

State Sharia Securities (SBSN) for Economic Empowerment

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Abstract: Community welfare is a dream for all countries, including Indonesia. A prosperous society will describe a prosperous country. One way to improve welfare is by obtaining significant funding for development. One way to get this funding is by issuing SBSN. The issuance of SBSN must have a clear legal basis, both from the Al Quran, Hadith, Fiqhiyyah Rules, the opinion of the clergy, and the Law. Based on the literature study, it is known that the issuance of SBSN is by the fundamental Islamic law, both the Qur'an, Hadith, fiqhiyah principles, and the opinion of scholars. DSN-MUI has issued six fatwas regarding SBSN. Furthermore, there is the SBSN Law No. 19 of 2008. Funds generated from the issuance of SBSN by the government can be used for infrastructure development throughout Indonesia. Developments carried out with SBSN funds include the construction of railroads, roads, and bridges. With this development, the distribution will be smoother. SBSN funds are also used to build educational buildings. With more and better educational buildings, the quality of public education will increase. By increasing the level of public education, the opportunity to enter the world of work will be higher. SBSN also has a strategic function, namely expanding the basis of the Islamic financial market, creating benchmarks in the Islamic financial market, and diversifying the investor base.

Keywords: SBSN, legal basis, people's welfare.

1. Introduction

Community welfare is a dream for all countries, including Indonesia. A prosperous society will describe a prosperous country. Thus all leaders want their people to prosper. To achieve community welfare, leaders must adopt good policies. One of the crucial policies is financial policy. In the financial sector, one of the policies taken by the leaders was issuing State Sharia Securities (SBSN).

Issuing State Sharia Securities Sukuk (SBSN) benefits Indonesia by increasing APBN revenues. The additional APBN costs are used for the construction of projects from the energy, telecommunications, transportation, agriculture, manufacturing industry, and housing sectors. Not only that, but the benefits of Sukuk also encourage the development of Islamic financial markets, creating *benchmarks* in the Islamic financial market and diversifying the investor base, developing alternative investment instruments, optimizing state or corporate property use, and utilizing public funds that the bond and banking systems have not vetted. conventional (Adiyatna & Pradono, 2016; Arianty, 2019; Latifah, 2020; Misissaifi, 2019; Nopijantoro, 2017). This development can make it easier for people to work and try so that people's welfare increases.

The arguments of the Qur'an, which are the background for the issuance of State Sharia Securities, are Surat An-Nisa verse 29, Al-Baqarah verses 275 and 278, and Al-Maidah verse 1. The arguments from Al-Qur'an are also based on hadiths of sharia principles and practices at the time of Rasulullah SAW. These practices are like Ijarah, Mudharabah, Musyarakah, and the concept of dispute resolution (Kholid, 2019). Apart from that, there are also fiqh principles, the opinion of ulama, and fatwa from the MUI regarding SBSN. Moreover, they are based on the SBSN Law No. 19 of 2008.

There are 37 series of SBSN registered in KSEI. From the FRS001 and FRS002 series, IFR0006, IFR0007 and IFR0010. There are PBS series, starting from PBS003, PBS004, PBS005, PBS007, PBS011, PBS012, PBS015, PBS017 to PBS036. Other series, namely PBSG001, PBSNT002, and PBSNTQ01. There are also two SBSN denominated in dollars, namely USDPBS003 and USDPBS004. Many SBSNs issued by the government show that many of the funds obtained are used for development. The development of good facilities and infrastructure can facilitate access and distribution. Thus the welfare of society can increase. Based on this description, the purpose of this writing is to determine the legal basis for issuing SBSN based on the Qur'an and how to improve people's welfare by issuing SBSN.

