ZISWAF, Bank Indonesia promotes the expanded role of *nazhir* in digital applications for Islamic social finance, encouraging collaboration among BWI, OJK, KNEKS, and the Ministry of Religious Affairs to broaden public participation in the collection and distribution of ZISWAF funds via digital channels, including payment infrastructure such as QRIS. This initiative is in line with the RPJMN 2025–2029, which places digital transformation as a key pillar of inclusive development and targets an increase in the digital financial inclusion index through synergy between formal and social financial systems.

Furthermore, strengthening ZISWAF data infrastructure serves as the foundation for data-driven policy to optimize the social and economic functions of ZISWAF. To date, ZISWAF data has remained fragmented across institutions with varying systems and standards, complicating monitoring, evaluation, and reporting processes. The initiation of an integrated data centre is therefore critical to facilitate interoperability across ministries and agencies, enhance transparency and accountability in ZISWAF management, and enable cross-sectoral use of socio-religious data for policymaking.

The implementation of KANAL ZISWAF is carried out through cross-institutional synergy in line with the RPJMN 2025–2029, which positions Islamic social finance as a strategic instrument to strengthen economic equity and national social resilience. Execution of the social fund pillar within the RPJMN prioritises close collaboration across institutions at the regional level. Technical leadership rests with regulators and authorities in accordance with their mandates, particularly the Ministry of Religious Affairs, BAZNAS, and BWI, in managing Islamic social finance. Bank Indonesia acts as a facilitator and accelerator of KANAL ZISWAF, focusing on strengthening coordination, innovation, and digitalisation in social fund management. This role is carried out through support for sharia monetary and payment system policies that enhance efficiency in social fund distribution, strengthen governance, and integrate data across institutions. Institutional synergy reflects a whole-of-government approach as mandated in RPJMN 2025–2029, with the objective of building an adaptive, integrated, and sustainable Islamic social finance ecosystem to support the vision of Indonesia Emas 2045.



Source: Bank Indonesia, processed

CHAPTER V

POTENTIAL FOR FOREIGN TRADE WITHIN THE HAJJ–UMRAH ECOSYSTEM

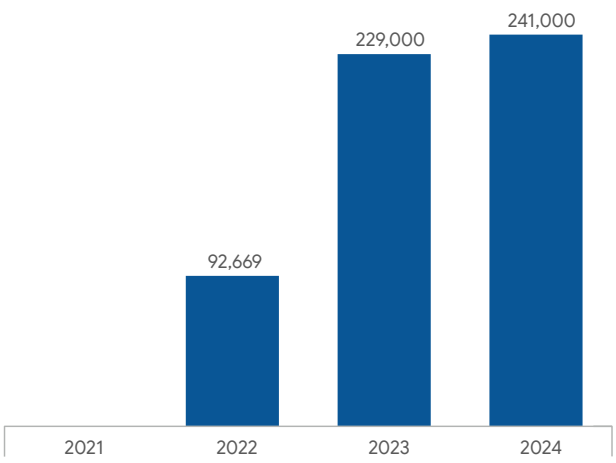
The growth in the number of Indonesian pilgrims participating in Hajj and Umrah not only signifies extensive religious engagement but also fosters the development of a cross-border economic ecosystem with strategic repercussions for external stability. Amid substantial foreign exchange outflows associated with travel and transportation services, Indonesia's export contribution to fulfilling the demand for Hajj–Umrah goods in Saudi Arabia has remained relatively modest. Nonetheless, there exists considerable potential to enhance foreign trade by expanding exports of priority halal products, implementing import substitution strategies, and optimizing the domestic value chain for qurban and dam. Consequently, Indonesia is poised to establish itself not only as the largest market for pilgrims but also as a vital participant within the global Hajj–Umrah supply chain.

5.1 Introduction

The rising number of hajj and umrah pilgrims in recent years has shown a strengthening trend both globally and in Indonesia. Globally, the number of hajj pilgrims in 2024 reached around 1.8 million, while the number of umrah pilgrims up to Q3-2024 stood at 16 million, increasing by 22% compared with the previous year (General Authority for Statistics, 2024). In Indonesia, the number of hajj pilgrims in 2024 increased by 5.2% to 241,000 from 229,000 in 2023, while the number of umrah pilgrims surged by 67% to 2 million from 1.2 million in the previous year (BPKH, 2024; Regional Office of the Ministry of Religious Affairs, West Java Province, 2024). This trend not only reflects higher participation but also reinforces the hajj–umrah ecosystem's position as an activity of significant scale and economic value.

Alongside the rising number of pilgrims, demand for various supporting services—including transportation, accommodation, textiles, catering, and other logistics—has increased substantially. This condition has driven growth in cross-border economic activity in both Indonesia and Saudi Arabia. Based on Ministry of Trade data, Indonesia's exports to Saudi Arabia during January–June 2025 reached USD 1.7 billion, a 49.53% increased compared with USD 1.14 billion in the same period of the previous year (Ayu, 2025). This increase was partly supported by exports of processed food products amounting to USD 134 million, which grew by 4.03% compared with the same period of the previous year (Ayu, 2025). These developments suggest that Hajj and Umrah activities not only function as religious observances but also generate economic opportunities through enhanced international trade, particularly by incorporating Indonesian halal products into the Hajj–Umrah supply chain.

Graph 5.1. Number of Indonesian Hajj Pilgrims Quota



Source: BPKH, processed by the authors

A concrete illustration of increasing demand directly associated with the Hajj-Umrah ecosystem is the logistical consumption of pilgrims, specifically concerning bumbu Nusantara (Indonesian spice blends). Between 2023 and 2025, demand for these commodities surged from 16 tons in 2023 to 750 tons during the 2025 hajj season (Khairina, 2025). This increase highlights significant market potential for Indonesian halal products to expand export access, especially if supported by strengthened production capacity, quality standardization, and improved logistics efficiency (Zustika, 2025). Beyond trade, the hajj–umrah ecosystem also impacts economic activities associated with fulfilling other religious obligations, such as *Qurban*.[18]

The annual increase in Indonesian pilgrims has led to an increase in demand for sacrificial animals and greater economic potential. *Qurban* activities constitute an integral part of the hajj–umrah ecosystem, as an increasing number of pilgrims are typically accompanied by increased demand for *hadyu/dam*. However, as the procurement of animals and the implementation of *qurban* are currently centralized in Saudi Arabia, these transactions contribute to foreign exchange outflows and intensify seasonal pressures on the

18 Including *qurban dam haji tamattu'*, which refers to the penalty or compensation (in the form of a sheep sacrifice) that pilgrims are required to pay as a consequence of performing **Hajj Tamattu'**. Hajj Tamattu' is a type of pilgrimage where the pilgrim first performs *umrah* during the months of hajj, then completes *tahallul* (which signifies the completion of *umrah*), and subsequently re-enters the state of *ihram* to perform the hajj in the same year.

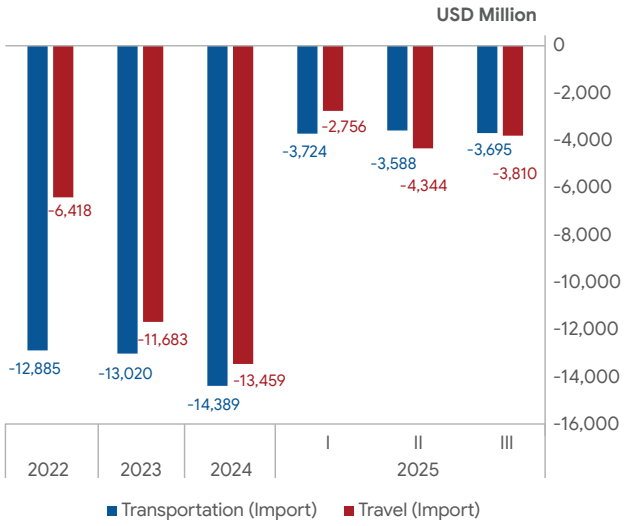
services account. On the other hand, *qurban* activities also present opportunities to strengthen the national halal industry by increasing Indonesia's role in the supply chain for products and supporting services, thereby potentially enhancing domestic value-added if managed more integratedly.

