

## Analytic Network Process (ANP) Method: Factor Analysis of the Non-Implementation of Municipal Islamic Bonds in Sukuk Potential Areas in Indonesia

Mohammad Hatta Fahamsyah<sup>1\*</sup>, Yos Soejarminto<sup>2</sup>, Hamdan Ainul Yaqin<sup>3</sup>,  
Adrianna Syariefur Rakhmat<sup>4</sup>  
Universitas Pelita Bangsa

**Corresponding Author:** Mohammad Hatta Fahamsyah [hatta@pelitabangsa.ac.id](mailto:hatta@pelitabangsa.ac.id)

---

### ARTICLE INFO

*Keywords:* Analytic Network Process, Sukuk, Municipal Islamic Bonds

*Received:* 16, June

*Revised:* 17, July

*Accepted:* 23, August

©2023 Fahamsyah, Soejarminto, Yaqin, Rakhmat: This is an open-access article distributed under the terms of the [Creative Commons Atribusi 4.0 Internasional](https://creativecommons.org/licenses/by/4.0/).



### ABSTRACT

This study seeks to examine the factors that have prevented the implementation of municipal Islamic bonds in a region with the potential for sukuk issuance in Indonesia. Previous research has identified regions with the potential to issue municipal Islamic bonds, yet none of these regions have done so thus far. Municipal Islamic bonds have the capacity to address regional budget deficits and finance the development of local infrastructure, thereby reducing the need for debt. Hence, the authors conducted research to identify the factors contributing to the lack of municipal Islamic bond issuance in these potentially sukuk regions in Indonesia. The analytic network process was employed as the methodology to determine the priority scale of causal factors. The findings indicate that two main problems exist, namely internal and external issues. The primary factor identified within the internal problem is human resources, while government regulation emerged as the primary factor within the external problem.

---

## **INTRODUCTION**

In Indonesia, sukuk has continued to develop since the issuance of the MUI fatwa on Islamic bonds. Sukuk in Indonesia began with the issuance of corporate sukuk in 2002. Then followed the government's issue of sovereign sukuk in 2008 for prioritized financing through the State Budget (APBN), along with the issuance of Law No. 19 of 2008 concerning State Sharia Securities (SBSN), which was enacted in April 2008. The implications of the issuance of the law provide an opportunity for local governments to use sukuk as an alternative to financing various projects in the region, after previously, in 2005, a Government Regulation (PP) No. 54 of 2005 was issued regarding regional loans (Qolbi et al., 2022).

Regional sukuk, or Municipal Islamic bonds, state sharia securities issued by local governments or government agencies that are used to finance development in the regions. By issuing Sukuk, local governments can help regional budgets that are in deficit and accelerate the development of infrastructure projects such as roads, airports, ports, bridges, schools, hospitals, and so on. So sukuk has enormous potential as an alternative source of funding for regional development (Ardi, 2018)

Accelerating regional development requires investment in long-term projects. One of them is using sukuk for infrastructure development. Actually, the development of a region is obtained from two sources: the state budget (APBN) and the regional budget (APBD). However, there are obstacles that come from regional funding, namely the APBD, which is always in deficit. According to data from 2023, the macro-APBD deficit continues to increase. This indicates that there is still regional dependence on the center, which is not in accordance with the ideals of regional autonomy (Hamzah et al., 2022).

Among the benefits of regional sukuk is that it helps accelerate regional development programs with community participation. So it would be nice if the object of regional sukuk financing was more emphasized for public projects that are profit-oriented but can have implications for the wider community, one of which is infrastructure development. This is supported by the Indonesian people, whose majority population is Muslim (Hastuti & Santoso, 2018).

According to rational calculations, sukuk instruments are more profitable than conventional bonds because of their more promising return values and ownership systems. Previous research has mentioned that there are regions that have the potential to issue sukuk, such as West Java, Central Java, East Java, DKI Jakarta, Jambi, the Riau Islands, and West Sumatra, but until now these regions have not issued sukuk. There must be a reason why the area has not issued sukuk. So this research seeks to answer that (Hastuti & Santoso, 2018).

### **Problem Formulation**

Based on the background description above, a problem formulation can be prepared that can be used as a guide to conducting research. The formulation of the problem is: what are the factors that have not been applied to municipal Islamic bonds in potential sukuk areas in Indonesia?

## **Research Objective**

This research is intended to analyze the problem of what factors affect the implementation of Municipal Islamic Bonds in potential sukuk areas in Indonesia and what the main factors (the most influential) are.

## **THEORETICAL REVIEW**

### **Definition of Sukuk**

According to the fatwa of the Indonesian Ulema Council No. 32/DSN-MUI/IX/2002, sukuk is a long-term security based on sharia principles issued by the issuer to Islamic bondholders, which requires the issuer to pay income to Islamic bondholders in the form of profit sharing or margin (Hidayat et al., 2022)

Based on The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Sharia Standard No. 17 on investment sukuk, sukuk is defined as an equal-value certificate that is evidence of an undivided share of ownership of an asset, benefit rights, and services, or of ownership of a project or certain investment activities, and repay the bond funds at maturity (Hidayat et al., 2022).

### **Definition of Municipal Bonds**

Municipal bonds are bonds owned by the region that are offered to the public through the capital market. Municipal bonds can be used to finance regional infrastructure while minimizing the risks involved. The following are the legal bases for regional bonds: (1) Law No. 8 of 1995 on Capital Markets; (2) Law No. 33 of 2004 on Fiscal Balance between Central and Regional Governments; (3) Law on National Sharia Securities (SBSN), which was just passed by the House of Representatives on April 10, 2008; (4) Minister of Finance Regulation No. 111/PMK.07/2012 on Procedures for the Issuance and Accountability of Regional Bonds; (4) Package of Financial Services Authority Regulations Related to the Public Offering of Regional Bonds (Mukhlisin & Mustafida, 2019).