2. Literature review

Several researchers have carried out the benefits of issuing SBSN by the government. The results of these studies include the following:

1. From the current issuance of State Sukuk, various infrastructure projects have been realized in all corners of the country, such as railroads, roads, and bridges, revitalization of hajj dormitories, and higher education (Misissaifi, 2019).
2. Issuance of State Sharia Securities (SBSN) has a positive and significant impact on Indonesia's Economic Growth in the era of the Covid-19 pandemic. The State Sharia Securities (SBSN) have a strategic function, namely expanding the Islamic financial market base, creating benchmarks in the Islamic financial market, diversifying the investor base, and developing alternative investment instruments in the era of the Covid-19 pandemic. With the issuance of State Sharia Securities (SBSN) for retail or individual investors, it has also indirectly supported the development of inclusive finance to increase Indonesia's economic growth, especially during the Covid-19 pandemic era. In an Islamic economic view, State Sharia Securities (SBSN) stand on the foundation of cooperation (*musyarakah*) in funding development or can also be said to be an investment business based on the Fatwa of the National Sharia Council-Indonesian Ulema Council (Fatwa DSN - MUI) No. 69/DSN-MUI/V/2008 concerning State Sharia Securities (SBSN) (Normasyhuri et al., 2022).
3. Implementing the contract in the issuance of SBSN adjusts to the needs of the government. If the government requires the procurement of state-owned goods, both ready stock and orders, then the contract scheme is buying and selling. If the government needs to benefit from goods, then leasing is the contract scheme. If the government needs capital to finance productive projects, the contract scheme used is profit sharing. SBSN certificates issued according to the contract scheme are then distributed to investors using a sale and purchase agreement (Susanto, n.d.).
4. SBSN Project Based Sukuk (PBS) can be used to finance infrastructure development in Indonesia. SBSN PBS also has similarities with public-private partnerships (PPP) because both require collateral in the form of underlying assets (Nopijantoro, 2017).
5. The competitive advantage of the SBSN financing value chain at STAIN Majene is in the form of a margin, namely the benefits or problems of the SBSN building, namely in terms of security, health, comfort, and convenience for (1) new student registration activities, (2) academic activities, (3) teaching and learning process, (4) promotion, (5) research activities, (6) community service activities. The form of *maslahah* is about maintaining religion, soul, mind, honor, and property (Fathurrahman, 2018).
6. The most dominant criterion is the SBSN accounting standard, while the most dominant supporting factor is the authorization factor for decision-makers. If all can be realized, SBSN sharia accountability will increase, which will impact the public trust and make it easier for the government to develop and issue new sovereign Sukuk products as a source of financing for sustainable development (Arianty, 2019).

3. Research Methods

The researcher used a literature review as the research method for this paper. Through a literature review, insights from various experts are obtained through their writings. A literature review serves as a research methodology aimed at gathering and extracting key points from previous studies and analyzing various expert perspectives documented in texts (Snyder, 2019). For this study, the researcher adopted a semi-systematic approach to the literature review. This approach is suitable for themes that have been conceptualized and explored differently by diverse groups of researchers from various disciplines. A semi-systematic review is ideal for examining a broad topic that has been understood and investigated in multiple scientific fields. This method guidelines researchers map theoretical approaches, identify themes, and uncover knowledge gaps in the literature. Semi-systematic reviews often track how a particular research topic has evolved over time within a specific field. The steps of the literature review conducted by the author included (1) designing the review, (2) performing the review, (3) analysis, and (4) writing the review (Snyder, 2019).

4. Results and Discussion

a. State Sharia Securities

The initial stage of issuing Sukuk is the presence of assets on the *balance sheet*. Then determine the *Special Purpose Vehicle* (SPV), which is in charge of managing assets. In the formation of Sukuk, there are three parties involved, namely: heirs or originators as legal owners of assets, Special Purpose Vehicle (SPV) as a trusted body that has the right to issue Sukuk certificates, and investors or *Sukuk holders* who invest in Sukuk

(Laila, 2019).

According to the SBSN Law No. 19 of 2008, State Sharia Securities, abbreviated as SBSN, or may be called State Sukuk, are state securities issued based on sharia principles, as proof of the share of participation in SBSN Assets, both in rupiah and foreign currency. The form and type of SBSN are Ijarah SBSN, which is issued based on an Ijarah Contract, SBSN Mudarabah, which is issued based on the Mudarabah Agreement, SBSN Musyarakah, which is issued based on the Musyarakah Agreement; SBSN *Istishna'*, issued based on the *Istishna' Contract*, SBSN issued based on other contracts as long as they do not conflict with sharia principles. SBSN issued based on a combination of two or more Contracts.