Behind this significant economic potential, the expansion of hajj and umrah activities also carries important implications for Indonesia's balance of payments, particularly through the services account. The hajj–umrah ecosystem entails structural exchange rate risks, not limited to short-term volatility. Hajj payments denominated in US dollars and Saudi riyals (SAR) render hajj funds as foreign currency liabilities (Maulana & Rafdi, 2018). From a balance of payments perspective, hajj and umrah activities are predominantly recorded under transportation and travel services.[19]

In general, Indonesia's transportation and travel services account has consistently remained in deficit (service imports) and has shown a widening trend during 2022–2024 (Graph 5.2). This condition indicates rising foreign-currency payment needs for outbound travel, including hajj and umrah pilgrim mobility and spending in Saudi Arabia. Since most expenditures occur abroad, hajj and umrah activities are predominantly recorded as service imports, thereby contributing to a widening services account deficit.

The impact on the services account is reflected in the significant and recurring foreign exchange demand each year. Based on BPKH data, the average foreign exchange requirement for hajj operations in 2025 was estimated at SAR 2.18 billion[20], approximately equivalent to Rp9.3 trillion. This accumulated demand emphasizes that hajj and umrah activities are one of the largest, seasonal, and recurring sources of foreign exchange outflows in services, with direct implications for Indonesia's external stability

Graph 5.2. Services Account Deficit



Source: Bank Indonesia, processed by the authors

Despite Indonesia's relatively high number of hajj pilgrims, the capacity of the national halal product sector has not yet fully satisfied the demand from the Saudi Arabian market. Export–import data for 2024 indicated that Indonesia's overall export contribution to Saudi Arabia remained relatively small, accounting for only 1.05% of Saudi Arabia's total global trade imports. For commodities directly related to hajj and umrah needs, Indonesia's export contribution was slightly higher, accounting for 2.26% of Saudi Arabia's total imports. The Ministry of Trade identified several key constraints, including a limited understanding among MSMEs of Saudi export–import regulations, relatively higher logistics costs compared with competitor countries, and limited capacity and supply continuity. These conditions indicate that the trade potential within the hajj–umrah ecosystem has not yet been optimally utilized.

Additionally, regarding qurban activities due to the obligation to pay dam haji tamattu', which can only be carried out in Saudi Arabia, there has been a loss of potential value-added from upstream activities—including livestock provision, maintenance services,

19 Transportation services include the travel costs of pilgrims from Indonesia to Saudi Arabia and back, while travel services reflect the expenditures of pilgrims during their stay in Saudi Arabia, such as accommodation, consumption, and other supporting services.

20 1 SAR =Rp 4.266 (Fiscal Year 2025)

meat processing, and logistics—that domestic businesses have not been able to benefit from optimally. Payments for the *dam*, generally conducted through Hajj Guidance Groups (KBIH) or service providers in Saudi Arabia, such as Adahi[21], have contributed to foreign exchange outflows and reinforced the seasonal nature of foreign currency demand.

Considering these conditions, there is an urgency for Bank Indonesia to discuss and respond to the potential for strengthening trade within the hajj–umrah ecosystem as part of external stability management strategies. The substantial transaction volume, high seasonal fluctuations, and prevalence of cross-border payments position Hajj and Umrah activities as a fundamental pressure point on the services account. Without enhancing domestic trade and service provision, the increasing number of pilgrims could exacerbate the services deficit and negatively impact the current account. Therefore, policies are necessary to support import substitution and promote halal product exports integrated into the hajj–umrah ecosystem.

This assessment aims to provide policy recommendations to strengthen the hajj–umrah ecosystem in strategic sectors of goods and services trade, thereby increasing domestic value-added while reducing structural pressures on the services account. Specifically, the assessment seeks to answer two main questions: (i) how to identify priority sectors and their linkages within the hajj–umrah ecosystem; and (ii) how to measure the implications of the hajj–umrah ecosystem for Indonesia's economic growth. To address the first question, the assessment employs literature studies, Focus Group Discussions (FGDs), Input–Output (IO) analysis, and composite scoring to map priority sectors based on strategic indicators. To address the second, the assessment uses a Computable General Equilibrium (CGE) model to simulate the impact of strengthening hajj–umrah-related sectors on Indonesia's economy, both in terms of sectoral structure and macroeconomic stability.

Overall, the results of this assessment are expected to highlight strategic sectors that need strengthening and to estimate the impact of related policies on output and value-added, so that the resulting recommendations are more targeted and implementable. The report is systematically arranged, presenting a literature review and conceptual framework, analytical results and simulations, and concluding with policy recommendations.

21 An official platform administered by the Government of Saudi Arabia to facilitate the fulfilment of dam (Hajj penalty), qurban/udhiyah (sacrificial offering), and fidyah obligations.

5.2 Hajj and Umrah Ecosystem

Religious journeys such as hajj and umrah represent one form of travel that empirically contributes significantly to attracting global tourists (K.A. Shinde, 2010). Various studies show that religious travel can stimulate business activity and local economic transactions in destination areas. For example, increased economic activity was recorded in Palencia, Spain, during *Holy Week* (Sanchez, Fernandez, and Lara, 2017), and in Vhembe District, South Africa, during the annual gathering of the United African Apostolic Church (Dafuleya et al., 2017). In the context of hajj and umrah, the economic impact is potentially twofold, affecting both the country of origin and the destination country. The involvement of multiple interdependent stakeholders makes the hajj and umrah phenomenon relevant for analysis through an ecosystem approach.

From an economic perspective, an ecosystem can be understood as a system consisting of actors, activities, resources, and interdependent relationships that collectively create and deliver value. This concept is consistent with the views of Adner (2016) and Jacobides (2018), who emphasize that ecosystems are interconnected and coordinated sets of activities, without full hierarchical control by a single entity, aimed at realizing shared value. For such value to be fully realized, all parties involved must align in terms of role distribution, standard-setting, sequencing of activities, and institutional coordination. The ecosystem perspective is particularly relevant in complex service contexts, as it highlights that disruptions in one component can hinder overall value creation.

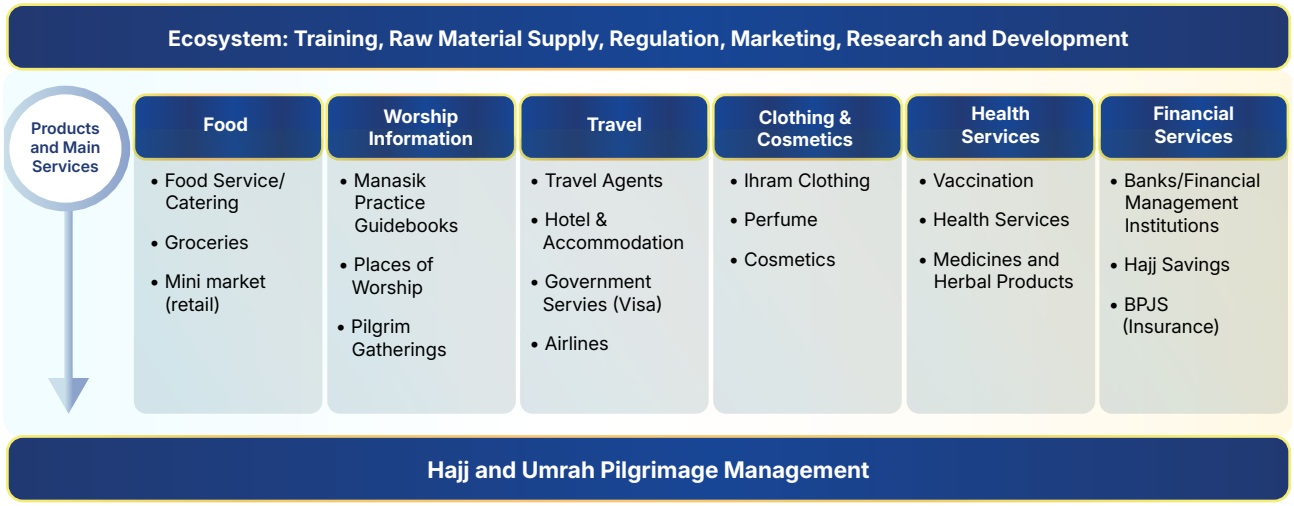
Adner (2016) further explains that the ecosystem approach is widely used to understand cross-industry dynamics involving multiple supporting actors and requiring collaborative governance. Accordingly, in the organisation of hajj and umrah, the use of ecosystem theory is appropriate, given that the services involve multiple actors—such as government, pilgrimage organisers, transportation and accommodation service providers, food suppliers, healthcare providers, and financial institutions—who interact within an interdependent network. Therefore, the hajj and umrah ecosystem can be comprehensively characterized as a network of institutions and commercial entities interconnected in the provision of hajj and umrah services. This network encompasses regulatory frameworks, financial arrangements, service delivery, and operational processes support.

