

## FACTORS DETERMINING SHARIA RESPONSIBLE INVESTMENT STRATEGIES

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### Abstract

*This study aims to find out and analyze the factors that determine the strategy of sharia responsible investment principles to become a reference for the public in investment activities as part of the effort to realize sharia maqashid, especially in maintaining assets. The research methodology being used is the Analytic Network Process (ANP) by involving various experts and or practitioners in the field of investment and sharia economics. Numbers of journals are also used as references to determine problem variables, solutions and strategies. The results of the analysis extracted from the responses of the experts were concluded that (1) the existence of regulations such as reward & punishment and regulatory supervision is a problem in the application of sharia responsible investment principles, as well as successively (2) public awareness and fund managers - in this case an understanding of the benefits of sharia-responsible investing (3) the resources of investment managers and (4) the Islamic investment climate itself. Solutions to the problem of implementing sharia responsible investment strategies successively (1) providing tax incentives for Islamic investment funds managed in accordance with the principles of responsible investment (2) integration of capital market issuers (3) literacy & socialization to the public and related parties to increase understanding of sharia responsible investment (4) increase commitment of issuers and the existence of ESG-proven investment instruments supported by special ESG rating agencies..*

**Keywords:** *Principal for Responsible Investment, Maqashid Syariah, ANP, Sharia Product Innovation*

### 1. INTRODUCTION

Allah gives benefit to humans so that humans can live in goodness and can become good servants of Allah. In order to realize this benefit, humans must implement maqasidh sharia, a concept introduced by a scholar named Asy-Syatibi which is taken from one of the principles which says that sharia actually aims to realize the benefit of the world and the hereafter. The discussion on the matter of guarding assets is more towards interaction in muamalah. Protecting wealth is to ensure that the assets owned do not come from illegal sources and ensure that these assets are obtained in a way that pleases Allah, not in a false way.

In line with Islamic sharia which says that in all investment activities both in the form of kharraj (profit) and dhaman (responsibility for losses) are two things that always go hand in hand, each investment activity contains a relationship between the expected profit and the risks faced which are positive between the level of the required profit with the risks or losses that may occur. The higher the level of profit required, the higher the level of risk that must be faced. In Islam, risk is explained in the Quran as follows:

أَرْضٍ بِأَيِّ نَفْسٍ تَدْرِي وَمَا ۖ عَذَابٌ تَكْسِبُ مَاذَا نَفْسٌ تَدْرِي وَمَا ۖ الْأَرْحَامُ فِي مَا وَيَعْلَمُ الْغَيْثُ وَيُنَزِّلُ السَّاعَةَ عِلْمٌ عِنْدَ اللَّهِ إِنَّ خَيْرٌ عَلِيمٌ اللَّهُ إِنَّ ۖ تَمُوتُ

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Meaning: Indeed, Allah, only with Him is the knowledge of the Day of Resurrection; and He it is Who sends down the rain and knows what is in the wombs. And no one can know (with certainty) what he will try tomorrow. And no one can know on which earth he will die. Verily, Allah is All-Knowing, All-Knowing.

Investment is often interpreted as an activity of setting aside some funds to be placed in investment vehicles with the hope of reaping economic value in the future. In general, investors will choose to invest their funds with financial considerations, namely considering only returns and risks. In theory, for a riskier investment, investors will expect a higher return. However, there are also investors who in their investment activities do not only consider financial aspects but also consider the values they adhere to, such as religious teachings. Such investors will refuse to invest in companies that produce products or business activities that are contrary to religious principles. In Indonesia, where the majority of the population is Muslim, sharia-based investments have begun to be developed, where these investments integrate religious values adhered to in investment activities by carrying out a screening process in selecting investment instruments. One of the means of investing according to Islamic principles is through the Islamic capital market.

The Principles for Responsible Investment (PRI) which was present in 2006 which is an agreement between various world financial institutions supported by the United Nations (UN) to develop and promote the relationship between sustainability and financial performance. Investors who are signatories to the Responsible Investment Principles believe that an economically efficient and sustainable global financial system is a long-term necessity and that such a system will benefit the environment and society as a whole. To make this happen, signatories to the Principles of Responsible Investment, which are mostly

The basic principle of managing investment funds is to ensure that all activities and investment activities comply with 4 (four) main principles, namely: (1) Stewardship, (2) Environment, Social & Governance (ESG), (3) Proxy Voting (4) Best Execution. With these basic principles, if discussed in an Islamic way, investing must have signs that must be considered, namely: Do not look for sustenance in things that are unlawful, both in terms of the substances and how to get them, and not use them for things that are unlawful, not tyrannizing and not being wronged, justice in the distribution of prosperity, transactions carried out on the basis of mutual consent, no elements of usury, maysir (gambling/ speculation), ghahar (uncertainty/ vagueness)