The SBSN series includes the IFR series SBSN, SR series SBSN, SNI series SBSN, and SDHI. The IFR series SBSN are Islamic Fixed Rate SBSN issued by auction or book building on the domestic primary market and are intended for investors with a relatively large purchase nominal, which is tradable with a fixed yield. SBSN series SR is a Retail Sukuk issued by a book building on the domestic primary market and is intended for individual investors / Indonesian citizens. It is tradable with a fixed rate of return. SBSN SNI series is Indonesian State Sukuk denominated in foreign currencies issued by book building on the domestic primary market, which is tradable with a fixed yield. SDHI stands for Indonesian Hajj Fund Sukuk, namely SBSN, issued based on the placement of Hajj Funds and Community Endowment Funds in SBSN by the Ministry of Religion using private placement, using Al Khadamat ijarah contracts and non tradable. This publication is the follow-up to a memorandum of understanding between the Minister of Finance and the Minister of Religion in April 2009. The *underlying transaction* used is Hajj services (Trisilio, 2014). The People's Endowment Fund, commonly abbreviated as DAU, is several funds obtained from the results of the development of DAU, the remaining operational costs for organizing the pilgrimage, and other sources that are lawful and non-binding (grants, endowments, and assistance). All must comply with the provisions of the legislation.

State Sukuk has seven types of instruments aimed at institutional and individual investors, both in the domestic and international markets, which consist of *Project Financing Sukuk* (PFS), Retail Sukuk, Savings Sukuk, Global Sukuk (SNI), *Islamic Fixed Rate Sukuk* (IFR), Sharia State Treasury Bills (SPN-S), and Indonesian Hajj Fund Sukuk (SDHI). The government has also developed four Sukuk contract structures: *Ijarah Sale and Lease Back*, SBSN Ijarah Al Khadamat, SBSN Ijarah *Asset to be Leased*, and SBSN Wakalah. By sharia principles, State Sukuk requires guarantees (*underlying assets*), sharia fatwas, and opinions from the Indonesian Ulema Council (MUI). Assets that can be used as collateral by Sukuk must have economic value or cash receipts to avoid "*money for money*" transactions or money transactions with money that are forbidden by religion. SBSN underlying assets can be State Property (BMN), Projects/activities, Hajj services, or a combination of these assets (Putri, 2019). The use of *underlying assets* is only limited to state-owned goods (BMN) (Aziza & Yaumbi, 2020).

SBSN can be issued directly by the Government or through an SBSN Issuing Company. Article 23 and article 26 of Law No. 19 of 2008 state that the regulation and supervision of trading activities of SBSN is carried out by the authority that regulates and supervises the capital market sector. SBSN can be traded on the capital market. So that SBSN holders are people from both within and outside the country because SBSN can be traded abroad.

SBSN is a safe investment because it is guaranteed by law. A reassuring investment because it does not conflict with sharia principles such as *usury*, *gharar* (*uncertainty*), and *maysir* (gambling). Easy and transparent buying and selling procedures (Kurniasari, 2014; Nurjannah, 2011) The funds collected are channeled into developing the old business or building a new unit completely different from the old business (Maulana & Alidar, 2020). The development of state Sukuk for the period 2019 to 2020 has increased. Where Savings Sukuk (ST) grew by 40.80 %. PBS Auction Sukuk grew 39.59%, PBS *Private Placement Sukuk* grew 214.39%, SR grew 72.93%, and SNI Sukuk grew 26.86% (Trimulato, 2021).

b. Formation of State Sharia Securities Law

Article 1 paragraph (1) of the SBSN Law defines SBSN as state securities issued based on Sharia Principles. The Sharia principle in question is based on Islamic law. The sources of law used as the basis for Islamic Law are the Al-Qur'an, As-Sunnah, and Ijtihad. The following will be sources of the Islamic law that regulate SBSN, namely:

1) Al-Qur'an

a) Surah An-Nisa verse 29;

Meaning: "O you who believe, do not eat each other's wealth in a vanity way, except by way of trade that applies with mutual consent between you."