As illustrated in Figure 5.1, the main components of products and services in the hajj and umrah ecosystem include food, religious information, travel (covering accommodation and transportation), clothing and cosmetics, healthcare services, and financial services. Furthermore, the assessment framework in Figure 5.2 is structured to provide a clearer picture of the assessment's boundaries and focus. The framework divides the hajj–umrah ecosystem into two main domains: economy and finance[22]. The focus of this assessment is entirely on the economic domain, which is further classified into two categories using balance of payments recording practices, namely trade (products/commodities) and services.

Referring to the framework, an analytical structure was developed adopting the components illustrated in Figure 5.1 to map the flows, actors, and interlinkages within the ecosystem. However, the scope of this assessment is limited to the trade of goods category. This boundary was established by considering two main aspects. First, the trade of goods has relatively greater potential to generate value-added and expand the economic supply chain. Second, as outlined in the previous section, several fundamental challenges remain, including Indonesia's low export contribution to Saudi Arabia's imports and the underdeveloped downstreaming of *qurban* and *dam* management. These conditions indicate that opportunities to enhance domestic economic benefits have not yet been fully optimized. By focusing on this dimension, the assessment of hajj–umrah ecosystem strengthening in strategic sectors is expected to provide more targeted contributions.

22 Law No. 34 of 2014 on Hajj Fund Management stipulates that the management of Hajj funds is carried out by the Hajj Financial Management Agency (BPKH).

Figure 5.1. Hajj and Umrah Organizing Ecosystem

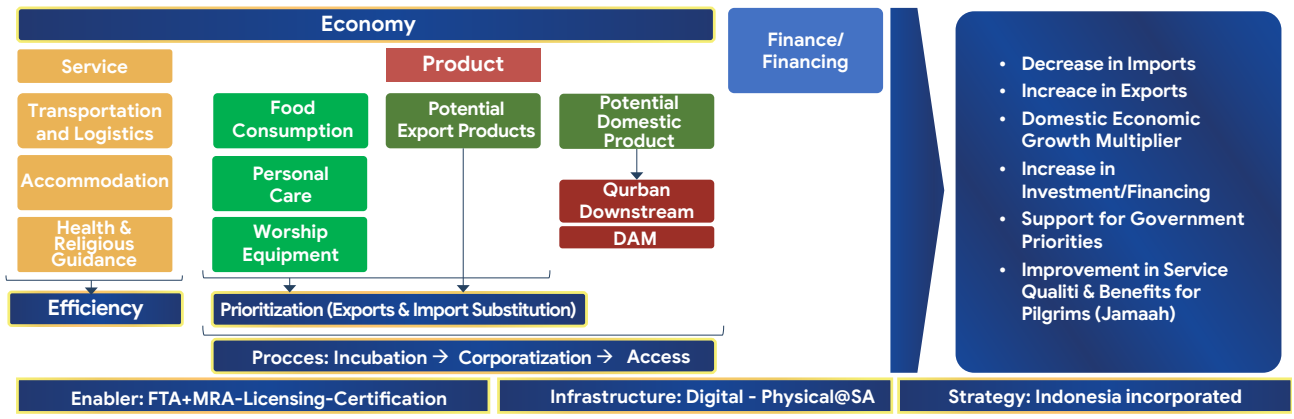


Source: PEBS – FEB UI (2019)

Al Tamimi et al. (2025) highlight that Indonesia–Saudi relations in the hajj–umrah sector could be expanded into a more comprehensive economic partnership, encompassing investment opportunities, institutional collaboration, and supply chain strengthening. In this context, the foreign trade dimension is highly relevant, as large-scale pilgrim consumption creates demand for a range of goods (such as food, halal products, equipment, and other necessities) that can be supplied through global value chains. By strengthening the capacity of the halal industry and improving domestic supply chains, Indonesia could utilise hajj–umrah activities as a gateway to increase halal product exports to Saudi Arabia, while also boosting its role within the wider hajj–umrah economic ecosystem.

The hajj–umrah ecosystem also includes economic activities directly tied to specific religious duties. For instance, qurban, whether in the form of dam or hadyu associated with particular types of hajj like hajj tamattu', and qurban as an annual religious and socio-economic tradition. The requirement to pay dam creates demand for qurban services in Saudi Arabia, such as livestock procurement, slaughtering, and distribution, forming a supply chain connected to hajj services. Harahap et al. (2024) highlight that access to information and convenient payment options for dam are key issues, emphasizing that dam or hadyu governance should be considered a vital part of comprehensive hajj services. From an ecosystem viewpoint, this illustrates that hajj

Figure 5.2. Scope of the Hajj–Umrah Ecosystem



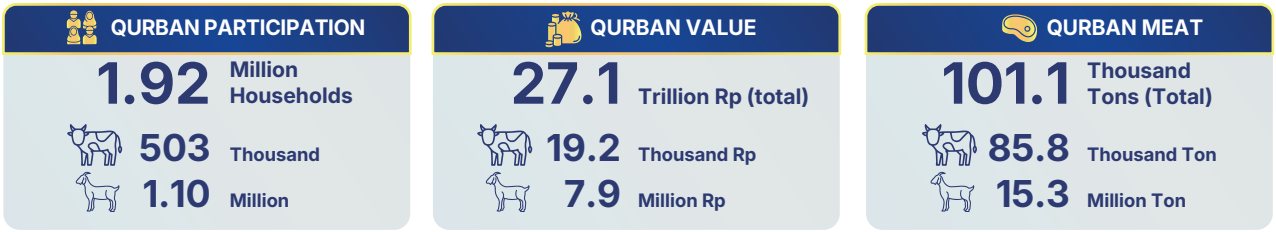
Source: processed by the authors

organization is an interconnected system of activities that must be aligned among different actors to maximize value (Jacobides et al., 2018).

The substantial potential of the domestic *qurban* economy further strengthens the argument that *qurban* is not merely an annual religious practice but a large-scale economic activity with its own ecosystem of actors, supply chains, and value flows. This is evident from the Qurban Potential 2025 projection (Figure 3), which estimates 1.92 million high-purchasing-power households, with an economic value of Rp27.1 trillion and a potential production of 101.1 thousand tonnes of *qurban* meat. This scale confirms that *qurban* is one of the sharia economic instruments capable of driving the real sector, particularly through demand for livestock, trade and transport activities, slaughtering services, and distribution, which collectively generate multiplier effects for smallholder farmers and MSMEs within the supply chain.

Within the hajj–umrah ecosystem, the magnitude of the *qurban* economy is highly relevant, as it demonstrates the existence of a domestic production base and economic capacity that could be integrated with pilgrim needs, including *dam* or *hadyu* requirements in *hajj tamattu'*. To date, most *dam* transactions and *qurban* services during the hajj season have remained centralized in Saudi Arabia, resulting in foreign exchange outflows. However, the strong domestic *qurban* ecosystem—particularly in goat and sheep commodities within smallholder farming—creates opportunities for Indonesia to enhance its role in the hajj–umrah value chain. This can be achieved through strengthened production capacity, halal standardization, improved logistics efficiency, and the development of derivative products (such as halal processed foods, spices, and packaging). Enhancing national *qurban* activities would therefore not only improve domestic social and economic welfare but also contribute to a strategy to integrate Indonesia's halal supply chain into the hajj–umrah ecosystem, thereby increasing domestic value-added while reducing structural pressures on the services account.

Figure 5.3. Qurban Economy 2025



QURBAN		2021	2021	2021	2021
Participan	(Million People)	**2.11**	**2.17**	**2.08**	**2.16**
Qurban Value	(Trilliun Rp)	**22.3**	**24.3**	**24.5**	**28.2**
Qurban Meat	(Thousand Ton)	**100.9**	**106.2**	**103.0**	**117.2**

Source: IDEAS dari Susenas

5.3 Analysis of Foreign Trade Potential from the Hajj-Umrah Ecosystem

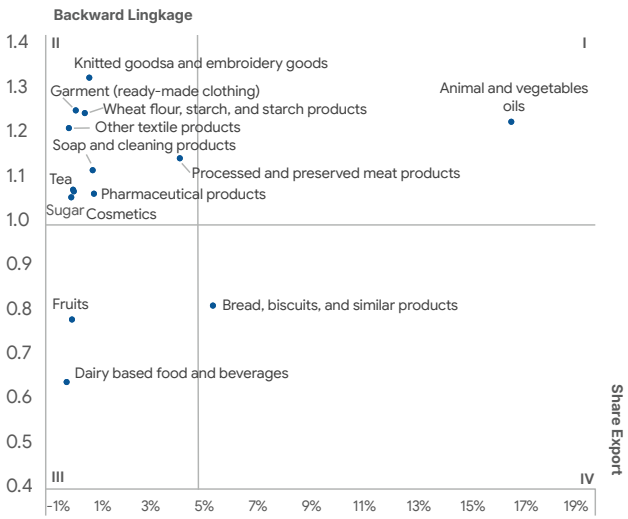
Saudi Arabia, as the primary destination for hajj and umrah pilgrims, has a very high demand for a wide range of products, from food and beverages to worship equipment and accessories used during the pilgrimage. However, based on 2023 export data for hajj–umrah goods, Indonesia still faced significant challenges in strengthening its position in the Saudi market, despite having substantial production potential. Essential products such as prayer rugs (*sajadah*), *ihram*, prayer beads (*tasbih*), caps (*peci*), and veils (*jilbab*) remain dominated by competitors from China, India, and Turkey. These countries recorded notable export values, with prayer rugs at USD 421,486, *ihram* at USD 1,335, and prayer beads dominated by China at USD 272.

