

OPTIMIZING FINTECH AS A TOOL FOR RETAIL INVESTORS INVEST IN SECURITIES ACCORDING TO ISLAMIC PRINCIPLES

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INDONESIA STOCK EXCHANGE

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ISLAMIC FINTECH

A BRIEF OVERVIEW

ISLAMIC CAPITAL MARKET

A BRIEF OVERVIEW

THE ISLAMIC CAPITAL MARKET OF INDONESIA

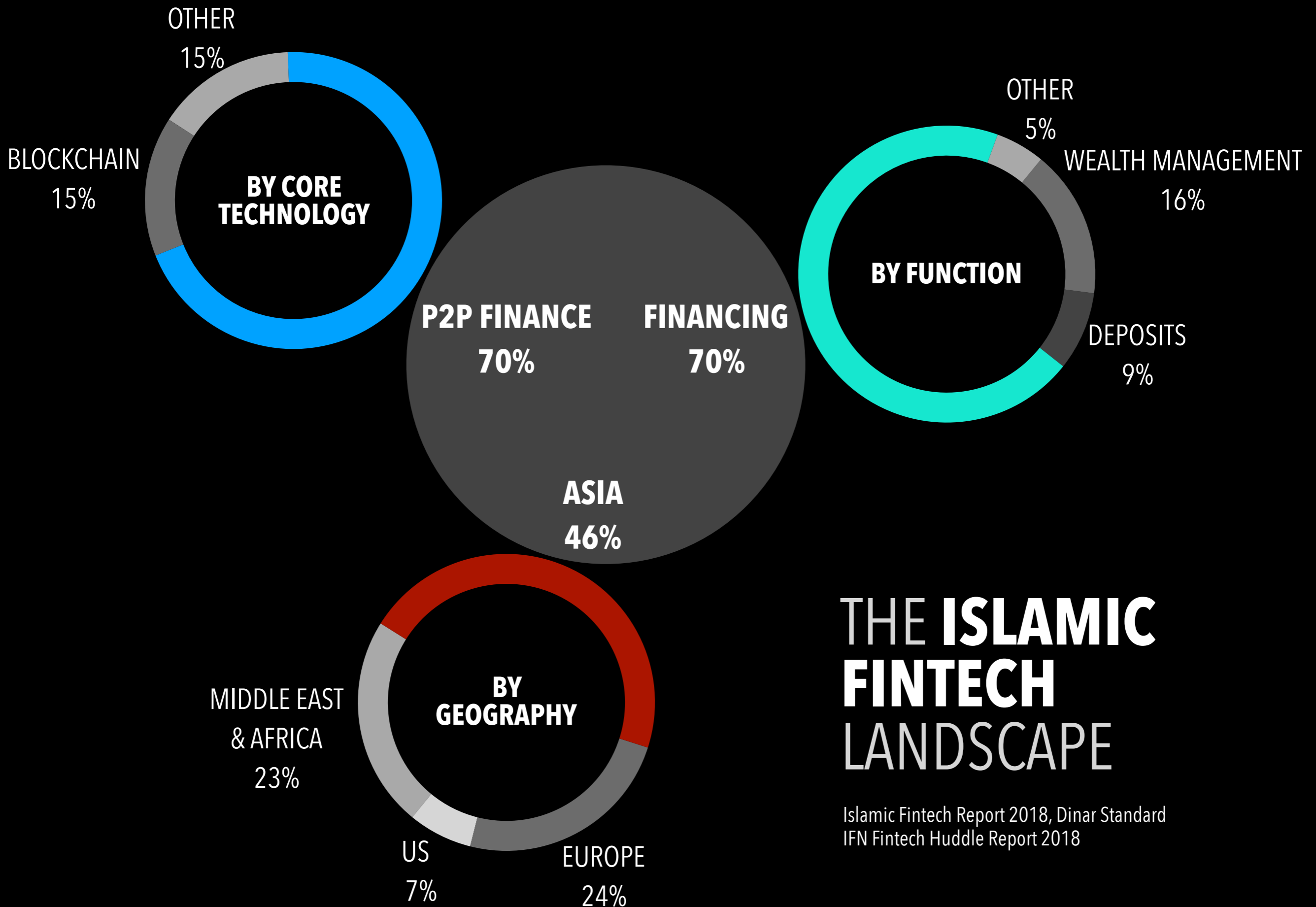
A CASE STUDY

ISLAMIC FINTECH

A BRIEF OVERVIEW

ISLAMIC FINTECH

A TECHNOLOGY-BASED INNOVATION
IS CREATED TO FACILITATE BUSINESS
ACTIVITIES IN THE FINANCIAL INDUSTRY
WHICH **COMPLY WITH SHARIA**
PRINCIPLES