The Regional Government can issue Regional Bonds as long as it meets the loan requirements, including (1) obtaining approval from the DPRD. (2) The last audit of the Regional Government Financial Statements received a Reasonable With Exception (WDP) or Reasonable Without Exception opinion. (3) The amount of remaining regional loans plus the amount of loans to be withdrawn does not exceed 75% of the total general revenue of the previous year's APBD. (4) Meet the ratio of the regional ability to repay loans (DSCR) set by the government (Karina, 2019).

### **Essential Differences between Conventional and Islamic Fiscal Policy**

According to (Endri, 2019), fiscal policy is a policy regarding the financial system that the government can use to influence the economy quickly so that economic problems can be resolved, at least temporarily. Meanwhile, in Islam, fiscal policy is a policy related to the state revenue and expenditure system that aims to improve the welfare of the wider community. Policies that

prioritize the interests of the wider community over the interests of the government apparatus itself. The state government apparatus is a state employee who should be a role model in society, both professionally and morally, because the management of the state is in their hands.

### **Fiscal Policy and Income Distribution**

To be more efficient in managing expenditures, the government should involve the people in providing goods and services. For example, regarding the procurement of official cars and official houses. Rather than building its own official residence and buying its own official car, the government should rent its official residence and official car from the community. The advantage is that the government gets new official houses and official cars from year to year, and the community gets income from the government. It should be regulated so that parties who rent out official houses and cars are spread out and not monopolized by certain circles (Hardi, 2015).

### **Debt from an Islamic Perspective**

Debt can be categorized in *al-mal al-Hukmi* as "something that is owned by the debtor, while the property is in the debtor." So state debt belongs to the people and is used for their needs (Komarudin & Purnama, 2022). If the government goes into debt, it should pay attention to the benefit of the people because the government is the executor of state authority and is the representative of the people. There are still other alternatives that the state can do to cover the budget deficit such as obliging its people to pay zakat or issuing sukuk for infrastructure financing.

Avoiding debt and switching to issuing sukuk is a solution that the state can choose. Issuing sukuk can give people the opportunity to participate in national development. Because by issuing sukuk and only allowing the public to invest without any foreign investors, it can be said that the public has participated in the development.

### **Previous Research**

Based on previous research, there are several bloodlines that have the potential to issue regional sukuk. Like Hamzah et al., (2022), mapping potential sukuk regions in Indonesia is carried out in four stages: determining the IKK (Financial Capability Index) value through elasticity, share, and growth analysis; determining the IMP (Maximum Loan Index) value; and based on BPR's opinion on LKPD (Local Government Financial Statements), the results of the three analyses are included in the matrix calculated by the Bayes method to determine the IKP (Suk Issuance Capability Index) value. From the research obtained, it appears that there are five regions that have the potential for sukuk, namely West Java, DKI Jakarta, East Java, Central Java, and the Riau Islands.

In a study conducted by Hastuti & Santoso (2018), the researchers explored the challenges and potential of financing through municipal bonds in India. They employed a case study approach to examine the effectiveness of infrastructure finance and bond management. The findings of their study indicate that constraints in municipal financing exist in both locations due to

various factors. These constraints primarily stem from insufficient debt capacity caused by the incomplete devolution of power, inadequate revenue collection, and the presence of multiple decision-making bodies, which often lead to project delays and cost overruns. To improve the prospects of municipal financing, the study suggests implementing reforms based on incentive schemes, leveraging appropriate technology, and introducing fees based on bundled municipal services in specific areas, such as property taxes and parking fees. These measures can potentially enhance the efficiency and effectiveness of municipal financing and address some of the identified constraints.

However, previous researchers have not discussed the problems that cause municipal Islamic bonds to not be implemented in the region. Therefore, this research seeks to answer this issue.

## **METHODOLOGY**

Data analysis is conducted using primary data and then processed using the Analytic Network Process (ANP), which is an advanced decision-making tool derived from the Analytic Hierarchy Process (AHP). Both AHP and ANP were developed by Prof. Dr. Thomas L Saaty, a professor at the University of Pittsburgh in the United States. According to Saaty (2009), ANP is a comprehensive theory of relative measurement that enables the derivation of composite priority ratio scales from individual ratio scales. These ratio scales represent relative measurements of the influence of elements that interact with each other based on control criteria.

While AHP is structured hierarchically, ANP is designed to handle decision problems that involve interactions and dependencies among elements at different levels of the hierarchy. As a result, ANP is represented as a network rather than a traditional hierarchy. This allows for a more accurate representation of the complex relationships and interdependencies among elements within the decision problem. ANP provides a more robust framework for decision-making when hierarchical structuring is not suitable due to the complex nature of the problem and the need to account for interactions among elements (Mawardi et al., 2022)

The data collection method used when elaborating the model in this research is quantitative-qualitative. The method used is the Analytic Network Process (ANP) method to identify factors that have not been applied to Municipal Islamic Bonds in potential sukuk areas in Indonesia.

The ANP approach is used to find the main factors that have the most dominant influence and determine the order of priority so that it can be used to prioritize alternative solutions and appropriate policy strategies and ultimately provide input recommendations – appropriate and optimal recommendations to answer problems and research objectives (Hastuti & Santoso, 2018).

## **Data Source**

### ***Primary Data***

This research uses primary data. Primary data in this study were obtained from direct interviews with respondents who could provide information, facts, and descriptions of events desired in the study (Abubakar & Handayani, 2017).

### ***Secondary Data***

Secondary data is obtained from a second party in the form of documents, both in written form (dissertations, theses, journals, books, and articles on the Internet) and photographs (Abubakar & Handayani, 2017). Secondary data is used for a literature review to strengthen the theory and to find out about previous research related to the research being studied.