To assess Indonesia's position in meeting this demand, the analysis uses 2023 export–import data sourced from the ITC Trade Map.[23] The data are structured according to the HS code (Harmonized System Code), an internationally recognized classification system for recording and grouping traded goods. In Indonesia, HS code information is found in the BTKI (Indonesian Customs Tariff Book), which systematically details trade commodities. Based on this data, the analysis outlines Indonesia's contribution to trade in goods related to hajj and umrah needs

The determination of Indonesia's priority export commodities to support hajj and umrah demand—addressing the first research question—was conducted using three main parameters: Trade Balance Index (TBI), Revealed Comparative Advantage (RCA), and Backwards Linkage. Out of 99 export commodities (HS2), 16 were identified as relevant to hajj and umrah needs. Before calculating these parameters, strategic sectors of Indonesia's exports to Saudi Arabia were mapped using a quadrant analysis combined with Input–Output (IO) table analysis. The quadrant matrix served as an initial structural mapping tool for classifying sectors by key characteristics based on their position. Share of Exports in the matrix represents Indonesia's export share to Saudi Arabia for hajj–umrah-related commodities, while Backward Linkage (BL) reflects the degree of upstream sectoral interconnection within the domestic supply chain. Each quadrant highlights different characteristics and potential in driving export performance and domestic economic impact.

Based on Graph 5.3, Quadrant I, characterized by high Backward Linkage (BL) and high Export Share, represents sectors that not only act as key drivers of exports but also have strong backward linkages with other domestic industries. These sectors serve as leading sectors, capable of absorbing inputs from various upstream industries while producing highly competitive outputs in international markets. Meanwhile, Quadrant II, characterized by low Export Share but high Backwards Linkage (BL), represents sectors whose export contribution remains limited but plays a significant role in supporting and driving other sectors in the domestic economy. This condition indicates that developing these sectors could generate substantial multiplier effects, even if they do not yet contribute directly to exports. Strengthening sectors in this quadrant is expected to enhance upstream productivity, reinforce domestic supply chains, and lay a stronger foundation for future export capacity expansion.

Graph 5.3. Quadrant of Strategic Export Sectors



Source: processed by the authors

23 Trade Map, which is a trade statistics database provided by the International Trade Centre (ITC), a joint institution of the United Nations (UN) and the World Trade Organization (WTO) (https://www.trademap.org/Index.aspx)

To assess Indonesia's potential export penetration into Saudi Arabia, this analysis calculates Indonesia's export market share relative to Saudi Arabia's total imports. As shown in Table 5.1, Indonesia's overall export contribution to Saudi Arabia remains relatively small, accounting for only 1.05% of Saudi Arabia's total global imports. However, when focusing specifically on commodities directly related to hajj and umrah needs, Indonesia's export contribution is slightly higher, at 2.26% of Saudi Arabia's total imports for these commodities. The largest contribution comes from the group of animal or vegetable fats and oils (HS Code 15), with a market share of 22.87%, followed by processed fish products (HS Code 16), which contributed 16.16%. These findings indicate that although Indonesia's aggregate contribution to the Saudi market remains limited, several priority commodities demonstrate strong potential to be strengthened as the basis for strategic export development, particularly in supporting hajj and umrah needs.

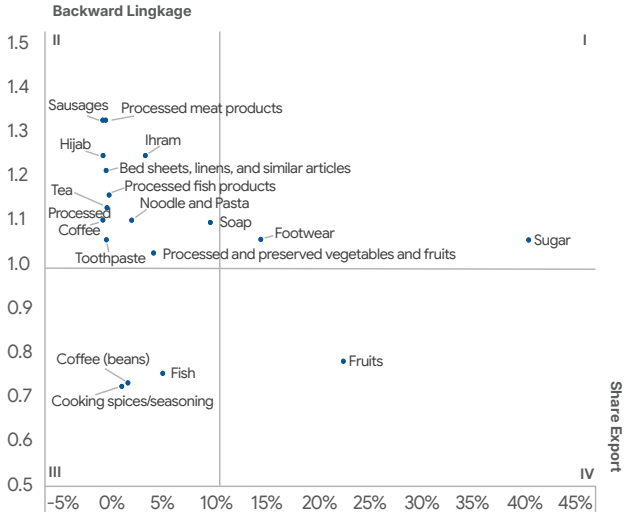
In addition to the export contribution analysis, commodity mapping was also conducted to identify opportunities for import substitution as part of the strategy to strengthen domestic production capacity. As illustrated in Graph 5.4, Share of Imports represents Indonesia's level of dependence on imports for commodities within the hajj–umrah ecosystem. Commodities with a high import share indicate that domestic needs are still largely satisfied through imports, thereby creating policy space to promote greater domestic production to replace imports. Meanwhile, commodities with high Backwards Linkage (BL) values suggest that strengthening these sectors has the potential to generate substantial multiplier effects through increased demand for local inputs, stronger supporting industries, and higher domestic value-added. This highlights the importance of focusing on sectors with high import reliance and strong backward linkages to maximize policy impact in reducing external pressures while strengthening domestic supply chains.

Table 5.1. Indonesia's Export Contribution to Saudi Arabia's Imports

Code	Product label	Imports 2022-2024	Exports to SA 2022-2024	Deviation (USD Thousand)	Indonesia's Export Contribution to Saudi Arabia's Imports
'TOTAL	All products	633,019,664	6,671,538	626,348,126	1.05%
'TOTAL	Hajj and Umrah Commodities	93,158,415	2,105,758	91,052,657	2.26%
'15	Animal and vegetable fats and oils	4,837,804	1,106,205	3,731,599	22.87%
'21	Prepared food products	5,576,278	364,462	5,211,816	6.54%
'16	Processed seafood, crustaceans, mollusks, or other aquatic invertebrates	1,745,559	282,153	1,463,406	16.16%
'09	Coffee, tea, mate, and spices	4,145,356	68,542	4,076,814	1.65%
'34	Soap, organic surface-active agents, detergents, lubricants, etc.	2,377,266	65,366	2,311,900	2.75%
'19	Preparations of cereals, flour, starch, or milk; bakery/ pastry products	5,840,986	57,069	5,783,917	0.98%
'62	Articles of apparel and clothing accessories, not knitted or crocheted	6,937,508	45,620	6,891,888	0.66%
'61	Articles of apparel and clothing accessories, knitted or crocheted	5,730,560	23,511	5,707,049	0.41%
'64	Footwear and the like; parts thereof	3,168,013	18,466	3,149,547	0.58%
'33	Essential oils and resinoids; perfumery, cosmetic, or toilet preparations	7,713,321	18,285	7,695,036	0.24%
'17	Sugars and sugar confectionery	4,149,753	16,659	4,133,094	0.40%
'08	Edible fruits and nuts; peel of citrus fruit/melons	5,805,400	14,012	5,791,388	0.24%
'30	Pharmaceutical products	24,317,929	12,092	24,305,837	0.05%
'42	Articles of leather; saddlery and harness; travel goods, handbags, etc.	1,981,606	6,424	1,975,182	0.32%
'63	Other made-up textile articles; worn clothing and rags	1,121,843	6,188	1,115,655	0.55%
'04	Dairy products, birds' eggs; natural honey; other edible products of animal origin	7,709,233	704	7,708,529	0.01%

Source: Trademaps, processed by the author.