The interpretation of the Ministry of Religion of the Republic of Indonesia explains that this verse prohibits taking other people's property in a vanity (incorrect) way, except by trade which applies based on mutual consent. In addition, the Tafsir Misbah also explains that "O you who believe, do not take

other people's property in an improper way. You are allowed to do business voluntarily. Do not plunge yourselves into violating God's commandments.

Muyassar interpretation explains that O you people who justify Allah and His Messenger and practice His Shari'a, it is not lawful for you to eat the wealth of some of you improperly unless it is by the guidance of the Shari'a and a lawful business based on voluntarily among you. Besides that, Tafsir jalalain also explains that *O you who believe! Do not eat your neighbor's property in a vanity way, which means a way that is forbidden according to religion, such as usury and gasab/grabbing (except by way of) or happens (in a commercial way) according to a qiraat with the line above, while the intention is that the property should be valid commercial property (with mutual consent between you) based on the willingness of each, then you may eat it.*

Based on some of these interpretations, it can be concluded that we may not eat or take other people's property in a false or wrong way. However, we are allowed to buy and sell based on pleasure and like and like. The issuance of SBSN by the government is also offered to the public without coercion. The people who are willing to take the SBSN already know the consequences of getting profit sharing in accordance with the agreement. This is supported by the statement regarding regulation on the issuance of State Sharia Securities (SBSN) in Law No. 19 of 2008 concerning State Sharia Securities guaranteeing the existence of SBSN issued by the Government of the Republic of Indonesia in article 12. This means that the Government is obliged to pay the Rewards and Value The nominal value of each SBSN, whether issued directly by the Government or the SBSN Issuing Company, is by the provisions in the SBSN issuance contract. The existence of a guarantee from the Government is intended to create attraction for investors to invest in SBSN.

b) Surah Al-Baqarah verse 275;

Meaning: "Those who eat (take) usury cannot stand but are like the standing of a person who has been possessed by a devil because of (pressure) madness. Their situation is like that, is because they say (opinion), actually buying and selling is the same as usury, even though Allah has justified buying and selling and forbidding usury. Those who have received a ban from their Lord, then stop (from taking usury), then for him what he has taken before (before the prohibition comes); and his affairs (submitted) to Allah. People who return (take usury), then that person is the inhabitants of hell; they live in it".

The Indonesian Ministry of Religion interpretation states that there are two known types of usury: 1. Riba nasi'ah and 2. Riba fadhal. Misbah's interpretation explains that people who practice usury, business, actions, and all circumstances will experience turmoil, and their souls will not be peaceful. Allah justifies the practice of buying and selling and forbids the practice of usury. Whoever had reached the prohibition of the practice of usury and then abandoned it, then for him, the usury that he took before the prohibition came down without returning it. Furthermore, the matter is up to Allah's forgiveness. Furthermore, those who repeat usury after it has been forbidden are the inhabitants of hell and will remain therein forever.

Muyassar interpretation explains that people who are muamalah with usury, which is in addition to their primary assets, do not rise from their graves in the hereafter except like someone standing in a state possessed by a demon, staggering because of the pressure of madness. He explained that He justifies buying and selling and forbids usury because buying and selling contain benefits for individuals and society and because usury leads to exploitation, destruction, and futility. Whoever knows about the prohibition of usury from Allah and then stops it, then for him what has passed before he knows the prohibition, there is no sin on him, while his matter will come back to Allah. If he remains firm on his repentance, then Allah will not waste the reward of those who do good. Nevertheless, whoever returns to usury and then continues to do it even though he already knows that Allah has prohibited it has the right to be punished because the evidence has been established against him. Jalalain's interpretation explains that "*Those who eat usury*" means taking it. (did not rise) from their graves (like the rise of people possessed by demons due to madness) because they (said that buying and selling are like usury) in terms of permissibility. Allah justifies buying and selling and forbids usury.