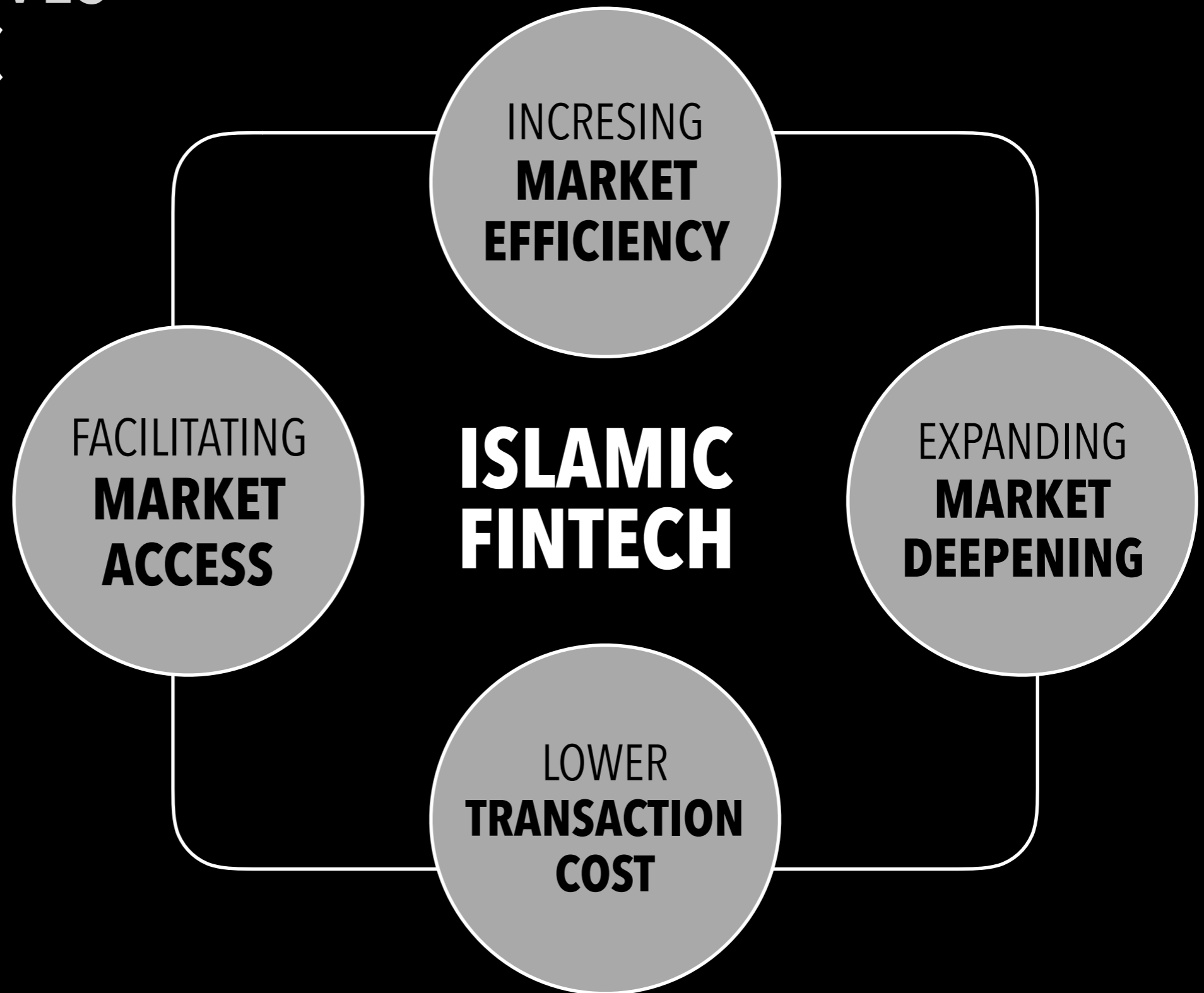


THE ISLAMIC FINTECH LANDSCAPE

Islamic Fintech Report 2018, Dinar Standard
IFN Fintech Huddle Report 2018

**WHY DO
WE HAVE TO
DEVELOP
ISLAMIC
FINTECH?**

THE OBJECTIVES OF **ISLAMIC FINTECH**