## **Data Collection Methods**

### ***Observation***

Descriptive observation is a reference in this research because, initially, it has not determined the main problem to be researched but is still limited to collecting data, facts, and general information thoroughly about what is heard, seen, and observed in the field.

### ***Unstructured Interview or in-depth interview***

An unstructured interview, or in-depth interview, according to (Hastuti & Santoso, 2018), is a data collection process that does not use systematic, structured, and complete interviews. The interview guideline or guide is only an outline of the problems that will be asked in the interview. The interview guide serves to oversee the interview process so as not to deviate from the topic under study. So that researchers can get the desired answers.

Respondents in this study are those who are experts on the problem being studied, those practitioners who are daily involved in the affairs of the problem to be studied, and those academics who generally understand the theory of the problem under study (Hastuti & Santoso, 2018) Respondents in this study were academics from Universitas Airlangga, practitioners, doctoral students, and regulators from Bekasi Regency.

### ***Documentation***

Documentation data collection techniques collect information, facts, and data desired in research in the form of notes, photos, recordings, videos, and so on. This method is used to support the research findings.

### ***Literature Method***

Data collection techniques are learned by reading library books or literature used to support the research process. Because this research still needs a guide that can develop the data that has been collected,

### ***Technical Analysis***

All data results collected or compiled in this study will be analyzed qualitatively. The following steps of the Analytic Network Process (ANP)

method must be taken: Namely: Creating a model that is compiled based on the results of a literature review and asking questions to experts and practitioners who understand and master the problem under study and conducting in-depth interviews to assess more complete information to get the real problem comprehensively (Komarudin & Purnama, 2022).

Decomposition to identify and analyze so as to structure the complexity of the problem based on the results of the interview in the ANP network. Develop or create a pairwise comparison questionnaire based on the ANP network that has been created. Conduct interviews by asking experts or practitioners to fill out a pair-wise comparison questionnaire. Processing data by entering the results of filling out the comparison questionnaire into the ANP software, namely super decisions. Analyzing the results and proposing strategy recommendations (Hardi, 2015).

## **RESULTS**

### ***Problem Identification***

The article I Love Sharia Finance in 2016 states that OJK Sharia Capital Market Director Fadilah Kartikasari said there are several factors that cause local governments to still not issue regional sukuk. One of them is that the central government does not guarantee regional bonds.

Meanwhile, the Director of Sharia Financing at the Directorate General of Financing and Risk Management of the Ministry of Finance, Suminto, said that there is a link between fiscal policy and the issuance of regional bonds. This is so that regions that issue regional bonds are indeed able to pay fees. In addition, investor security when investing in regional sukuk must also be guaranteed. So that when there is a change of government, sukuk fees can still be paid. Investors certainly do not want to be exposed to political risk. Investors do not want to buy securities if there is no certainty that when the regime changes, the Sukuk will not be recognized.

Reza Sadat Shahmeini, Head of Representative of the Indonesia Stock Exchange (IDX) Padang, stated that the requirements for issuing regional bonds are to obtain DPRD approval, the last audit of local government financial statements received a WDP or WTP opinion, the provisions of the number of regional loans plus the number of loans to be withdrawn do not exceed 75% of the amount of general revenue of the previous year's APBD, and meet the ratio of regional financial capacity to repay loans (DSCR) set by the government (market article. bisnis.com, 2016).

Deputy Commissioner for Capital Market Supervision III of the Financial Services Authority (OJK), M. Noor Rachman, explained that local government sukuk bonds are not guaranteed by the state, so they must follow the existing eligibility requirements. "Every sukuk issuance in principle must be open, both assets and debts, in prospectus documents, financial statements, legal opinions, and ratings. Sukuk accounting also uses the Statement of Financial Accounting Standards (PSAK) 110, revised 2015," said Noor.

There is a sukuk trustee agreement that needs to contain the type of contract. In addition, it is also necessary to convey the purpose of using Sukuk

funds, there are underlying assets and trustee obligations, general meetings of sukuk holders, and the mechanism for paying sukuk proceeds. Also a statement of guarantee that all income is free from non-halal and in accordance with sharia principles. "Because just like corporations, regional sukuk must be registered with the OJK. After that, book building can be done to determine the price of Sukuk and determine the ratio," said Noor. OJK can provide an effective statement, and sukuk certification can be distributed to investors. Then, the issuer must still provide disclosure related to the price of the Sukuk issue. Quoted from the article [keuangansyariah.mysharing.com](http://keuangansyariah.mysharing.com) (2015).

An article written by Hastuti & Santoso (2018) states that there are several problems faced by the regions in the issuance of sukuk, including first, the incomplete legal umbrella, such as the absence of the Capital Market Law on the issuance of regional sukuk and also the SBSN Law on regional sukuk. Second, the readiness of human resources to manage sukuk in accordance with capital market standards Due to the lack of widespread understanding of regional apparatus related to the provisions of the regional sukuk capital market as well as related to sharia concepts and schemes. Third, there is no guarantee from the central government in issuing regional sukuk, so investors consider regional sukuk high risk. The regional head must first get approval from the DPRD and the central government, and fourth, the location of investors is only domestic and only denominated in rupiah.

Based on the results of interviews conducted by the author with a Bekasi Regency regulator, there are three points that indicate the region has not issued sukuk, namely: Regulation from the government: The SBSN Law has not explicitly opened space for the development of regional sukuk because SBSN is issued by the government, the SPV of the SBSN issuing company must be clear or related to the center, aspects of the purpose of sukuk issuance, the proportion of regional debt that issues Sukuk is a maximum of 3% of GDP because sukuk creates debt depending on the contract so that it must be calculated with GDP, laws on local government, and regulations on regional criteria that issue sukuk.