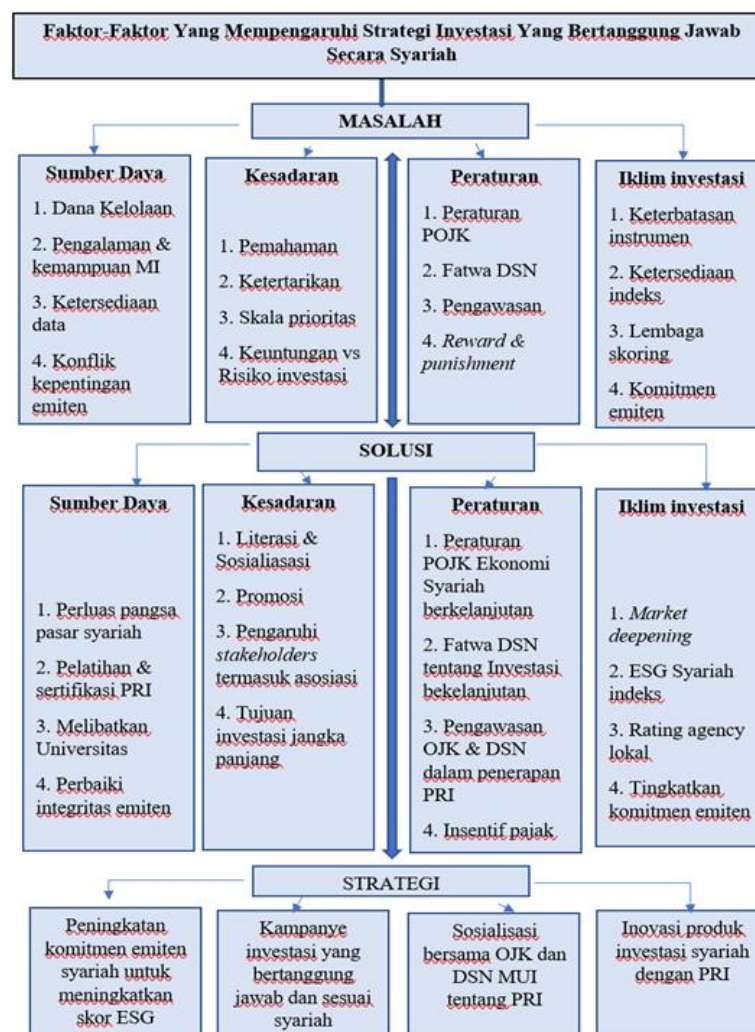
Developments in Indonesia in terms of Islamic investment instruments have developed with the existence of Islamic stocks, sukuk, Islamic mutual funds, Islamic Asset Backed Securities (EBA) and real estate investment funds in the form of collective investment contracts (DIRE). The development of sharia investment instruments requires public awareness of the importance of investment, so that people are asked to read, search and research information and choose the type of investment company. Most people are tempted by investments that promise high rates of return or profit sharing, without first investigating the credibility and legality of the related investment company or the risks attached to the investment. As a result, instead of getting big profits, people actually suffer financial losses because they become victims of fraud.

## 2. IMPLEMENTATION METHOD

This study uses a data analysis method, namely the Analytic Network Process (ANP) which aims to capture a value or view represented by the informants to identify the most dominant main problems which are then used to find alternative solutions and appropriate policy strategies regarding the application of investment principles. who is responsible for the sharia economy to achieve maqasid sharia, especially protecting assets. The sources or subjects of this research are investment practitioners, observers of Environmental, Social and Governance aspects, Financial Services Authority officials in charge of Islamic capital market investment management, non-bank financial institution practitioners, academics, and investment managers who oversee sharia units as well as the Sharia Supervisory Board of the managing company. investment. The selection of subjects in this study was carried out with consideration of the informants' understanding and

knowledge of investment management and or sharia. In ANP analysis, the number of respondents is not used as a benchmark for validity. The condition for valid respondents in ANP is that they are people who are masters or experts in their fields (Rifka, 2015).

The ANP model framework in this study consists of 3 evaluation aspects, namely: 1) problems, 2) solutions and 3) strategies. In the evaluation aspect of problems, solutions and strategies there are evaluation aspects of practitioners, regulators and academics respectively. For aspects of problem evaluation and solutions there are 4 criteria each, namely: 1) resources, 2) Awareness, 3) Regulations and 4) Investment climate, and each criterion has 4 sub-criteria. While for the strategy there are 4 criteria, including: 1) Increased commitment of sharia issuers to increase ESG scores, 2) Responsible and sharia-compliant investment campaigns, 3) Socialization with OJK and DSN MUI about PRI and 4) Innovation of sharia investment products with PRI.



**Picture 1** Research Concept

After preparing the ANP model constructs and questionnaires, the questionnaires were filled in by resource persons. After filling in the questionnaire, the researcher inputs the scale filled in by the informants or experts into the Super Decision software. The processing results of the software will be processed again by conducting a literature review and in-depth interviews, followed by the stages of synthesis and analysis. The process of creating the Analytic Network Process (ANP) network structure is carried out using the Super Decision software as follows:



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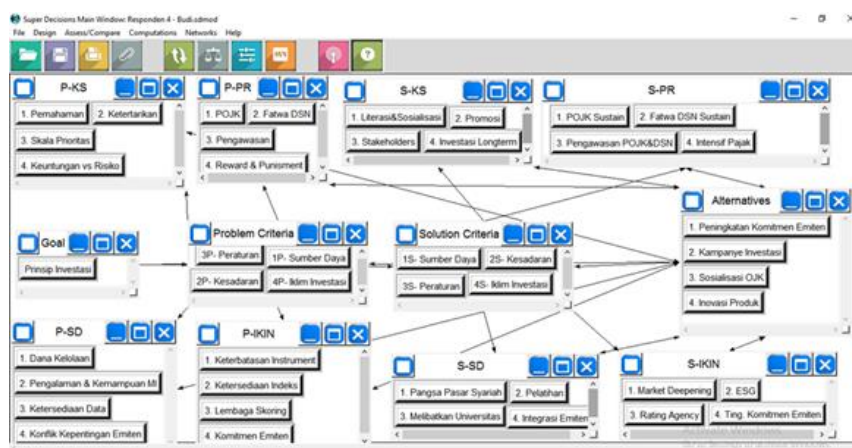


Figure 2 ANP Research Stages

This synthesis stage is carried out using the calculation of the Geometric Mean (Geomean) which aims to find out the results of individual assessments from experts/speakers and to determine the results of opinions. The geometric mean is a unique way because it combines the priorities between experts and questions in the form of pairwise comparisons from experts/resources will be combined and form a consensus. The geometric mean calculation was performed using Microsoft Excel software.