THE ISLAMIC FINTECH DRIVERS

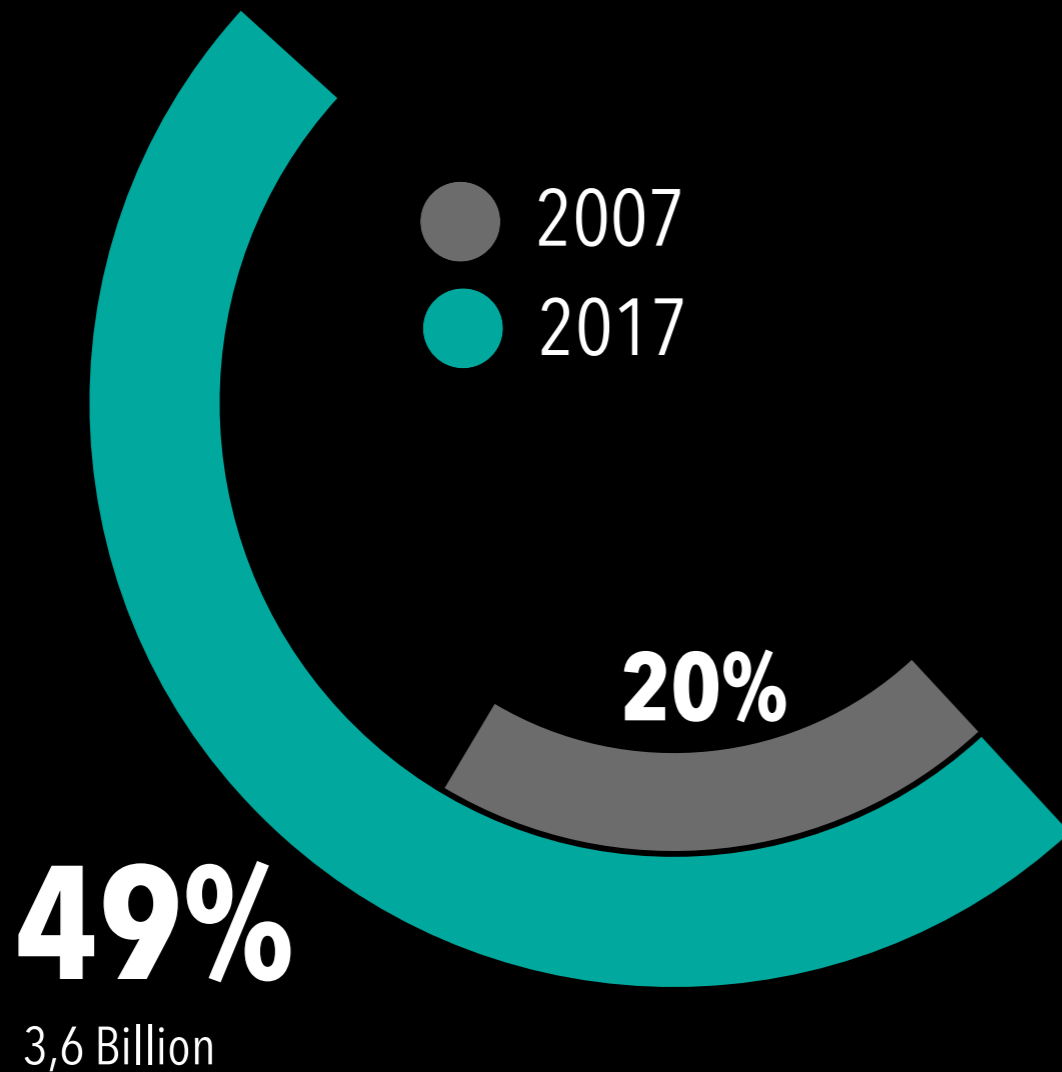
GOVERNMENT
SUPPORT

DIGITAL
AGE AND
YOUNG
PEOPLE

world bank data

world's population
7,53 Billion

INDIVIDUAL USING INTERNET (% POPULATION)