Regional readiness: regional infrastructure (institutional infrastructure), regional regulations (to provide a legal umbrella) so that sukuk cannot be issued only because of the governor's order, human resource readiness, bureaucratic readiness, whether sukuk is issued by the province or the city because now autonomy is in the city so that if it is issued by the province there must be a pattern of relationship between the province and the city district (the burden of the APBD is put on the province or the city, or the APBD is shared between the province and the city), who is the SPV should make a special company issuing regional sukuk and what are the regulations, the financial condition of the region (do not let the expense ratio be greater).

Development planning: whether sukuk has been included in regional development planning on what projects should be financed and whether the region is ready to issue sukuk fees (using an ijaroh contract (90% use sukuk ijaroh) or wakalah).

The problems mentioned above, the author divides them into two categories: internal problems and external problems. So that a scheme is obtained as shown in Figure 1.

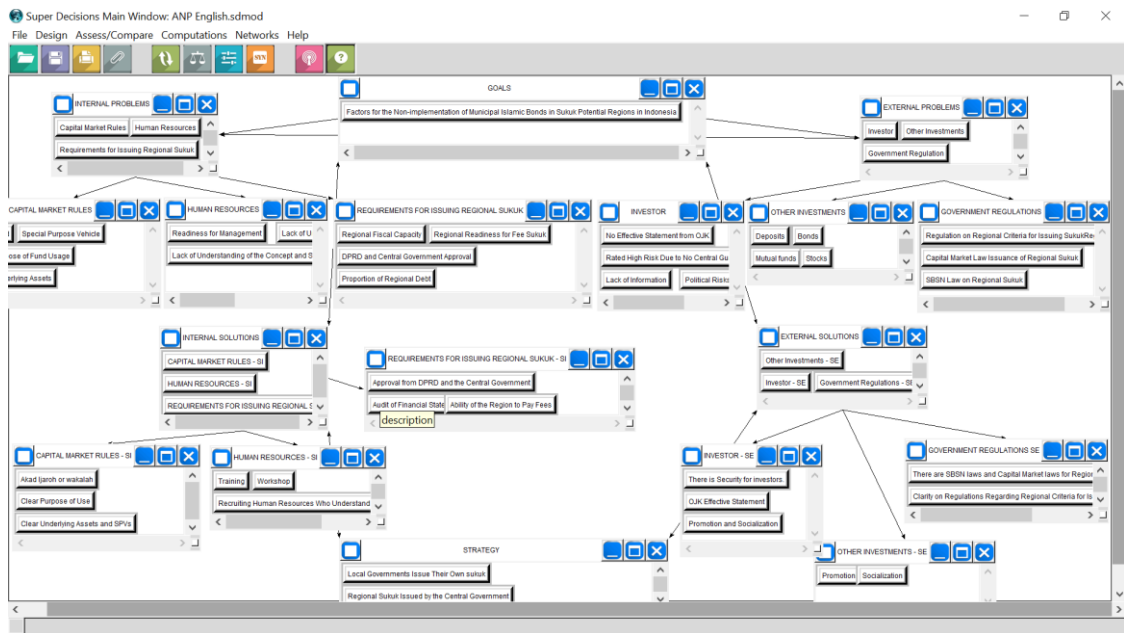


Figure 1. Model in an ANP Network  
 Source: Super Decision software (processed), 2023

### Main Priority Problems

Based on the methodology used, namely ANP, to see the priority scale according to experts and practitioners of Islamic finance, especially sukuk, the results can be seen from the following description:

### Problem Analysis

The problem of not implementing municipal Islamic bonds in regions that have the potential to issue sukuk in Indonesia can be divided into two main categories: internal problems (3,92) and external problems (3,82). Experts and practitioners who became research respondents agreed that the main problem lies in these two aspects.

This shows that the factors that have not been applied to municipal Islamic bonds in areas with sukuk potential in Indonesia do not only come from internal factors of the region itself but also from outside parties such as the government, investors, and the existence of other investments that can be competitors. So there needs to be a positive relationship that supports each other between the two aspects (internal and external) so that local governments that have the potential to issue sukuk can issue sukuk to finance regional infrastructure and can also be used to cover the APBD deficit.

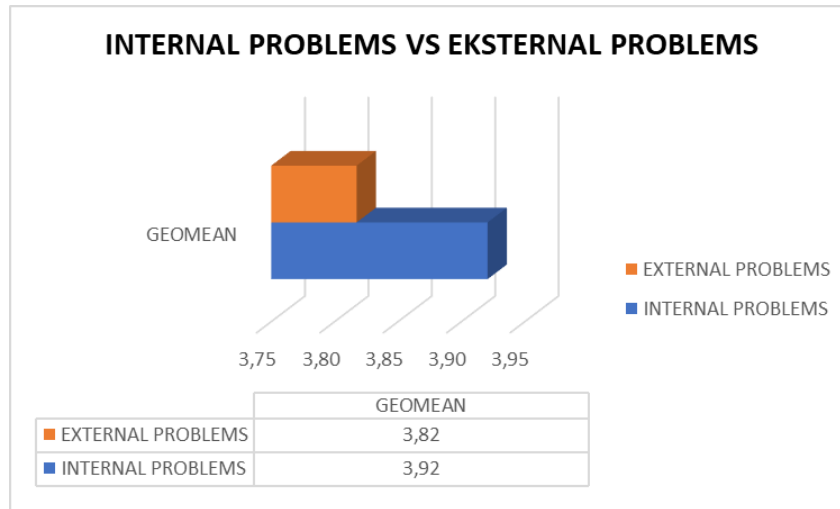


Figure 2. The Problem of Not Implementing Municipal Islamic Bonds in the Region Potential Sukuk in Indonesia

Source: Super Decision software (processed), 2023

**Analysis of Internal and External Problems**

*Analysis of Internal Problems*

In internal problems, the main problem is capital market rules (0,48). The importance of capital market rules in issuing regional sukuk is to create a fair, transparent, and safe environment for investors, as well as improve the quality and confidence in the regional sukuk market as a whole.