Geomean processing results through questions in the form of comparisons (pairwise comparison) from experts/sources will be combined so that a consensus will be formed. This can be interpreted that the Geomean calculation will show the average results of answers from all respondents regarding assessment and approval related to problem criteria, solutions and responsible investment strategies in Islamic economics to realize maqashid sharia safeguarding assets.

### 3. RESULTS AND DISCUSSION

#### 3.1 Problem Priority Analysis

Factors influencing sharia-responsible investment strategies are identified as consisting of 4 (four) problem indicators namely resources, awareness, regulation and investment climate. Based on the results of ANP data processing using super decision software, it is known that the ranking of priorities in responsible investment issues is as illustrated in the following diagram:

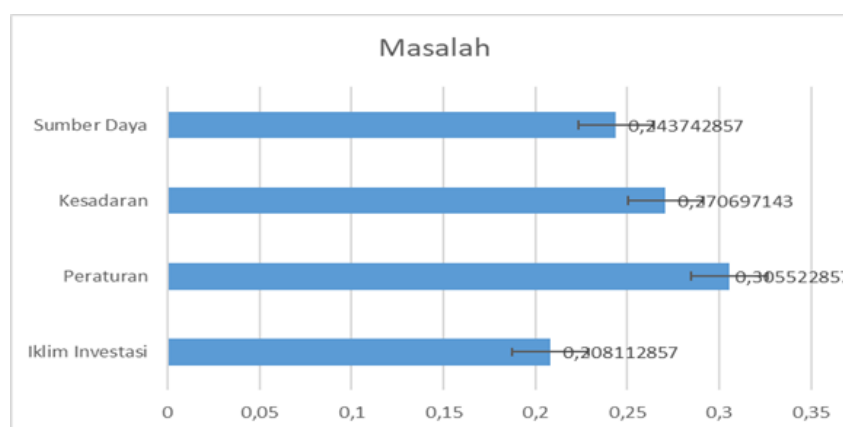


Figure 3 Diagram Priority Criteria Problem

Through the diagram above, the problems in responsible investment in Indonesia are mostly caused by regulations. This problem is one of the indicators with an average value of 0.305, awareness issues are the second indicator with an average value of 0.270, followed by resource

problems with an average value of 0.243 and the investment climate indicator ranks last with a value of 0.208. It is known that the P-Value for this criterion is 0.412, meaning that it is not significant. This means regulatory issues cannot be a top priority indicator in determining issues of responsible investment.

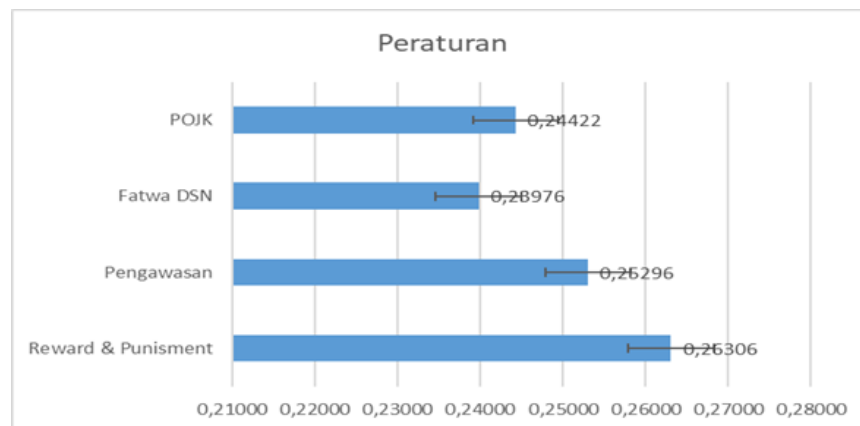
Respondents as a whole are at a moderate level of agreement or slightly varied answers in determining regulatory issues as a priority in responsible investment. This is because in general, both regulatory issues, awareness, resources and the investment climate are still not as expected. These four aspects are still things that need to be considered in making responsible investments. Criteria for investment climate issues, resources and awareness that are still minimal cannot be ruled out in this regard.