Graph 5.4. Quadrant of Strategic Import Substitution Sectors



Source: Bank Indonesia, processed by the authors

Based on the mapping, commodities in Quadrant II (low import share and high backward linkage) were identified as the most strategic sectors for import substitution. The relatively low dependence on imports indicates that input needs and production processes are already largely met by domestic capacity. This condition shows that these sectors have built solid domestic supply chain bases, so the aim is not only to maintain import substitution but also to strengthen the structure of the national system industry. In addition, the high Backward Linkage (BL) value signifies that developing sectors in this quadrant will generate substantial multiplier effects through increased demand across domestic sectors, ranging from raw material suppliers and processing industries to logistics and distribution.

Furthermore, the identification and selection of priority commodities within the hajj–umrah ecosystem were conducted using three main parameters: Backward Linkage (BL), Revealed Comparative Advantage (RCA), and Trade Balance Index (TBI). Based on the analysis presented in Table 5.2, animal and vegetable fats and oils (HS Code 15) ranked as the top-priority commodity, with a composite score of 1.051. This commodity

Table 5.2. Commodity Analysis Based on BL, Competitiveness, and TBI

Code	Hajj and Umrah Commodities	BL	Competitiveness	Global TBI 2022- 2024	BL Norm	Competitiveness Norm	TBI Norm	Ina's Penetration in SA	Aggregate Score	Ranking
15	Animal and vegetable fats and oils	1.23	16.15	89,452,572	0.925	1	1	22.87%	0.975	1
64	Footwear and the like; parts thereof	1.10	3.67	18,176,647	0.826	0.227	0.2032	0.58%	0.419	2
62	Articles of apparel and clothing accessories, not knitted or crocheted	1.25	1.53	12,555,367	0.940	0.0950	0.140	0.66%	0.392	3
61	Articles of apparel and clothing accessories, knitted or crocheted	1.26	1.29	11,675,489	0.944	0.0798	0.131	0.41%	0.385	3
19	Preparations of cereals, flour, starch, or milk; bakery/pastry products	1.33	1.56	2,945,290	1.000	0.0967	0.033	0.98%	0.377	4
9	Coffee, tea, mate, and spices	1.07	3.69	4,692,226	0.803	0.2286	0.052	1.65%	0.361	5
16	Olahan daging, ikan, krustasea, moluska atau invertebrata air lainnya	1.15	2.08	4,028,229	0.863	0.1289	0.045	16.16%	0.346	6
34	Processed meat, fish, crustaceans, mollusks, or other aquatic invertebrates	1.12	1.65	2,020,596	0.843	0.1019	0.023	2.75%	0.322	7
42	Soap, organic surface-active agents, detergents, lubricants, etc.	1.05	1.23	2,280,250	0.793	0.0763	0.025	0.32%	0.298	8
21	Prepared food products	0.82	1.65	1,546,571	0.613	0.1021	0.017	6.54%	0.244	9
63	Other made-up textile articles; worn clothing and rags	1.22	0.13	(106,569)	0.915	0.0081	-0.001	0.55%	0.307	
30	Pharmaceutical products	1.06	0.08	(2,030,881)	0.797	0.0051	-0.023	0.05%	0.260	
33	Essential oils and resins; perfumery, cosmetic, or toilet preparations	1.07	0.54	(1,620,509)	0.807	0.0336	-0.018	0.24%	0.274	
8	Edible fruits and nuts; peel of citrus fruit/ melons	0.78	0.65	(2,263,452)	0.590	0.0402	-0.025	0.24%	0.202	
4	Dairy products, birds' eggs; natural honey; other edible products of animal origin	0.64	0.51	(2,965,190)	0.484	0.0314	-0.033	0.01%	0.161	
17	Sugars and sugar confectionery	1.08	0.84	(8,739,384)	0.810	0.0517	-0.098	0.40%	0.255	

Source: Processed by the author.

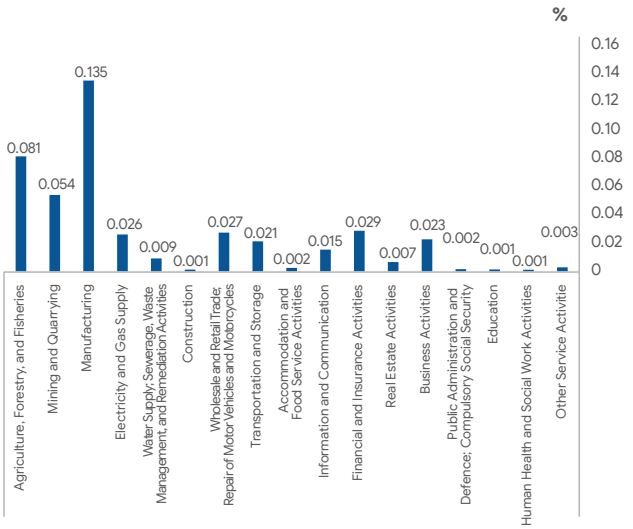
recorded a BL value of 1.23, reflecting strong interlinkages with upstream sectors; an RCA value of 16.15, indicating high competitiveness in the global market; and a highly positive trade performance, with a TBI value of USD 89,452,572 Thousand. In addition, Indonesia's export deviation in meeting Saudi Arabia's global import demand for this commodity was recorded at USD 3,731,599 thousand, equivalent to a market share of 22.87%. These findings highlight that strengthening priority commodities with strong backward linkages and high competitiveness will not only support import substitution but also expand Indonesia's role in the hajj–umrah supply chain, thereby enhancing domestic value-added and reducing structural pressures on the services account.

Based on the three parameters presented in Table 5.2, animal and vegetable fats and oils (HS Code 15) are identified as the highest-priority commodity to develop within the hajj–umrah ecosystem, given their strong potential to support the domestic supply chain while also serving as a source of export market expansion. Other alternative commodities with notable potential include clothing and accessories (HS Code 62) with a composite score of 0.469; preparations of cereals, flour, starch, or milk (HS Code 19) with a score of 0.458; coffee, tea, maté, and spices (HS Code 9) with a score of 0.427; and processed meat and fish products (HS Code 16) with a score of 0.416.

To address the second research question—measuring the impact of strengthening priority commodity exports on Indonesia's economy—an Input–Output (IO) simulation was conducted. The results show that increasing exports of nine priority commodities to Saudi Arabia, assuming 70% of exports are directed to hajj–umrah needs, would contribute to economic growth by 0.056%, with an estimated economic multiplier effect of Rp16.05 trillion. This growth reflects additional economic turnover worth trillions of rupiah, demonstrating that exports of commodities within the hajj–umrah ecosystem can generate broad economic impacts. The value not only represents increased trade activity but also captures subsequent domestic activities, ranging from production and distribution to business income. With an export ecosystem that is focused, routine in demand, and potentially sustainable, this contribution is significant to the national economy as a stable, recurring source of growth.

Furthermore, the IO simulation results indicate that strengthening priority commodity exports to Saudi Arabia would not only directly improve the performance of related sectors but also trigger substantial spillover effects across supporting industries. As shown in **Graph 5.5**, the manufacturing sector recorded the largest impact from the export multiplier effect at 0.135%, followed by agriculture, forestry, and fisheries at 0.081%, and mining and quarrying at 0.054%. The strong contribution of the manufacturing sector reflects its role as a central hub in Indonesia's economic structure, where increased exports—whether originating directly from this sector or from primary sectors—stimulate demand for upstream inputs and downstream activities. With relatively strong backward and forward linkages, the manufacturing sector is the most affected by export strengthening, thereby playing a critical role in reinforcing the overall contribution of exports to Indonesia's economic growth.

Graph 5.5. Contribution of Commodity Exports to Sectoral Growth



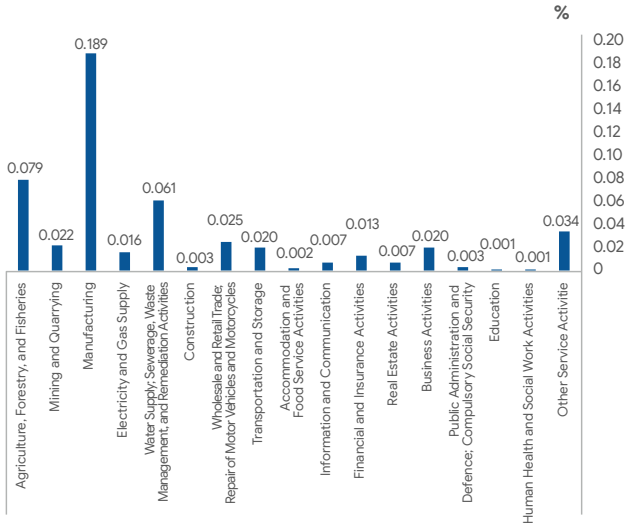
Source: Authors, processed

5.4 Analysis of Qurban Economic Potential

This assessment employs an Input–Output (IO) simulation approach to measure the economic potential of *qurban* (including *dam*) in answering the second research question. In the simulation, it is assumed that 20 percent of the total annual *qurban* potential is converted into processed meat in packaged or canned form. This assumption is based on the growing need for *qurban* distribution across regions, particularly to reach areas with limited logistics access, food insecurity, and relatively high poverty levels. Based on the simulation results, allocating around 20 percent of *qurban* meat in canned form is projected to contribute 0.041 percent to economic growth, with an estimated economic multiplier effect of Rp 11.65 trillion. This impact mainly derives from increased activity in the food processing industry value chain, logistics, and distribution, thereby strengthening domestic value-added creation and expanding cross-sector multiplier effects.