The second problem is the requirement for the issuance of regional sukuk (0,43). Regions that have the potential for sukuk must meet the requirements related to their readiness to pay sukuk fees, and the proportion of debt must be in accordance with the terms and conditions of the government. The last is the problem of human resources (0,32).

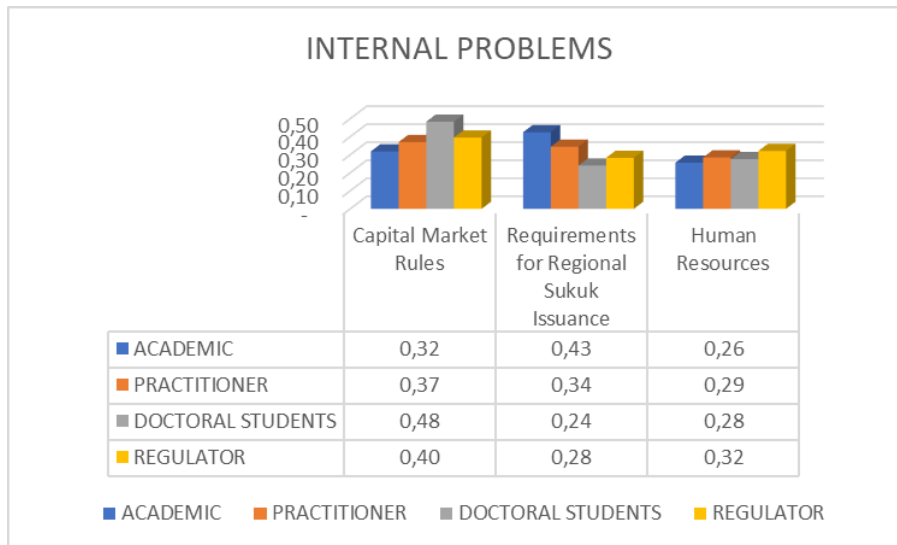


Figure 3. Analysis of Internal Problems

Source: Super Decision software (processed), 2023

It can be seen in Figure 4 that the main problem in Human Resources lies in management's readiness (0,59). The main problem with the Terms of Issuance of Regional Sukuk lies in the Proportion of Regional Debt (0,32). The main problem with Capital Market Rules lies in the contract (0,47).

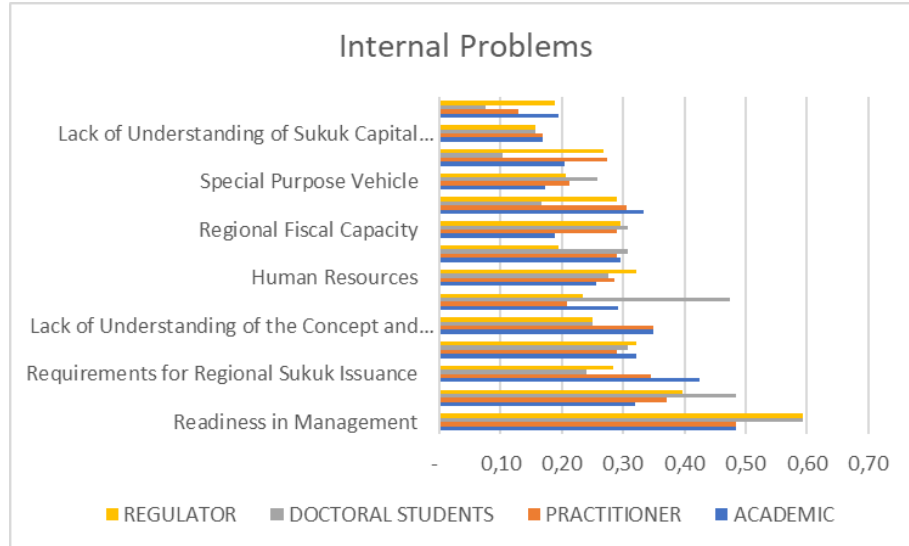


Figure 4. Detail of Internal Problems

Source: Super Decision software (processed), 2023

### Analysis of External Problems

In external problems, the main problem is government regulation (0,46). With good government regulation, the issuance of regional sukuk can take place in an organized, fair, and transparent environment. This regulation is important to maintain sustainability and confidence in the regional sukuk market and provide protection to investors who participate in it.

The second problem is the other investments (0,42). By involving other investments in regional sukuk issuance, local governments can optimize their financial resources, promote local economic growth, and expand community participation in regional development. This can have long-term benefits for sustainable development and the welfare of local communities. The last is the problem of investors (0,42).

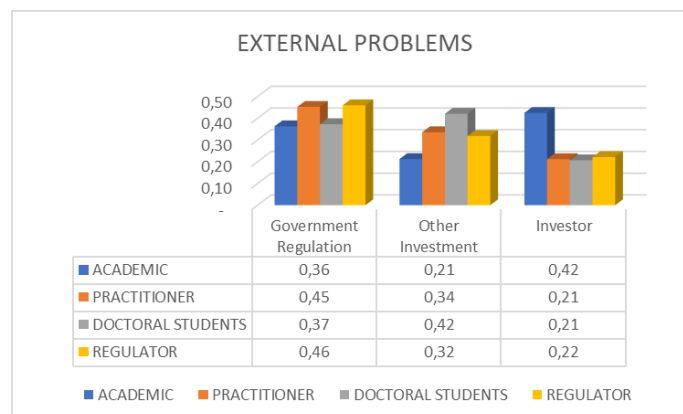


Figure 5. Analysis of External Problems

Source: Super Decision software (processed), 2023

The main problem with government regulation is the SBSN Law on Regional Sukuk (0.59). The main problem for investors is the absence of an effective statement from OJK (0.51). The main problem with other investments is deposits (0.45).