Regulations are the first priority indicator in responsible investment issues. This ANP research framework uses 4 sub-criteria in regulatory matters, namely: 1) OJK regulations, 2) DSN Fatwa, 3) Supervision, and 4) Reward & punishment. Through processing ANP data using super decisions, the following results are found:

**Table 1** Priority Criteria Problem

Problem Criteria	Average	Rank
Resource	0.243	3
Awareness	0.270	2
Regulation	0.305	1
Investment Climate	0.208	4

Regulation is the first priority criterion in responsible investment solutions. The ANP framework in this study uses 4 sub-criteria in the regulatory solution criteria, namely: 1) Sustainable Sharia Economic OJK Regulations, 2) DSN Sustain Fatwa, 3) POJK & DSN Supervision and 4) Tax incentives. The following is a diagram of the results of processing ANP data using super decision software related to sub-criteria regulatory solutions:



**Figure 4** Criteria Charts Regulatory Issues

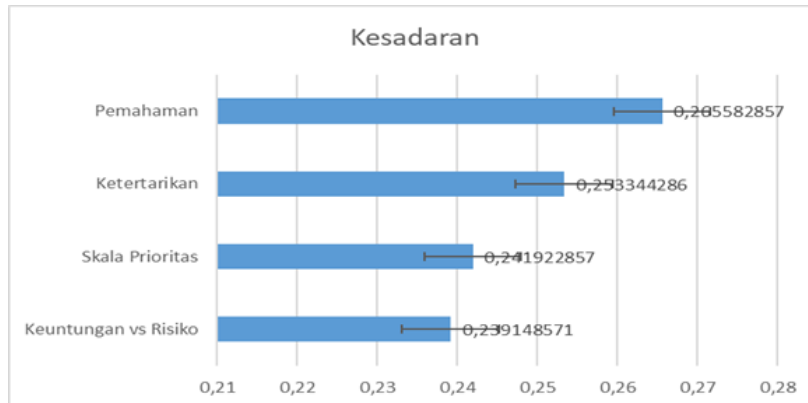
Based on the diagram above, there is the first priority in regulatory issues, namely reward & punishment with an average value of 0.263, then in second place are supervisory issues with an average value of 0.252, third place are OJK regulations with an average value of 0.244 and DSN Fatwa being the final indicator with an average value of 0.239. In this regulatory sub-problem, a P-Value of 0.363 is found, which means it is not significant and this shows that the experts do not agree that the issue of reward & punishment is the main indicator in regulatory matters.

Once the priority issue regulation in responsible investment is awareness. In this study the ANP framework has 4 sub criteria including: 1) Understanding, 2) Interest, 3) Priority scale and, 4)

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Profit vs risk. The results of the analysis of the respondents' criteria related to the awareness sub-criteria are as follows:

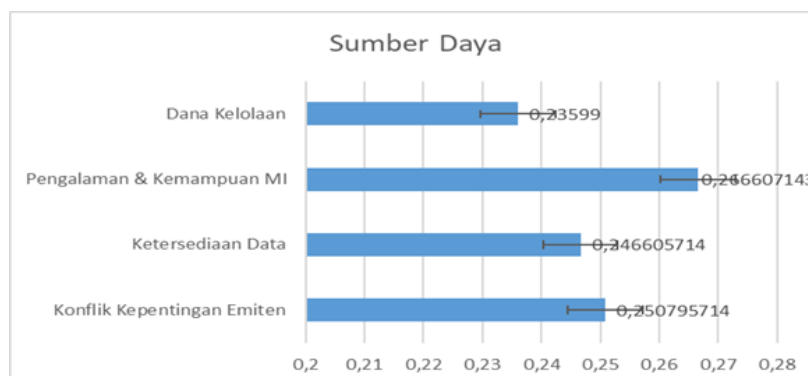


**Figure 5** Awareness Problem Criteria Diagram

Based on the diagram above, the results show that understanding problems are the first indicator with an average value of 0.265, while interest is in second place with an average value of 0.253, the priority scale is the third order indicator with an average value of 0.241 and the last is an indicator profit vs risk with an average value of 0.239. The P-Value generated on this criterion is 0.218 which means it is not significant. That is, experts do not agree that understanding indicators are the main indicators in awareness problems.

The results of this study indicate that the problem of awareness of making responsible investments is not only seen from the side of understanding, other supporting variables such as interest, priority scale and profit vs risk also have a role in realizing maqashid sharia in responsible investment. The results of this study are also in line with research that a person's perception and knowledge/awareness is negatively related, where investors will increase their investment if these variables decrease. This means that investors' interest in increasing their understanding of responsible investment is less desirable. In other words, actually investors already know the basics of investing,

Furthermore, the problem with the third order is the problem of resources. Within the ANP framework, there are 4 sub-criteria for resource issues, namely: 1) Managed funds, 2) Experience and ability of investment managers, 3) Availability of data and 4) Issuer's conflict of interest. Based on the results of interviews with respondents and analyzed by super decision, the following is a diagram of priority sub-criteria for resource problems:



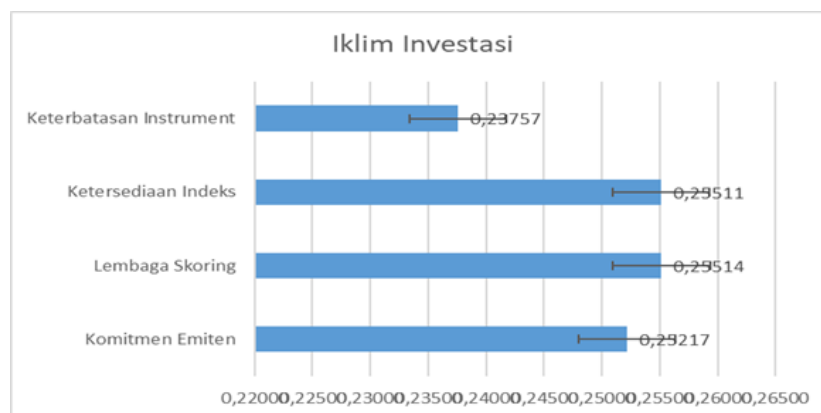
**Figure 6** Resource Problem Criteria Diagram

The results show that the problem of experience and ability of the Investment Manager is the first indicator in the sub-criteria for resource problems with an average value of 0.267. The second indicator is the issuer's conflict of interest with an average value of 0.250, then the problem of data availability ranks third with an average value of 0.247 and the last indicator is the issue of managed funds with an average value of 0.235. In this case, it is known that the P-Value is 0.531, which shows that experts see the experience and ability indicators of the Investment Manager as insignificant as the main indicators in determining the sub-criteria for this resource problem.