Based on some of these interpretations, it can be concluded that the prophet Muhammad did not explain his about usury because, at that time, the people already knew that they even practiced usury in their economy. In issuing SBSN, profit sharing is inevitable because our economic system and currency still need to be fully in line with what the prophet Muhammad taught. In our economy, there is still inflation which causes the exchange rate of money at this time to be different from the future. Therefore, there is profit sharing for SBSN, which is about the size of inflation.

c) Surah Al-Baqarah verse 278;

Meaning: "O you who believe, fear Allah and leave the rest of usury (which has not been collected) if you are believers."

The interpretation of the Ministry of Religion of the Republic of Indonesia explains that Allah commands those who believe and are pious to stop the practice of usury. The order to leave usury is connected with the order to be pious. The interpretation of the Misbah also explains: O you who believe, fear Allah and feel His majesty in your hearts. Leave the rest of usury that has not been taken and is still in other people's hands if you genuinely believe.

Tafsir muyassar explains O you who believe in Allah and follow His Messenger, fear Allah, do not demand the rest of usury that is your right before usury is forbidden, if your faith is accurate in terms of words and deeds. Jalalain's interpretation also explains: *O you who believe, fear Allah and leave it*, meaning stay away from what is left of usury, if you truly believe, because the characteristic or characteristic of a believer is to follow Allah's commands. This verse was revealed when some of the Companions still demanded usury in the past, even though usury had been banned.

This letter encourages us to leave the rest of the usury that has not been taken. This can be applied to state bonds that are not based on sharia. The interest given should be manageable. The amount of interest given should be the amount of inflation so that the state is not too burdened. Furthermore, it should be adjusted again if it is still more significant. Thus the community can leave usury that has not been taken.

d) Surah Al-Maidah verse 1

Meaning: O you who believe, fulfill the aqad-aqad.

The interpretation of the Indonesian Ministry of Religion explains that the beginning of this verse instructs every believer to fulfill the promises that have been made, both promises of pre-faithful servants to Allah, as well as promises made between fellow human beings, such as those related to marriage, trade and so on. as long as the promise does not violate God's law. The interpretation of the Misbah also explains that you who believe fulfill all your promises to Allah and between yourselves. The promises that must be fulfilled in this verse are promises made to fellow human beings. The 'uqud (plural form of 'aqd ['promise,'agreement']) used in this verse takes place between two parties. The word 'aqd itself implies 'strengthening,' 'confirmation,' in contrast to 'aqd ('promise', 'agreement'), which originates from one party only and includes fulfilling one's will.

Muyassar interpretation explains that O people who justify Allah and His Messenger and practice His Shari'a carry out Allah's firm covenant in the form of faith in religious Shari'a and submit to it. Also, fulfill agreements between you in the form of mandates, buying and selling, and others as long as they do not deviate from the Book of Allah and the Sunnah of His Messenger Muhammad Sallallahu alaihi wa Sallam. The interpretation of jalalain also explains: *"O you who believe, fulfill this agreement*, both the agreement between you and Allah and with your fellow human beings.

In this letter, Allah teaches us to keep our promises. In issuing SBSN, the government promises to pay when it is due and also pays for the results that have been promised. Therefore the government must fulfill this promise. At a predetermined time, you have to pay profit sharing; at maturity, you also have to return the loan principal. This is by Law number 12 of 2008, article 12, paragraph 2, which reads:

"In the context of repurchasing SBSN Assets, cancellation of lease agreements and termination of other SBSN issuance contracts as referred to in paragraph (1), the Minister pays the nominal value of SBSN or other payment obligations in accordance with the SBSN issuance agreement to SBSN holders."

2) Al-Hadith

a) Hadith Narrated by Abu Daud from Sa`d Ibn Abi Waqash:

We once rented land with (paid) agricultural products, so Rasulullah forbade us to do that and ordered us to rent it with gold or silver.

b) Hadith Narrated by Ath-Tabarani from Ibn Abbas:

Abbas bin Abdul Muthalib, if he hands over several assets in a mudharabah investment, then he makes a condition for the mudharib so that the treasure is not carried across the sea, does not go down the valley, and is not bought to animals. If the mudharib violates these conditions, he is responsible for taking the risk. The conditions put forward by Abbas reached the Prophet, then the Apostle confirmed it (HR Ath-Tabarani).

c) Hadith Narrated by Tirmidhi and Ibn Majah from Amr bin Auf:

Making peace with fellow Muslims is permissible except for peace that justifies something

unlawful or forbids something lawful. Furthermore, Muslims must fulfill the conditions they have agreed on, except for the conditions that forbid something lawful or something unlawful to be made lawful.