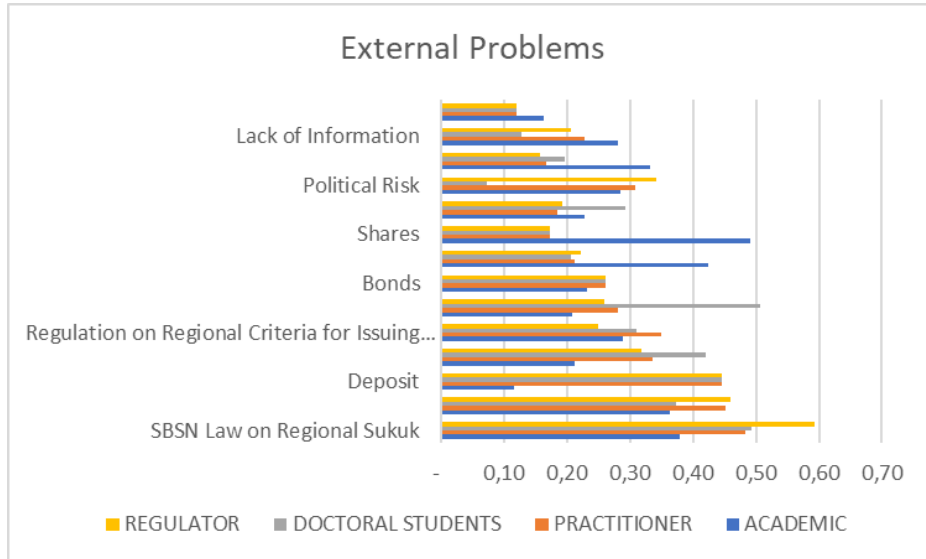


Figure 6. Detail of External Problems  
Source: Super Decision software (processed), 2023

## Analysis of Internal and External Solutions

### Analysis of Internal Solutions

In internal solutions, the main solution is capital market rules (0,54). Through internal solutions in the form of capital market rules, the issuance of regional sukuk can run more regularly, transparently, and reliably. These rules provide clear guidelines for local governments and investors and provide protection and legal certainty for all parties involved in regional sukuk transactions.

The second solution is the requirement for the issuance of regional sukuk (0,32). Through internal solutions in the form of local Sukuk issuance requirements, local governments can create an organized, safe, and reliable environment for the issuance of local Sukuk. These requirements help ensure quality, credibility, and protection for all parties involved in the Sukuk transaction. The last is the solution of human resources (0,37).

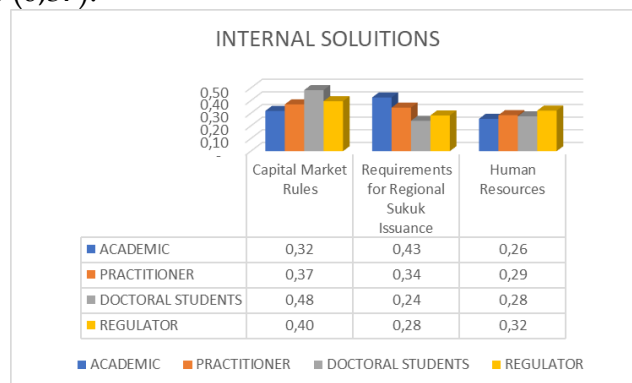


Figure 7. Analysis of Internal Solutions  
Source: Super Decision software (processed), 2023

The main solution for human resources is Recruiting Human Resources Who Understand Sharia Concepts and Schemes (0.55). The main problem with capital market rules is the Akad Ijarah or wakalah (0.58). The main problem with the Terms of Issuance of Regional Sukuk is Approval from DPRD and Central Government (0.45).

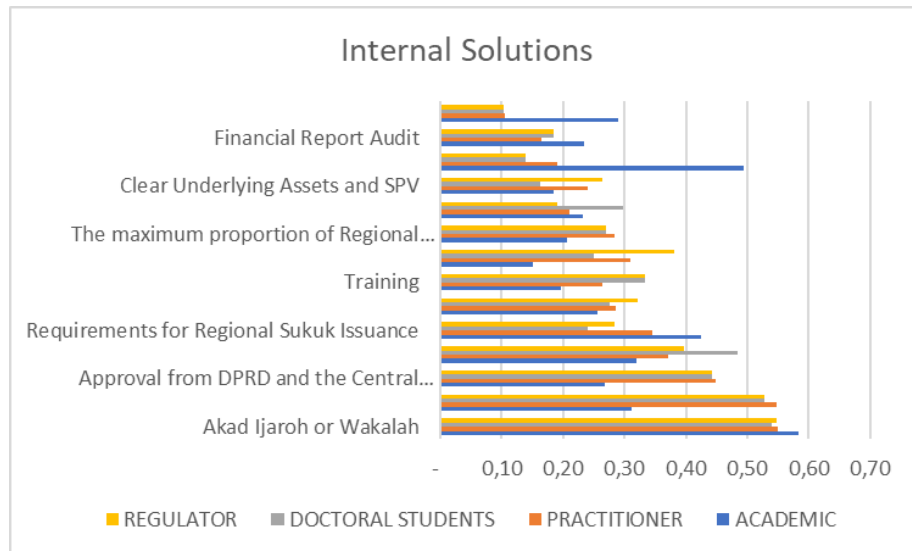


Figure 8. Detail of Internal Solutions  
 Source: Super Decision software (processed), 2023

### *Analysis of External Solutions*

In external solutions, the main solution is other investments (0,48). By involving other investments in regional sukuk issuance, local governments can optimize their financial resources, boost local economic growth, and strengthen partnerships with the private sector. This can help accelerate regional development and improve the welfare of local communities.

The second solution is government regulation (0,42). Through government regulatory solutions, the issuance of regional sukuk can run in a more organized, transparent, and trustworthy manner. This regulation provides clear guidelines for local governments and investors in carrying out regional sukuk activities, thus providing certainty and trust for all parties involved. The last is the solution of Investors (0,31).