This indicates that the experience and ability aspects of the Investment Manager contained in the resource problem sub-criteria cannot be used as the main reference in responsible investment resource issues because the resulting P-Value is more than 0.10 (sign.10%). Meanwhile, research shows that the experience and ability of investment managers have a positive and significant effect on investment performance. That is, for the realization of maqashid sharia safeguarding assets in responsible investments, investment managers must have good performance/ability or experience in managing these responsible investments.

Responsible investment adopts sustainable investment practices by taking into account ESG factors into the investment process. This is to avoid the common issuer's conflict of interest, such as issues related to the environment, for example, regarding waste and pollution management. Then from the social aspect by not employing underage children or by providing decent salaries and rights for workers. Likewise in terms of transparent corporate governance.

The fourth priority problem is the investment climate problem, in this study the investment climate criteria have 4 problem sub criteria, including: 1) Instrument limitations, 2) Index availability, 3) Scoring agencies and 4) Issuer commitment. After the data is processed using super decision software, the results show the following:



**Figure 7** Investment Climate Criteria Diagram

Based on the diagram above, the results show that the first indicator in this criterion is the existence of a scoring agency with an average value of 0.25514, then the availability of an index with an average value of 0.25511 becomes the second indicator, then the third indicator is occupied by issuer commitments with an average value -an average of 0.252 and the last is the limitation of the instrument with an average value of 0.237. It is known that the P-Value is 0.900, meaning that it is not significant in determining the sub-criteria for the scoring agency to be the main indicator in investment climate issues.

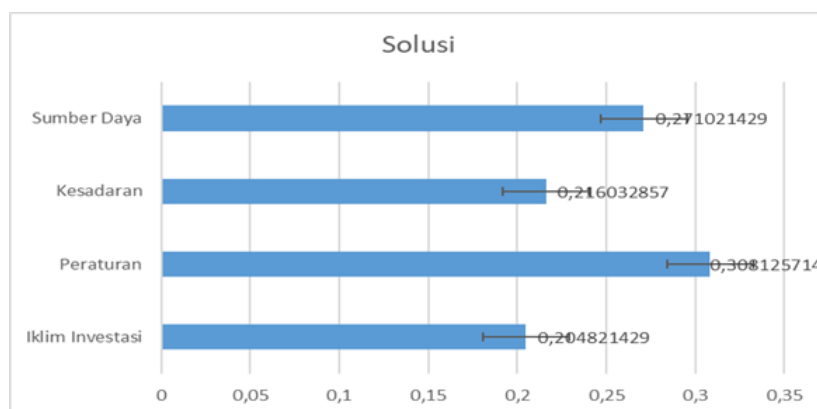
So far there is no specific scoring institution related to responsible investment. In addition, Septian Wildan Mujaddid as a rating analyst at PEFINDO revealed that there is no specific standard regarding ratings for scoring agencies. The problems with the responsible investment climate don't end there, with the disclosure that there are still issuers who refuse to implement CSR in their operations, bearing in mind that CSR obligations add to the burden of budget spending. So that issuers often violate the implementation of CSR.

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**3.2 Solution Priority Analysis**

The solutions used in a responsible investment strategy in the Islamic economy are divided into 4 indicators, namely (1) resources, (2) awareness, (3) regulations and (4) investment climate. By using super decision software, it is known that the ranking of priorities in responsible investment solutions is illustrated in the following diagram

**Figure 8** Solution Criteria Diagram

Based on the overall results, respondents considered that the first indicator in the solution was regulations with an average value of 0.308. Then followed by resource solutions with an average value of 0.271, awareness solutions with an average value of 0.216 and finally investment climate solutions with an average value of 0.204. The P-Value for this criterion obtained a result of 0.385, which means it is not significant. This shows that regulatory indicators cannot be the main indicators in sharia-responsible investment strategy solutions

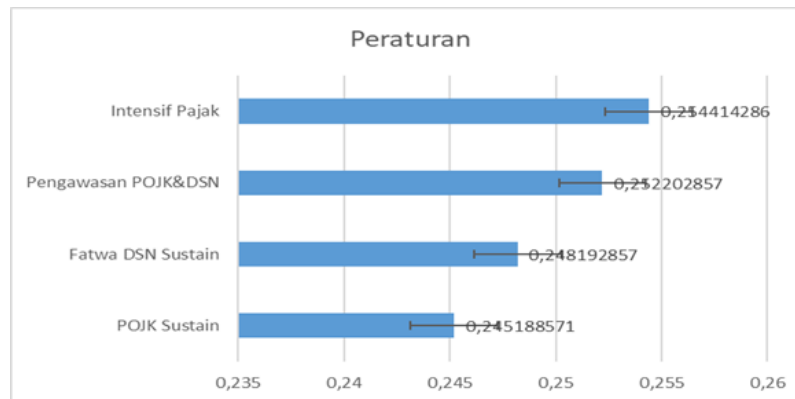
This indicates that the regulatory aspect which is a sub-solution cannot be used as a reference in overcoming the problem of responsible investment because the resulting P-Value is more than 0.10 (sign.10%). In other words, solutions in other aspects, such as resources, awareness and investment climate are solutions that cannot be ruled out in this regard.