From some of these hadiths, it is known that we may rent out land in return for money. This is applied in issuing SBSN ijarah. And in issuing SBSN with certain conditions, it is also permissible as in the hadith narrated by Ath-Tabarani from Ibn Abbas.

3) Fiqhiyyah rules

The first rule of fiqh is "The law of origin of something (muamalah) is permissible until there is evidence that prohibits it (makes it illegal or forbids it)." The second rule is "The actions of the Imam towards the people must follow the benefit." The two principles show that the policy of issuing SBSN by the government is used for the benefit of society. Because there is no argument prohibiting the issuance of SBSN, the law for issuing SBSN is permissible.

4) Opinion of Contemporary Scholars

The Imam (head of state or authority holder) may carry out policies on state assets for things he sees as good for them (citizens). This is bearing in mind that an imam's policy, if it is based on maslahah related to public affairs, is considered illegitimate according to sharia law unless it is by the benefit. If it is not by the benefit, then the policy is invalid (Ibni Nu jaim, Al -Asybah wa Al-Nazhair, Tahqiq Abd Al-Aziz Muhammad al-Wakil).

The DSN-MUI has issued a fatwa regarding state Sukuk or SBSN. DSNMUI has issued at least six fatwas since 2008, as follows: (1) DSN-MUI Fatwa Number 69/VI/2008 concerning State Sharia Securities (SBSN); (2) DSN-MUI Fatwa Number 70/VI/2008 concerning Methods for Issuing SBSN; (3) DSN-MUI Fatwa Number 71/VI/2008 concerning *Sale and Lease Back* ; (4) DSN-MUI Fatwa Number 72/VI/2008 concerning SBSN Ijarah *Sale and Lease Back* ; (5) DSN-MUI Fatwa Number 76/VI/2010 concerning SBSN Ijarah *Assets To Be Leased* ; (6) DSN-MUI Fatwa Wakalah Number 95/III/2014 concerning SBSN (Mulazid, 2021)

5) Views of contemporary scholars on the Pros and Cons of SBSN Law

There is controversy among scholars regarding the law of the SBSN buyback agreement. Most scholars do not allow conditional sale and purchase agreements. Only a portion of the Hanafi school of thought does allow and equates this transaction with bai' al Wafa. Bai' al wafa' is a sale and purchase that takes place on the condition that the sold goods can be repurchased by the seller when the agreed grace period has arrived.

According to Hanafi madhab scholars, one of whom is Imam Najmuddin An-Nasafi (461-573), this bai' al wafa' contract is permissible because bai' al wafa' is based on istihsan 'purify (justifying a problem that has been generally accepted and goes well in society) (Haroen, 2007). This is by the fiqhiyah rule "Customs can be determined as law" (Mudjib, 2001).

Meanwhile, the majority of other Fiqh scholars who prohibit conditional buying and selling give the following reasons:

- a) In a sale and purchase agreement, there is no time limit.
- b) In buying and selling, there is no requirement that the seller must repurchase the goods sold.
- c) This form of buying and selling never existed at the time of the Prophet Muhammad or at the time of the Companions.
- d) This sale and purchase are hilah outside the syara's buying and selling purposes (Mudjib, 2001).

Payment of Rewards is an investment product from Danareksa that uses State Syari`ah Securities, securities denominated in rupiah or foreign currencies guaranteed when the Retail State Sukuk Rewards or Coupons are due and must be paid by the central government of the Republic of Indonesia to owners of State Sukuk. Retail registered in the administration system of Bank Indonesia. In this case, the investor (Retail State Sukuk holder) does not participate in the management of the financed project and is also not entitled to receive profits or company results at the time of liquidity or dissolution.