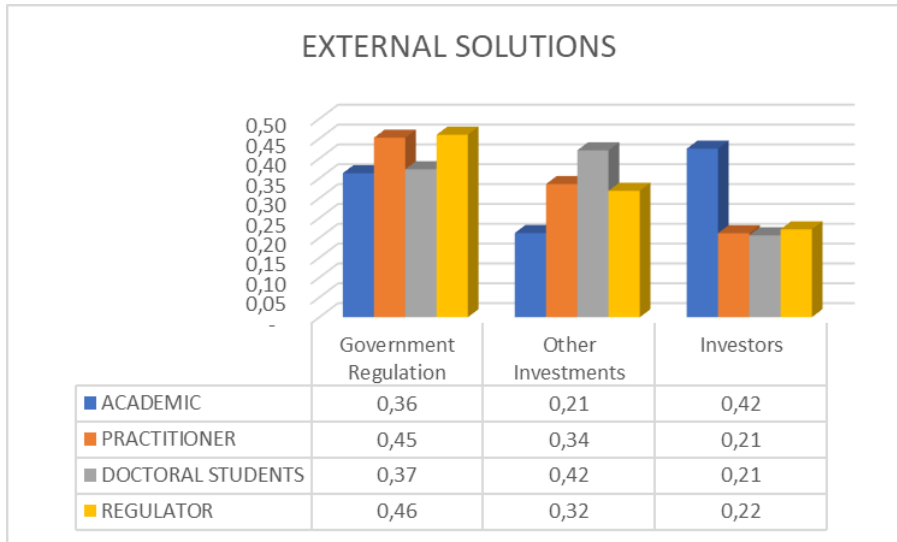


Figure 9. Analysis of External Solutions  
 Source: Super Decision software (processed), 2023

The main solution for human resources is Recruiting Human Resources Who Understand Sharia Concepts and Schemes (0.55). The main problem with capital market rules is the Akad Ijarah or wakalah (0.58). The main problem with the Terms of Issuance of Regional Sukuk is Approval from DPRD and Central Government (0.45).

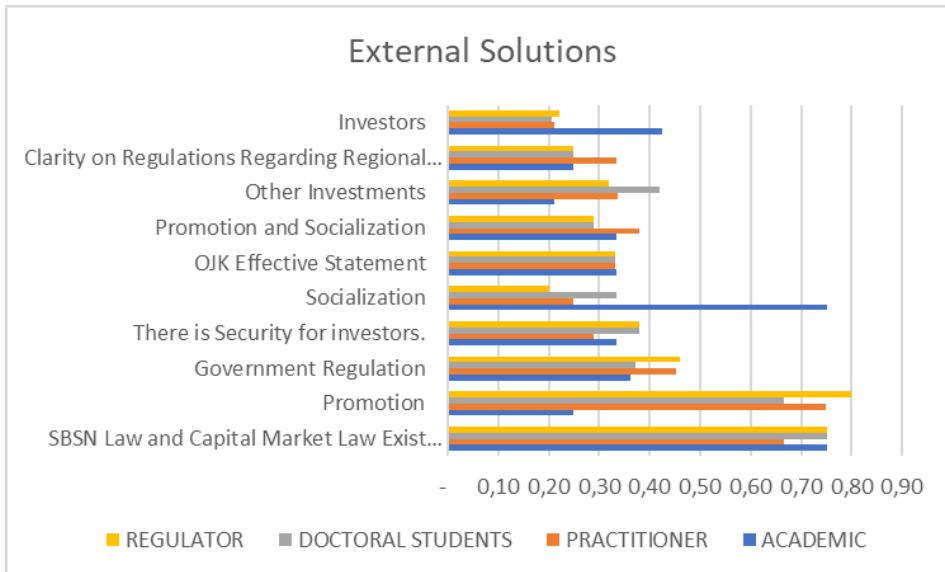


Figure 10. Detail of External Solutions  
 Source: Super Decision software (processed), 2023

**Strategy Analysis**

Based on the complexity of the problems described above, the strategy that is prioritized to be able to issue municipal Islamic bonds is the local government issuing its own municipal Islamic bonds (0,72). If the region issues its own sukuk, it will make it easier for the region to manage it because the region knows best the condition of the region and what is needed by the region.

While the next applicable strategy is municipal Islamic bonds issued by the central government (0,28), If the region has not been able to issue its own sukuk, it is forced to follow the center in its issuance.

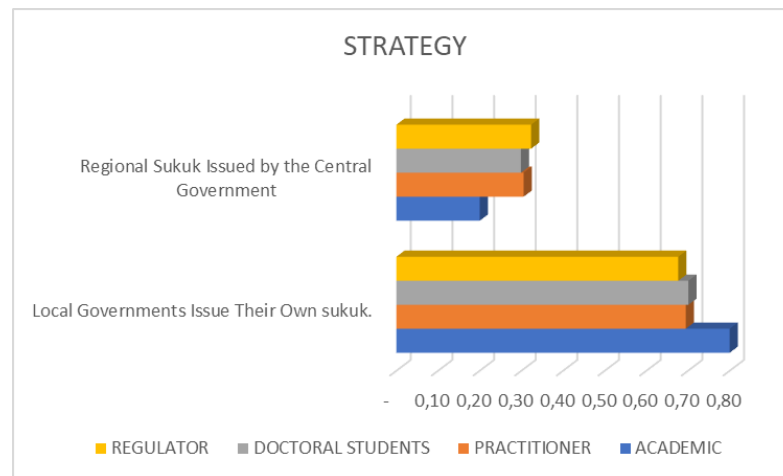


Figure 10. Strategy Details of the Problem of Not Implementing Municipal Islamic Bonds in Sukuk Potential Regions in Indonesia  
 Source: Super Decision software (processed), 2023

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

Based on the discussion and analysis of factors that have not been applied to municipal Islamic bonds in potential sukuk areas in Indonesia, the following conclusions can be drawn regarding this discussion: the problem of not applying municipal Islamic bonds to potential sukuk areas in Indonesia can be narrowed down into two main problems, namely internal problems and external problems.