**Table 2** Priority Criteria Solution

Problem Criteria	Average	Rank
Resource	0.271	2
Awareness	0.216	3
Regulation	0.308	1
Investment Climate	0.204	4

Regulation is the first priority criterion in responsible investment solutions. The ANP framework in this study uses 4 sub-criteria in the regulatory solution criteria, namely: 1) Sustainable Sharia Economic OJK Regulations, 2) DSN Sustain Fatwa, 3) POJK & DSN Supervision and 4) Tax incentives. The following is a diagram of the results of processing ANP data using super decision software related to sub-criteria regulatory solutions:



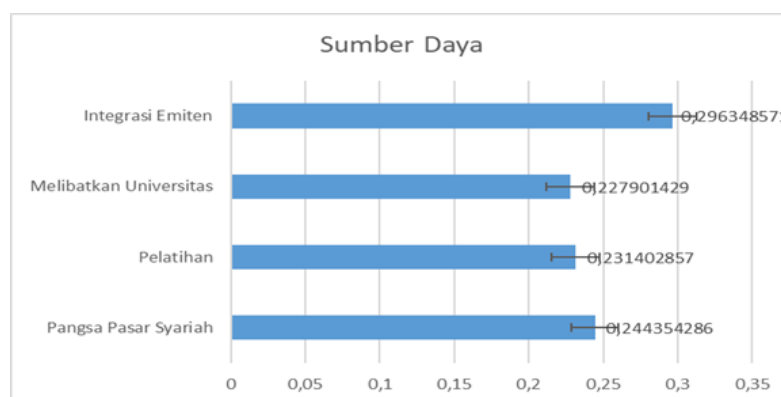


**Figure 9** Regulatory Solutions Diagram

It can be seen in the diagram above that the first indicator in this criterion is a tax incentive solution with an average value of 0.254, followed by the second POJK monitoring solution indicator with an average value of 0.252, the DSN Fatwa solution is in third place with an average value 0.248, and finally POJK with an average value of 0.245. The P-Value result is 0.048, which means it is significant, that the solution indicator with tax incentives can be the main indicator in determining sub-criteria for regulatory solutions.

Investment in sectors that get incentives can be caused by the incentives given. Although it does not rule out the possibility that other supporting factors such as the sustainable Sharia Economic POJK, DSN Fatwa and supervision of POJK and DSN can also be taken into consideration. OJK itself has attempted to provide incentives to investors and issuers to carry out product expansion as stipulated in OJK Regulation No. 60/2017 regarding Issuance and Requirements for Green Bonds. However, it is also hoped that other environmentally friendly products that meet the social, economic and governance (ESG) aspects or meet the criteria of the Sustainable Development Goals (SDGs).

The solution sub-criteria that ranks second priority, namely, resources. In this study, the resource indicator has sub-indicators which are divided into 4 sections, namely: 1) Sharia market share, 2) Training, 3) Involving universities and 4) Integration of issuers.



**Figure 10** Resource Solutions Diagram

Based on the diagram above, it is known that the first indicator in resource solutions is issuer integration solutions with an average value of 0.296, followed by sharia market share solutions with an average value of 0.244, training solutions with an average value of 0.231 and finally solutions involving universities with an average value of 0.227. A P-Value of 0.006 was obtained for the responsible investment problem solution criteria, which means that issuer integration is a significant indicator in determining the resource solution sub-criteria.

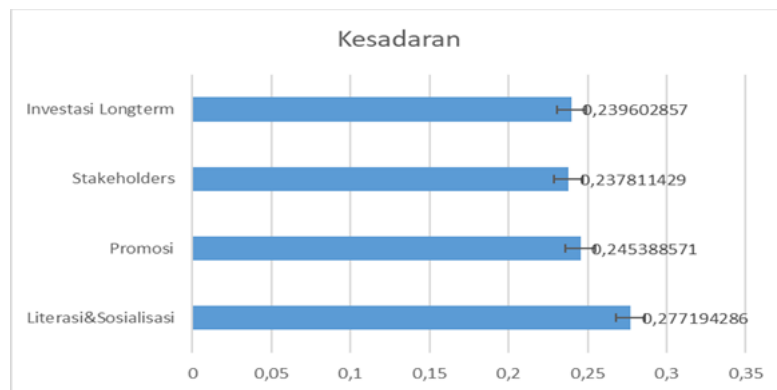
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Judging from the potential population of Indonesian people who are dominated by Muslims reaching 231.06 million people or around 86.7% of the total Muslim population in Indonesia, this means that the potential share of the sharia market is very large. This is an opportunity for the development of sharia-compliant, responsible investment instruments.