Graph 5.6 shows that reallocating 20 percent of *qurban* meat into canned form significantly boosts the manufacturing sector as the largest contributor to growth, at 0.189 percent. The assessment also recorded additional contributions from agriculture, forestry, and fisheries at 0.079 percent, as well as supporting sectors such as trade and transportation. This pattern reflects the strong supply chain linkages and the value added from processing *qurban* meat. Conversely, the impact on non-trade service sectors was relatively limited, underscoring that the economic transmission of canned *qurban* meat is sector-specific and operates primarily through real production channels, with multiplier effects concentrated in productive sectors.

Graph 5.6. Contribution of Qurban to Sectoral Growth



Source: Authors, processed

The input–output analysis shows that the manufacturing sector has backward linkages above the economy-wide average, with a BL value of 1.06[24]. This condition means that increased activity from processing *qurban* meat into canned form stimulates broader demand for upstream inputs. The impact flows primarily to agriculture and livestock, as well as supporting distribution sectors. Thus, although the aggregate contribution to economic growth is relatively limited, the concentration of impact on high-value-added sectors makes this scheme effective in creating focused and sustainable domestic multiplier effects

The assessment also identified that the management of *dam haji tamattu'* carries significant economic potential. To evaluate this, the process began with in-depth discussions with relevant stakeholders, including the National Zakat

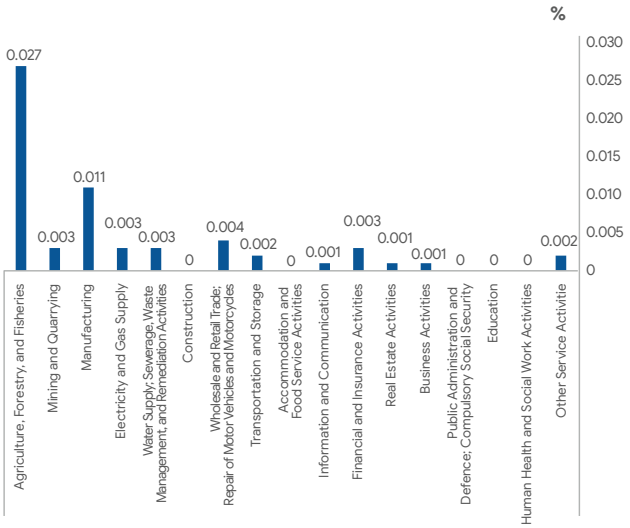
24 In Input–Output (IO) analysis, a BL (Backward Linkage) value greater than 1 indicates that the sector has backward linkages above the economy-wide average.

Agency (BAZNAS), the Fatwa Commission of the Indonesian Ulema Council (MUI), the Hajj Financial Management Agency (BPKH), and representatives from the livestock and canning industries. These discussions aimed to map the challenges faced in the current *dam haji tamattu'* practices. The results identified two alternatives for optimising *dam* meat management: (a) slaughtering in Saudi Arabia with meat sent to Indonesia, or (b) slaughtering and distribution conducted entirely in Indonesia. The first option faces weaknesses, including high shipping costs and animal health risks, such as foot-and-mouth disease (FMD), which could lead to rejection at Customs or Quarantine. Conversely, the second option offers greater potential to drive the domestic economy, particularly for goat farmers, the canning industry, and logistics and distribution sectors, while also reducing foreign exchange needs for *dam* payments in Saudi Arabia.

The estimated multiplier effect of the second option—implementing *dam haji* practices entirely in Indonesia—shows a contribution to economic growth of 0.006%. Although relatively small in percentage terms, this increase reflects additional economic activity sourced from recurring domestic demand-based policies. Analysis of final demand impacts on economic output indicates that agriculture, forestry, and fisheries act as the initial trigger sector with the highest multiplier effect, reflecting the strong production response of upstream sectors to the policy. However, the relatively lower backward linkage value of agriculture (BL = 0.77) suggests that increased demand generates strong direct impacts on related sectors but with more limited spillover effects to other industries. Therefore, domestic *dam haji* management policies remain economically significant, particularly in stimulating primary-sector activity and strengthening the domestic economic base, even though their cross-sectoral effects are not as extensive as those of export-based policies.

The impact is then transmitted to the manufacturing sector, which has higher value-added creation and backward linkages above the economy-wide average (BL = 1.06), thereby expanding and deepening multiplier effects through increased inter-sectoral input demand. This process is further reinforced by supporting sectors such as trade and transportation, as reflected in the sectoral contribution pattern shown in Graph 5.7. With this linkage structure, the economic mechanism of *dam haji* operates through layered production channels, where agriculture serves as the initial demand source, while manufacturing functions as the amplifier of economic transmission. Beyond output and growth impacts, optimizing *dam haji* management is also estimated to create around 109.8 thousand new jobs, highlighting the potential of this policy to sustainably expand the base of productive employment opportunities in Indonesia.

Graph 5.7. Contribution of Hajj Dam to Sectoral Growth



Source: Authors, processed

5.5 Conclusion

The rising number of Indonesian hajj and umrah pilgrims in recent years underscores that these activities not only reflect greater participation in Muslim worship but also form a large-scale economic ecosystem with significant implications for the national economy and external stability. Hajj and umrah have evolved into an integrated system involving cross-sectoral supply chains spanning agriculture and livestock, manufacturing, logistics, and international trade. Nevertheless, the current ecosystem structure remains dominated by imported goods and services, thereby contributing to substantial, seasonal, and recurring foreign exchange outflows and to the widening of Indonesia's services account deficit.

The analysis shows that foreign exchange requirements for hajj and umrah operations reach tens of trillions of rupiah annually, particularly in transportation and travel services. Without strengthening domestic trade and supply capacity, the rising number of pilgrims risks amplifying structural pressures on the balance of payments and current account. This condition positions the management of the hajj–umrah ecosystem not merely as a religious issue but as an integral part of efforts to safeguard external stability and advance the development of the national sharia economy.

The assessment identifies that optimizing domestic economic potential through the management of qurban and dam haji tamattu' generates significant economic impacts. Input–Output simulations show that reallocating part of the *qurban* meat into processed form can stimulate economic growth, strengthen the manufacturing and livestock sectors, and produce substantial multiplier effects. Moreover, implementing *dam haji* entirely within Indonesia not only enhances domestic value-added and creates new jobs but also reduces foreign exchange payments abroad, thereby contributing positively to external stability.

International trade analysis reveals that Indonesia's export contribution to Saudi Arabia's imports, particularly for hajj–umrah–related commodities, remains relatively limited compared with major competitors. Nevertheless, the assessment identifies several priority commodities with strong industrial linkages, high competitiveness, and positive trade balance performance. Based on composite scoring that integrates Backward Linkage, Revealed Comparative Advantage, and Trade Balance Index, animal and vegetable fats and oils rank as the top priority, followed by clothing and accessories, cereal-based products, coffee and spices, as well as processed meat and fish. Input–Output simulations further indicate that strengthening exports of these priority commodities, particularly to meet hajj–umrah demand, has the potential to contribute to economic growth and generate substantial multiplier effects.

Overall, this assessment affirms that strengthening trade within the hajj–umrah ecosystem is a key strategy to maximize domestic economic benefits while mitigating pressures on the balance of payments. The integration of policies across pilgrimage management, halal industry development, MSME empowerment, and export facilitation is crucial to guarantee that Indonesia not only maintains its position as the nation hosting the largest number of Hajj and Umrah pilgrims but also establishes itself as a prominent participant in the global Hajj–Umrah value chain.