The internal aspect is further divided into two main problems, namely human resource problems (lack of understanding of sukuk capital market rules, lack of understanding of the concept and sharia sukuk scheme) and the requirements for issuing municipal Islamic bonds (DPRD and central government approval). External problems are also divided into two categories: Government Regulations (the Capital Market Law and the SBSN Municipal Islamic Bonds Law) and Investor's political risk.

Based on the existing problems, the solutions that are prioritized based on internal aspects include human resources (training, workshops) and conditions for the issuance of municipal Islamic bonds (the approval of the DPRD and the central government, the ability of the region to pay fees), while solutions relating to external aspects include government regulation (the existence of capital market laws and SBSN municipal Islamic bonds laws) and other Investment solutions (Promotion).

The strategy that can be used to realize municipal Islamic bonds is for local governments to issue their own Sukuk. The problem of not implementing municipal Islamic bonds in areas with sukuk potential in Indonesia is a problem that involves various parties. One of them is the human resources of

the local government itself, so if the region wants to issue sukuk, it must prepare it carefully. Training for the employees concerned is very necessary.

The government must support the desire of local governments to issue municipal Islamic bonds. The government needs to make policies by issuing laws that can be the legal basis for the issuance of municipal Islamic bonds. Regions need alternative financing due to limited regional budgets. One of the alternatives that can be taken by the government is issuing sukuk. The issuance of sukuk can help the region realize the RPJMD (Regional Medium-Term Development Plan) and RPJMN (National Medium-Term Development Plan). If the region wants to issue sukuk, it needs to carry out promotion and socialization because of the lack of understanding of sukuk among stakeholders in government, investors, and the general public.

### **Recommendations**

Suggestions from the research results related to practical actions proposed to the government and Islamic financial market players include: (1) tax certainty through revision of tax regulations must be done immediately. At least the amount of tax on sukuk is the same as that on bonds so that sukuk and bonds can compete equally in the capital market. (2) A more dominant role for the government is also highly expected. For example, gradually replacing debt-based instruments in financing certain projects or covering budget deficits with sukuk instruments.

Suggestions related to the development of new theories and empirical research findings, especially related to the factors that influence the slow development of sukuk in Indonesia, can be the basis for the development of Islamic finance theory, especially sukuk financing instruments. Suggestions for future research can be developed, among them: (1) adding State Sukuk instruments and comparing the results; (2) comparing sukuk with conventional bonds; and (3) using econometric techniques to further examine the factors that influence the development of sukuk.

## REFERENCES

- Abubakar, L., & Handayani, T. (2017). Kesiapan Infrastruktur Hukum dalam Penerbitan Sukuk (Surat Berharga Syariah) Sebagai Instrumen Pembiayaan dan Investasi untuk mendorong Pertumbuhan Pasar Modal Syariah Indonesia. *Jurnal Jurisprudence*, 7(1).
- Ardi, M. (2018). *Pengaruh Sukuk Terhadap Pertumbuhan Ekonomi Indonesia*. 9(1).
- Endri. (2019). Permasalahan Pengembangan Sukuk Korporasi Di Indonesia Menggunakan Metode Analytical Network Process (ANP). *Jurnal Keuangan Dan Perbankan*, 13(3).
- Hamzah, M., Baga, L., & Saptono, I. (2022). Constraints And Strategies Of Issuing Municipal Sukuk In Indonesia. *Jurnal Imara*, 6(1).
- Hardi, E. A. (2015). *Analisis Peluang dan Ancaman Produk Pasar Modal: Studi Kasus Sukuk di Indonesia*. 30(2).
- Hastuti, E., & Santoso, B. (2018). Metode Analytic Network Process (Anp) Untuk Menganalisis Faktor Belum Diterapkannya Municipal Islamic Bonds Pada Daerah Berpotensi Sukuk Di Indonesia. *Ekobis*, 19(1).
- Hidayat, T., Siregar, H., Mahfudz, A., & Ismal, R. (2022). Regional Sukuk Issuance Strategy (Islamic Municipal Bonds) in Indonesia. *ADI Journal on Recent Innovation*, 4(1).
- Karina, L., A. (2019). Peluang dan tantangan perkembangan green sukuk di Indonesia. *Conference On Islamic Management Accounting and Economics*, 2, 259-265.
- Komarudin, M., & Purnama, R. (2022). Strategi Penerapan Sukuk Di Kabupaten Bogor Sebagai Alternatif Pembiayaan Dan Pembangunan Infrastruktur Di Daerah. *Jurnal Syarikah: Jurnal Ekonomi Islam*, 8(1), 11-23. <https://doi.org/10.30997/jsei.v8i1.4765>
- Mawardi, I., Widiastuti, T., & Mustofa, M. (2022). Constraints and Strategies for Municipal Sukuk Issuance in Indonesia. *Journal of Islamic Accounting and Business Research*, 13(3).
- Mukhlisin, M., & Mustafida, R. (2019). Can We Combine Sukuk and Waqf? A Case Study of Indonesia. *Revitalization of Waqf for Socio-Economic Development*, 1.

Qolbi, N., Ayuniyyah, Q., & Beik, I. S. (2022). Analisis Strategi Pengelolaan Wakaf Produktif di Baitul Wakaf: Pendekatan Analytic Network Process (ANP). *JIIP - Jurnal Ilmiah Ilmu Pendidikan*, 5(11), 4939–4948. <https://doi.org/10.54371/jiip.v5i11.1109>

Saaty, T. (2009). *Theory and Applications of The Analytic Network Process: Decision Making with Benefits, Opportunities, Costs, and Risks*.