The solution involving universities is one of the programs that the Global Green Growth Institute (GGGI) has undertaken in collaboration with BAPPENAS in order to facilitate sustainable development. The concept of a green campus that has been implemented in several universities can also be strengthened by integrating a green campus into the curriculum. This opportunity should be used optimally to implement green growth programs while promoting responsible investment among students

Awareness is the next criterion for responsible investment solutions. In the ANP framework, this research has 4 sub-criteria for awareness solutions, namely: 1) Literacy and outreach, 2) Promotion, 3) Stakeholders and 4) Long-term investment. Through the processing of ANP data using super decision software, the results of the priority order were found for the awareness sub-criteria, namely:

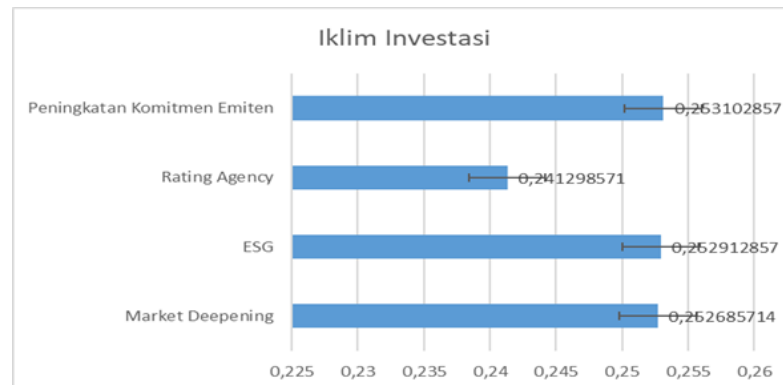


**Figure 11** Awareness Solutions Diagram

The diagram above shows that the main indicators in the criteria for this solution are literacy and socialization with an average value of 0.277, then promotion solutions with an average value of 0.245, long-term investment solutions with an average value of 0.239, and finally stakeholder solutions with an average value 0.237. Furthermore, a P-Value of 0.025 was obtained, which indicated that literacy and socialization indicators were significant in determining the awareness solution sub-criteria.

Literacy and socialization are basic needs for everyone because good financial literacy and socialization will create a sense of responsibility for every decision-making because they understand the supporting factors in making these decisions. This statement is also in line with previous research which states that literacy and socialization have a positive and significant effect on one's interest in investing.

In this study the investment climate is the final solution priority in responsible investment. Within the framework of the ANP, the investment climate solution criteria have 4 sub-criteria, namely: 1) Market deepening, 2) Sharia ESG index, 3) Local rating agency and 4) increase in issuer commitment. The results of the analysis regarding priority investment climate solutions are known as follows:



**Figure 12** Investment Climate Solution Diagram

Based on the diagram above, it shows that the main indicator in investment climate solutions is an increase in issuer commitment with an average value of 0.253, the sharia index ESG solution occupies the second position as an indicator of investment climate solutions with an average value of 0.252, followed by market deepening solutions with a value an average of 0.252 and local rating agency solutions with an average of 0.241. Furthermore, in this criterion a P-Value of 0.565 is found, which means it is not significant, that the issuer's increased commitment indicator cannot be used as the main indicator in determining the sub-criteria for investment climate solutions.

#### 4. DISCUSSION

This research requires a series of regulations related to the application of responsible investment by providing rewards in the form of tax incentives (reductions) to companies that pay attention to and apply the principles of responsible investment (stewardship, ESG, proxy voting, best execution) in company activities. At the same time, penalties in accordance with sharia rules and regulations can also be imposed on companies that violate the provisions regarding the application of the principles of responsible investment.

Furthermore, supervision is needed in the form of periodic audits of the Financial Services Authority and DSN MUI in terms of implementing the principles of sharia-responsible investment as outlined in the company's annual report. OJK supervision in the form of periodic audits is necessary to ensure that all rules related to responsible investment implementation have been implemented, while MUI DSN supervision can be carried out by the Sharia Supervisory Board, not only in terms of investment conformity with sharia principles but also in implementing responsible investment principles. responsibility to provide a sense of calm to fund owners that their investments are carried out in ways that are in accordance with sharia principles and will generate profits, do not damage the environment and socially and are in accordance with established regulations.

The current OJK Regulations that require Financial Services Institutions and issuers to prepare and report Sustainable Financial Plans, must be supplemented with a set of rules regarding participation requirements as signatories to the Principles of Responsible Investment (PRI), the obligation to own and implement a CSR program, provisions for maximum investment limits/ carbon production (carbon index) with the target of implementing zero carbon. By participating as a signatory to the PRI, Islamic fund managers and issuers are obliged to report periodically how stewardship is carried out so that all corporate decisions and actions (corporate actions) have considered the impact on investment owners of funds, how ESG impact analysis is carried out in each investment instrument selection. sharia,

Awareness from the community, investment actors/managers, issuers and all stakeholders involved, especially in terms of understanding the principles of responsible investment, their interest in learning and applying them and including them as priorities that must be carried out, as well as understanding the concept of profit versus risk that must be borne fund owner. To increase

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public understanding, sharia investment actors/managers, issuers and all stakeholders involved regarding sharia-responsible investment, literacy & socialization must be carried out continuously, promote by giving concrete examples in terms of the impact of implementing sharia-responsible investment to increase their interest in learning and implementing it and include it as a top priority that must be carried out in investment activities or company activities. Facts on the ground show that the principle of sharia-responsible investment is still not a top priority for the public, fund managers, issuers or regulators. Furthermore, it is also necessary to provide an understanding to the community as the owner of the funds that every investment has a risk where the higher the expected profit, the higher the risk that must be borne by the owner of the funds. and investment in sharia must also be carried out with a long-term time horizon so that the results are sustainable so as to provide benefits and blessings for the owner of the funds and the wider community. This is made possible by applying the principles of sharia responsible investment so that the owner of the funds can avoid fraudulent investments which can result in loss of capital so that the maqasid sharia goal of protecting assets cannot be fulfilled.