There is also controversy among contemporary Islamic scholars regarding Retail State Sukuk law, including:

- a) According to most contemporary Ulama (syekh Syaltut, Yusuf Qardhawi, Muhammad Yusuf Musa), prohibit the sale and purchase of Retail State Sukuk in all types and as a whole, and consider that the law is haram.
- b) According to the Mufti of Egypt (Syekh Muhammad Sayyid Al Tanthawi), the government is allowed to buy and sell Retail State Sukuk. The profits derived from ownership of Retail State Sukuk are lawful because they are considered to help the state and are considered the same as

mudharabah, the rule of origin in mu'amalah is allowed. Interest is considered a grant (Agus, 2006).

- c) According to Sheikh Abdul Aazim Barkah and Sheikh Jadel Hak Ali Jadel Hak (Former Mufti of the Republic of Egypt) that it is permissible to trade Retail State Sukuk which does not contain usury in it, namely a type of Retail State Sukuk which promises a large prize drawn at a predetermined time. Because the promise to give a gift has been allowed by some fiqh scholars.

However, the reasons that justify bonds are denied by other scholars, as follows:

- a) Scholars argue that Retail State Sukuk are the duplicate transactions as mudharabah. This opinion is false because mudharabah is a cooperation contract between the owner of capital and the capital manager for a halal business. Furthermore, profits are divided according to the agreement between the two parties.
- b) Scholars argue that Retail State Sukuk can bring benefits and help the government. This opinion is illegitimate because large debts caused the country's economic collapse. This brings misery to many people, and Islam disapproves of tyranny.
- c) Scholars believe that compensation or interest is given. To Retail State Sukuk holders is the same as gifts and grants from the government given to its residents. This opinion is also invalid because the law governing the Retail State Sukuk considers that the issuer must pay the interest stated in Retail State Sukuk and prohibits refusing payment. This is incomparable to grants and gifts, which are not binding on the person who promised them.
- d) Scholars think that the occurrence of taradhi between the two parties makes this transaction valid in Islamic sharia. This opinion is invalid because taradhi for something haram does not justify it.
- e) Scholars think that Retail State Sukuk that promise gifts or allotments are lawful. This opinion is incorrect because the gift is a substitute for interest given by lottery and includes a more complicated matter, namely maisir (gambling), which Islam prohibits, and no school of Fiqh justifies gambling.

According to the author, the existence of pros and cons above is a natural thing. However, according to the author's opinion, SBSN issued by the government is generally in the long term. The existence of this period also cannot avoid inflation every time, considering that the Indonesian economic system still needs to be completely the same as during the Prophet's time, when our currency was not gold and silver, which did not experience inflation so that the compensation given to SBSN holders by the government is a natural thing as long as the value does not exceed the inflation rate that occurs.

This is supported by the results of research on the implementation of the *buyback program* at BRISyariah. Customers as retail Sukuk investors have the right to sell their retail Sukuk to the bank before the maturity date arrives by confirming or agreeing at a particular time with future sales. The muamalah fiqh analysis of the *buyback program* is similar to the *ba'i al wafa transaction* (Fauziah et al., 2018) as well as research which states that the State Sukuk Structure has been regulated in the Law, the DSN MUI Fatwa, AAOIFI, and Islamic law. In practice, SBSN *Ijarah Sale and Lease Back* have followed the rules in AAOIFI Sharia Standards Number 17 (3/1), as well as the form of an asset sale and purchase transaction where the buyer leases back the assets he has purchased to the seller, according to the DSN-MUI Fatwa Number 71 /DSNMUI/VI/2008 (Putri, 2019).

c. State Sharia Securities for Economic Empowerment

State Sukuk has four types of State Sukuk structure: SBSN *Ijarah Sale and Lease Back*, SBSN *Ijarah Al Khadamat*, SBSN *Ijarah Asset to be Leased*, SBSN *Wakalah* where in practice, these Sukuk will be used to finance state infrastructure development. These funds are allocated for K/L spending at the Ministry of Transportation, Ministry of Religion and Ministry of PUPR, Ministry of Research, Technology and Higher Education, Ministry of Environment and Forestry, Indonesian Institute of Sciences, and the National Standardization Agency (Putri, 2019). Through these ministries, SBSN funds are used for the benefit of the people.