5.6 Policy Recommendation

Enhancing trade within the Hajj–Umrah ecosystem necessitates ongoing follow-up accompanied by more targeted and coordinated policy synergy among governmental agencies, business actors, and relevant stakeholders authorities. The government can encourage strategic measures by enhancing cross-ministerial and institutional coordination, including optimizing the role of the Working Group (POKJA) on the Hajj–Umrah Food Ecosystem initiated by the Coordinating Minister for Food Affairs, as well as accelerating the development of the Kampung Haji initiative as a central hub for supply chains and trade in pilgrim-related products. These efforts need to be reinforced through the expansion of business matching programs that are more focused on priority halal commodities and products for the Saudi Arabian market, so that Indonesia not only serves as the country with the largest number of pilgrims but also positions domestic products as key suppliers in the global hajj–umrah value chain. Strengthening the role of MSMEs is crucial to sustaining this strategy. The government and relevant authorities should support MSMEs by means of product curation, enhancement of capacity and scale, halal certification and adherence to quality standards, as well as expanded market access. This support will enable MSMEs to be sustainably integrated as suppliers within the Kampung Haji framework. This approach not only strengthens the structure of the national halal industry but also ensures that the economic benefits of the hajj–umrah ecosystem are more evenly distributed among domestic business actors.

Bank Indonesia plays an active role in reinforcing the implementation of these policies by leveraging synergy across MSME development programs and export promotion, including accelerating the readiness of export-oriented MSMEs through the JAWARA Ekspor program. This program serves as a pipeline to enhance export capacity while strengthening networks with international buyers. Through this approach, the strengthening of the hajj–umrah ecosystem is expected not only to reduce foreign exchange outflows but also to increase domestic value-added, expand the national export base, and reinforce external stability on a sustainable basis.

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Appendices



Appendix 1

Sharia Economic and Financial Development Activities in 2025

No	Activities
1	Kick-off of Sharia Financing Month 2025
2	Launch of the Indonesia Sharia Economic and Financial Report (KEKSI) 2024
3	Sharia Economic and Financial Outlook 2025
4	Dissemination of Sharia Economic (EKSyar) Da'wah Materials at the Standardized MUI Training of Trainers for Da'i and Da'iyah in the Greater Jakarta Area 2025
5	IKRA Member Curation 2025
6	Indonesia Business Forum TV ONE x IAEI: Promoting Literacy to Strengthen Islamic Financial Inclusion
7	NARASI Ramadan Camp: Is a Halal Lifestyle Really Important?
8	Istiqlal Ramadan Camp 2025
9	Grand Religious Lecture and Communal Iftar: Building a Halal Lifestyle to Foster Harmonious Families (Sakinah, Mawaddah, Rahmah)
10	Dissemination of Sharia Economic Literacy during the Iftar Gathering with Members of the Board of Governors of Bank Indonesia – BI Representative Office of East Nusa Tenggara Province
11	The Sungkars Podcast: How Do Men and Women Manage Money? (Islamic Financial Planning)
12	BICARA Magazine Podcast Episode 105: Bank Indonesia's Role in Advancing Indonesia as a Global Halal Hub
13	World Expo 2025 Osaka: Sustainable Lifestyle and Products – Indonesia's Commitment to a Green and Ethical Future
14	Flagship Talkshow on Sharia Economics and Finance: National and Regional Policy Directions – Optimizing Islamic Social Finance to Support the People's Economy (FESyar Sumatra Region)
15	Promotion of Halal Lifestyle at the PIPEBI Regional Coordinator Meeting of East Java
16	MSME Day Webinar: Innovative Sharia Financing for MSMEs – Ministry of MSMEs
17	Kick-off of the Indonesia International Modest Fashion Festival 2025
18	Grand Opening Seminar of the 24th FoSSEI National Scientific Meeting x The 21st Sharia Economic Days: Measuring Indonesia's Readiness to Lead the Global Islamic Economy in the Digital Disruption Era
19	Road to IN2MOTIONFEST during Front Row Paris 2025
20	National Sharia Economic Forum: Reflecting on Indonesia's Independence 2025 – Positioning Indonesia as a Global Islamic Economy Hub
21	Fashion Designer Competition Bootcamp – Road to SELARAS 2025
22	Road to IN2MOTIONFEST during Istanbul Fashion Connection 2025
23	Grand Religious Gathering and Sholawat Recital – FESyar Eastern Indonesia Region
24	Grand Religious Gathering Road to FESyar Java Region: Strengthening Civil Society Brotherhood to Enhance Regional Economic Stability and Transformation Based on Islamic Values
25	West Kalimantan Sharia Economics School: Halal Generation & 80 Years of Indonesia – From Trends to National Transformation
26	SAMARA 2025 National Seminar: Synergy and Collaboration to Position Indonesia as a Global Halal Industry Hub
27	SHAFARA x FERBA Sharia Economics and Finance Seminar: Accelerating Inclusive and Sustainable Sharia Economic and Financial Implementation through Cross-Sector Collaboration in Banten Province
28	FESyar Java Regional Sharia Forum Seminar: Empowering Productive Economy through Optimization of ZISWAF

No	Activities
29	FESyar Java Regional Sharia Forum Seminar: Empowerment Models for Islamic Boarding School-Based Businesses
30	Flagship Seminar on Sharia Economics and Finance: The Rise of Islamic Economy – Social Innovation and Sustainable Finance for Shared Prosperity (FESyar Java Region)
31	The Sungkars Podcast: Digital Da'wah – Spreading Goodness, Attaining Divine Pleasure, and Enhancing Literacy
32	GSENT (Gunadarma Sharia Economic Event) 2025
33	World Muslim Scout Jamboree Gontor 2025
34	Istiqlal Halal Walk 2025
35	Muslim Life Fest 2025
36	National Talkshow on the SEBI Muslimpreneur Development Program
37	ICMI National Working Meeting (SILAKNAS) 2025
38	UI Halal Expo – Talkshow: "Synergy and Collaboration in Realizing Indonesia as a Global Halal Hub"
39	The 1st National Jamboree of Muhammadiyah Farmers Association (JATAM) 2025

Appendix 2

Sharia Economic and Financial Study Topics for 2025

No	Topic/Title	Description
1	Development of Sharia Alternate Reference Rate	This study aims to examine the basic concept of reference rates, the urgency of developing a sharia ARR, and formulate methodological and technical approaches in designing ARR to complement the sharia financial market infrastructure for inclusivity and sustainability.
2	Islamic Profit Rate Swap Model	This study aims to analyze: (i) whether market interest rate volatility poses risks to Islamic banking in Indonesia; and (ii) whether the global Interest Rate Profit Sharing Swap (IPRS) model can be adapted into Indonesia's sharia financial market.
3	Mapping Competency Standards for Sharia Money Market Experts	This study aims to formulate the competency standards required by ASPU (Sharia Money Market Experts) to support the execution of their duties.
4	Strategy for Strengthening Foreign Trade in the Hajj–Umrah Ecosystem and Management of Hajj Dam	This study aims to identify priority commodities in the hajj–umrah ecosystem and the potential for managing hajj dam in Indonesia.
5	Potential Expansion of Sharia Social Finance through Prepaid Credit Payment in Telecommunications Services	This study aims to understand the existing digital transaction conditions accommodated by telecom operators, and analyze whether the schemes and conditions set by telecom operators can accommodate Sharia Social Finance donations via prepaid credit deduction mechanisms.
6	Impact of Bullion Bank Business Operations on Financial System Stability	This study aims to analyze the impact of bullion bank business activities on financial system stability.
7	Sharia Derivative Transaction Model (including Sharia DNDF)	This study aims to identify DNDF features that conflict with sharia principles and the underlying reasons, while formulating a contract framework that retains DNDF policy advantages and restructures returns, rents, or partnerships in line with Islamic commercial ethics.
8	Use of CRR as a Component of Risk Premium Pricing and Its Potential as a Credit Risk Predictor in Islamic Banking	This study aims to examine the use of Cash Recovery Rate (CRR) as a component in risk premium pricing to help predict credit risk proposed by companies.
9	Treatment of GWM for Sharia Restricted Investment Account (SRIA)	This study aims to analyze: (i) the characteristics of SRIA compared with Third-Party Funds (DPK) and other bank liabilities; and (ii) the application of central bank policies, particularly GWM, to SRIA so that it aligns with its characteristics and management principles.