Quality of resources in terms of experience and ability of fund managers in terms of selecting sharia investment instruments in accordance with responsible investment principles, handling issuer's conflicts of interest in terms of implementing responsible investment, availability of data on the application of responsible investment principles to issuers ; as well as the size of the funds under management of the fund manager are things that influence sharia-responsible investment strategies. The solution to addressing the resource problem can be carried out by integrating issuers to eliminate the issuer's conflict of interest factors which tend to prioritize company profits without paying attention to whether the company's decisions and activities will have an impact on environmental destruction and social order as well as compliance with related rules and regulations. This requires experience and the ability of Islamic fund managers to analyze whether issuers/prospective issuers have implemented ESG components such as using renewable energy, not employing underage children, owning and implementing CSR programs and others. Fund managers with large enough managed funds will tend to have more ability to apply responsible investment principles in their investment analysis process.

The investment climate, such as the availability of scoring institutions and indexes related to the application of responsible investment principles, the issuer's commitment to include ESG factors in the company's activities and the availability of sharia-compliant investment instruments that meet the principles of responsible investment that can be chosen by fund owners and managers. Solutions to overcome the limitations of the sharia investment climate can be carried out by increasing the commitment of issuers to implement matters related to stewardship, environmental pollution impacts, social impacts and compliance with laws and regulations, making decisions in meetings involving all stakeholders and carrying out the best execution that takes into account the aspects sharia aspects. The availability of the sharia ESG index is also needed as a solution besides market deepening and the availability of rating agencies that conduct research and calculations and publish free of charge for public consumption regarding the rating of compliance with responsible investment principles from sharia issuers. This rating can be used by sharia fund managers to publish compliance with responsible investment principles in the funds they manage to become material for consideration by fund owners.

This shows that in the Islamic economy, the most important thing is the availability of regulations that must be complied with and used as investment guidelines accompanied by an increase in the quality of resources, especially Islamic fund managers, so that issuers and the public are aware of how to invest according to sharia by making the principles stewardship principles, ESG, proxy voting and best execution become a must. Improvements in the investment climate will come naturally as demand increases for investments that are profitable, profitable, sustainable and beneficial to society.

The investment strategy needed as a responsible investment solution to realize maqashid sharia in protecting assets is the availability of innovative sharia-compliant investment products so



that they can provide blessings, sustainable profits to fund owners and benefit the general public. Products such as Sukuk Impact Bonds and Sustainable Responsible Investment that have been developed in Malaysia can be considered because the returns on investment in these investment instruments are highly dependent on the success of the project funded by the sukuk so that monitoring of project sustainability and activities is a shared responsibility, not only the owner and executor of the project as the issuer of the sukuk, but also the trustee and owner and manager of sharia funds. The benefits of the project must also be enjoyed by the local community so that people's welfare can be improved. For this reason, the community should also be involved in the planning and implementation. Currently most of the sukuk in the Indonesian Islamic capital market are in the form of financing using assets owned by the sukuk issuer as the underlying instrument with an ijarah contract based on a sale and leased back transaction which provides benefits in the form of periodic investment return payments and a return on capital to the owner of the funds, but not perform or publish calculations of the impact or benefits of the project financed by the sukuk for the community. For this reason, the community should also be involved in the planning and implementation. Currently most of the sukuk in the Indonesian Islamic capital market are in the form of financing using assets owned by the sukuk issuer as the underlying instrument with an ijarah contract based on a sale and leased back transaction which provides benefits in the form of periodic investment return payments and a return on capital to the owner of the funds, but not perform or publish calculations of the impact or benefits of the project financed by the sukuk for the community. For this reason, the community should also be involved in the planning and implementation. Currently most of the sukuk in the Indonesian Islamic capital market are in the form of financing using assets owned by the sukuk issuer as the underlying instrument with an ijarah contract based on a sale and leased back transaction which provides benefits in the form of periodic investment return payments and a return on capital to the owner of the funds, but not perform or publish calculations of the impact or benefits of the project financed by the sukuk for the community.

In order for these sharia product innovations to materialize, support is needed from various related parties to issue a series of supporting regulations including tax incentives for fund owners who invest in these instruments. OJK regulations and DSN MUI fatwas are also needed as guidelines for the implementation of the investment. The resources of instrument issuers and fund managers, especially in terms of project risk management knowledge, are the main thing that must be owned for investment success. And lastly, community involvement in the investment process must be carried out from the start, to increase awareness and interest in investing and participate in overseeing the process.

## 5. CONCLUSION

Based on the sources, the priority solutions to answer the factors that become a problem in implementing responsible investments to realize maqasid sharia in protecting assets are successively (1) existence of regulations (2) quality of resources, (3) awareness raising and (4) a supportive investment climate. Taking into account the current condition of the investment climate in Indonesia, where the level of public literacy is still low and the limitations of innovative products, especially those that comply with sharia principles, the implication of this research is the need for the role of practitioners and regulators in encouraging product innovation that conforms to sharia as the main means of investment. the community to realize maqasid sharia in protecting assets; and at the same time a set of rules is also needed that encourages the practice of responsible investment principles in the sharia economy accompanied by intensive outreach to the public about the importance of paying attention to the implementation of stewardship, ESG, proxy voting and best execution which are the pillars of responsible investment principles that can help a healthy investment climate to protect assets as part of maqashid sharia. This research is limited to a number of things, namely the desire of researchers to know and analyze the factors that influence sharia-responsible investment strategies as an effort to realize maqasid sharia in protecting assets.

# FACTORS DETERMINING SHARIA RESPONSIBLE INVESTMENT STRATEGIES

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