Funds generated from the issuance of SBSN by the government can be used for infrastructure development throughout Indonesia. Developments carried out with SBSN funds include the construction of railroads, roads, and bridges. With this development, the distribution will be smoother. Smooth distribution can make it easier for people to market their products, both agricultural and industrial products. Ease of agricultural product distribution can improve farmers' welfare because agricultural products can be quickly sold. Likewise with industrial products, with the ease of distribution channels, companies can reach more distant layers of society so that the marketing of the company's products is

increasing. This is in line with the results of previous studies (Adiyatna & Pradono, 2016; Arianty, 2019; Latifah, 2020; Misissaifi, 2019; Nopijantoro, 2017) .

SBSN funds are also used to build educational buildings. With more and better educational buildings, the quality of public education will increase. By increasing the level of public education, the opportunity to enter the world of work will be higher. By working, the community will have income, so welfare increases. This is in line with the results of previous studies (Fathurrahman, 2018; Misissaifi, 2019; Nopijantoro, 2017) .

SBSN also has a strategic function, namely expanding the basis of the Islamic financial market, creating benchmarks in the Islamic financial market, and diversifying the investor base. State Sharia Securities (SBSN) issuance for retail or individual investors has also indirectly supported the development of inclusive finance. This is in line with the results of previous studies (Latifah, 2020; Nomasyhuri et al., 2022; Nurbiyanto & Pribadi, 2020) .

SBSN can also be a cash waqf investment instrument. This can be an excellent asset for empowerment because it does not allow assets to be idle and used for the benefit of the people. This is in line with the opinion that the significant potential of funds that can be collected through Cash Waqf and by looking at the prospects for their utilization through investment in SBSN in the CWLS scheme, which opens up vast opportunities to support development, is time for related parties, especially BWI and other Nazhirs, to pay special attention to this (Karim, 2020).

d. Weaknesses of State Sharia Securities Issuance Procedures

Of the various benefits of issuing SBSN, there are still weaknesses, including the *first* related to the position of the SBSN Issuing Company, which is also the trustee. A position like this will lead to a conflict of two different interests. *Second*, regarding the form of the SBSN holder (investor) contract with the SBSN issuing company (Amin, n.d.). Due to these weaknesses, SBSN Issuing Companies should be distinguished from companies that act as trustees. Apart from that, the form of the contract of SBSN holders (investors) with the SBSN issuing company must also be clarified to guarantee its validity.

Integrated regulation of Sukuk is the main requirement for providing guarantees and legal certainty for business actors and investors. Indonesia, in particular the regulator, needs to strive for a diversity of types of Sukuk, both the contract and the underlying assets, so investors can choose the Sukuk types that align with their expectations. In addition, a top-down policy is needed from the government to encourage the growth of state Sukuk by making policies for SOEs to invest in Sukuk (Abubakar & Handayani, 2017).

5. Conclusion

The form and type of SBSN are Ijarah SBSN, issued based on an Ijarah contract. SBSN Mudarabah, which is issued based on the Mudarabah Agreement. SBSN Musyarakah, which is issued based on the Musyarakah Agreement. SBSN *Istishna'*, issued based on the *Istishna Contract*. SBSN is issued based on other contracts as long as they do not conflict with sharia principles. SBSN is issued based on a combination of two or more Contracts. Issuance of SBSN is by the basis of Islamic law, both the Qur'an, Hadith, fiqhiyah principles, and the opinion of scholars. DSN-MUI has issued six fatwas regarding SBSN. Furthermore, there is the SBSN Law No. 19 of 2008.

Funds generated from the issuance of SBSN by the government can be used for infrastructure development throughout Indonesia. Developments carried out with SBSN funds include the construction of railroads, roads, and bridges. With this development, the distribution will be smoother. SBSN funds are also used to build educational buildings. With more and better educational buildings, the quality of public education will increase. By increasing the level of public education, the opportunity to enter the world of work will be higher. SBSN also has a strategic function, namely expanding the basis of the Islamic financial market, creating benchmarks in the Islamic financial market, and diversifying the investor base.

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