List of Abbreviation

Abbreviation	Description
ACES	Access, Communication, Environment, and Services
ACI-FMA	ACI Financial Markets Association
AIDA	Awareness, Interest, Desire, Action
APBN	State Budget (Government Budget of Indonesia)
APUVINDO	Indonesian Money Market and Foreign Exchange Association
ATMR	Risk-Weighted Assets
AUS	Sharia Business Activities
ASEAN	Association of Southeast Asian Nations
Bappenas	Ministry of National Development Planning / National Development Planning Agency
BAZNAS	National Zakat Agency
BI	Bank Indonesia
BI-FAST	Bank Indonesia Fast Payment
BI-RTGS	Bank Indonesia Real Time Gross Settlement
BMT	Baitul Maal Wat Tamwil (Islamic Microfinance Institution)
BPJPH	Halal Product Assurance Organizing Agency
BPMD	Legal Lending Limit
BPPU	Money Market Development Blueprint
BPRS	Islamic Rural Bank
BPS	Statistics Indonesia
BSPI	Indonesia Payment System Blueprint
BUK	Conventional Commercial Bank
BUS	Islamic Commercial Bank
BWI	Indonesian Waqf Board
BRIN	National Research and Innovation Agency
CAF	Charities Aid Foundation
CRR	Cash Recovery Rate
CCyB	Countercyclical Capital Buffer
CDS	Credit Default Swap
CFP	Call for Paper
CPO	Crude Palm Oil
CPIB	Good Fish Hatchery Practices
CBIB	Good Aquaculture Practices
CWLS	Cash Waqf Linked Sukuk
CWLD	Cash Waqf Linked Deposit
D8	Developing Eight Countries
DES	Sharia Securities List
DEWIKU	Leading Creative Tourism Village
DEKS	Department of Islamic Economics and Finance
DJPPR	Directorate General of Budget Financing and Risk Management
DKI	Special Capital Region
DPK	Third Party Funds
DSN-MUI	National Sharia Council – Indonesian Ulema Council

Abbreviation	Description
EHH	Export Halal Hub
EKD	Digital Economy and Finance
Eksyar	Islamic Economy and Finance
FaR	Financing at Risk
FASBIS	Bank Indonesia Sharia Deposit Facility
FESyar	Sharia Economic Festival
FFR	Federal Funds Rate
FGD	Focus Group Discussion
FinTech	Financial Technology
FLiSBI	Bank Indonesia Sharia Liquidity Facility
FTV	Financing to Value
FSI	Fragile States Index
FSAP	Financial Sector Assessment Program
GCC	Gulf Cooperation Council
GIFA	Global Islamic Finance Award
GPR	Geopolitical Risk
GWM	Statutory Reserves
GNPIP	National Movement for Food Inflation Control
GHH	Global Halal Hub
HEBITREN	Islamic Boarding School Economic and Business Association
HVC	Halal Value Chain
HBKN	National Religious Holidays
IAIS	International Association of Insurance Supervisors
ICCI	Islamic Chef and Culinary Indonesia
IFDI	Islamic Financial Development Indicator
IFC	Indonesia Fashion Chamber
IFSB	Islamic Financial Services Board
IIFM	International Islamic Financial Market
IILM	International Islamic Liquidity Management
IIMEFC	International Islamic Monetary Economics and Finance Conference
IKMS	Islamic Microfinance Institution
IKRA	Indonesian Sharia Creative Industry
IKDZ	Zakat Digital Readiness Index
IKNB	Non-Bank Financial Industry
IMF	International Monetary Fund
IMTI	Indonesia Muslim Travel Index
IN2HCC	Indonesia International Halal Chef Competition
IN2MF	Indonesia International Modest Fashion Festival
INFRATANI	Integrated Farming with Technology and Information
IAF	Indonesia Africa Forum
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering
INASCA	Indonesia South and Central Asia
ISSI	Indonesia Sharia Stock Index
ISAK	Interpretation of Financial Accounting Standards
IsDB	Islamic Development Bank

Abbreviation	Description
ISEF	Indonesia Sharia Economic Festival
ISMV	Indonesia Special Mission Vehicle
JIMF	Journal of Islamic Monetary Economics and Finance
JMFW	Jakarta Muslim Fashion Week
JUARA EKSPOR	Export-Oriented Horticulture Business Network
JPH	Halal Product Assurance
KDEKS	Regional Committee for Islamic Economy and Finance
KESN	National Sharia Economics Competition
KLM	Macroprudential Liquidity Incentive Policy
K/L	Ministries/Agencies
KNEKS	National Committee for Islamic Economy and Finance
KPBU	Public-Private Partnership
KPwDN	Bank Indonesia Representative Offices (Domestic)
KSBP	Islamic Boarding School Business Cooperative
KSPN	National Tourism Strategic Area
KTI	Eastern Indonesia Region
KUPVA	Foreign Exchange Business Activity
LAZ	Zakat Management Institution
LaR	Loan at Risk
LSP	Professional Certification Institution
LN	Overseas / International
LNS	Sharia Hedging
LPPOM MUI	Assessment Institute for Foods, Drugs and Cosmetics (Indonesian Ulema Council)
LPDB	Revolving Fund Management Institution
LPH	Halal Inspection Body
MATP	Master Agreement for Treasury Placement
MEKSI	Indonesian Sharia Economy Masterplan
MENA	Middle East and North Africa
NFT	Nutrient Film Technique
NPF	Non-Performing Financing
NTE	Export Destination Country
NER	Named Entity Recognition
OIC / OKI	Organisation of Islamic Cooperation
OJK	Financial Services Authority
OMS	Sharia Monetary Operations
OPT	Open Market Operations
OPZ	Zakat Management Organization
PADG	Board of Governors Regulation
PaSBI	Bank Indonesia Sharia Liquidity Management
PBI	Bank Indonesia Regulation
PBS	Project-Based Sukuk
PDB	Gross Domestic Product
PDES	Center for Islamic Economic Data
PERLU	Green Energy Strengthening Program
PPHI	Indonesian Halal Tourism Association
PUMPI	Indonesian Women MSME Empowerment

Abbreviation	Description
PISA	Programme for International Student Assessment
PLM	Macroprudential Liquidity Buffer
PRM	Muslim-Friendly Tourism
PSPI	Indonesian Culinary Artists Association
PSAK	Financial Accounting Standards
PUAB	Interbank Money Market
PUAS	Sharia Interbank Money Market
PUVA	Money Market and Foreign Exchange Market
QRIS	Quick Response Code Indonesian Standard
Repo	Repurchase Agreement
RCAP	Regulatory Consistency Assessment Programme
RDPT	Private Equity Fund
RI	Republic of Indonesia
RIM	Macroprudential Intermediation Ratio
RPIM	Macroprudential Inclusive Financing Ratio
RPJMN	National Medium-Term Development Plan
RPJPN	National Long-Term Development Plan
RPH	Slaughterhouse
RMU	Rice Milling Unit
RRS	Sharia Reference Rate
SANTRI	Indonesian Islamic Boarding School Accounting Standards
SBIS	Bank Indonesia Sharia Certificate
SRIA	Sharia Restricted Investment Account
SBT	Weighted Net Balance
SBK	Commercial Paper
SBPI	Inclusive Financing Securities
SBSN	Sovereign Sukuk
SDM	Human Resources
SESRIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SGIER	State of Global Islamic Economy Report
SIMA	Interbank Mudharabah Investment Certificate
SIPA	Interbank Sharia Fund Management Certificate
SIKA	Interbank Sharia Commodity Trading Certificate
SKDU	Business Activity Survey
SKALA	Halal Food and Beverage Certification
SMART	Sustainable Muslim-Friendly and Attractive Tourism
SNLIEKSI	National Strategy for Islamic Economic and Financial Literacy and Inclusion
SukBI	Bank Indonesia Sukuk
SUVBI	Bank Indonesia Foreign Currency Sukuk
SEHATI	Free Halal Certification Program
SOTS	Sharia Online Trading System
TD	Term Deposit
TPIP	National Inflation Control Team
TFP	Total Factor Productivity
TEI	Trade Expo Indonesia
TPID	Regional Inflation Control Team

Abbreviation	Description
TNWCP	Technical Notes on Waqf Core Principles
TNZCP	Technical Notes on Zakat Core Principles
UIN	State Islamic University
UHH	MSME Halal Hub
UMKM	Micro, Small, and Medium Enterprises
USD	United States Dollar
UU	Law / Act
UUS	Sharia Business Unit
Valas	Foreign Exchange
VIX	Volatility Index
WEO	World Economic Outlook
WICS	World Platform of Islamic Countries Culinary Societies
WUI	World Uncertainty Index
WCP	Waqf Core Principles
WGI	World Giving Index
WIZSTREN	Islamic Boarding School Waqf, Infaq, Zakat, and Sadaqah
ZCP	Zakat Core Principles
ZISWAF	Zakat, Infaq, Sadaqah, and Waqf

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