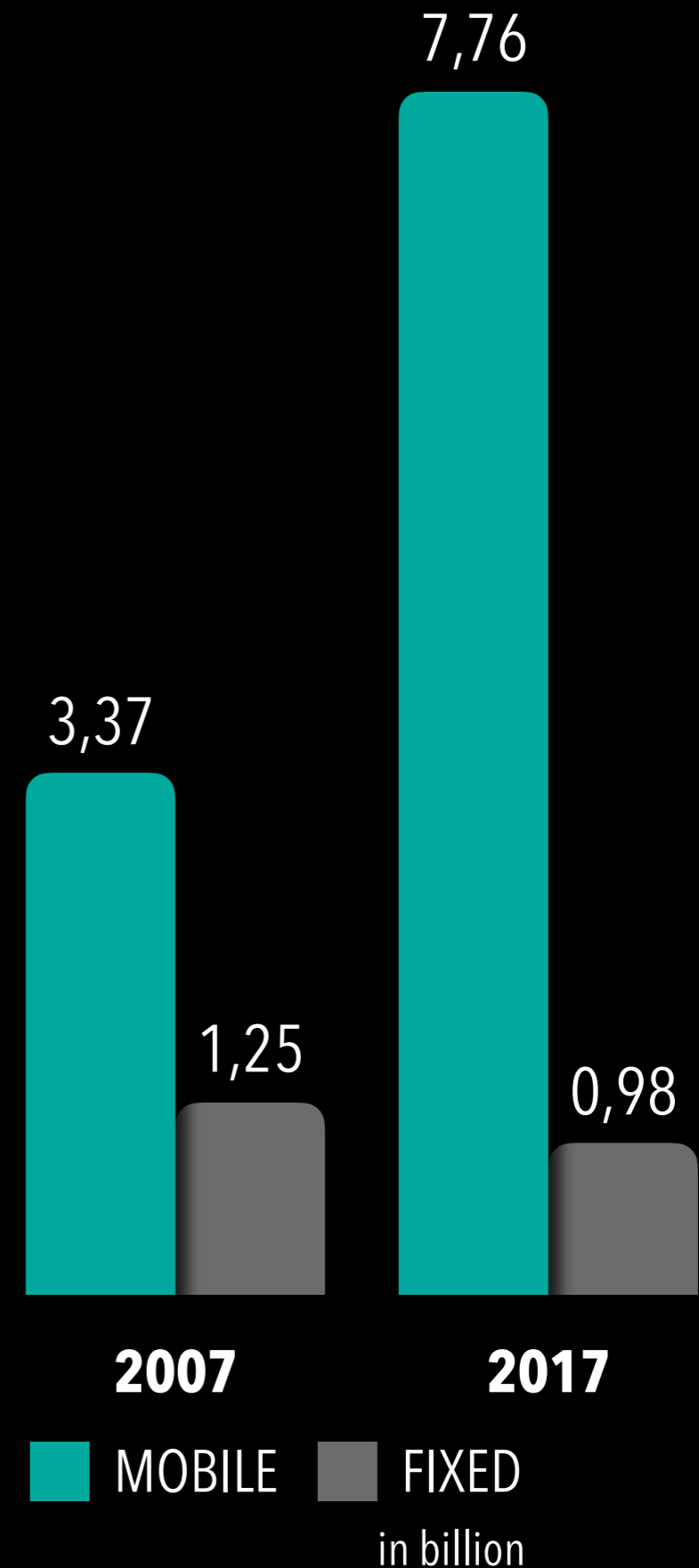


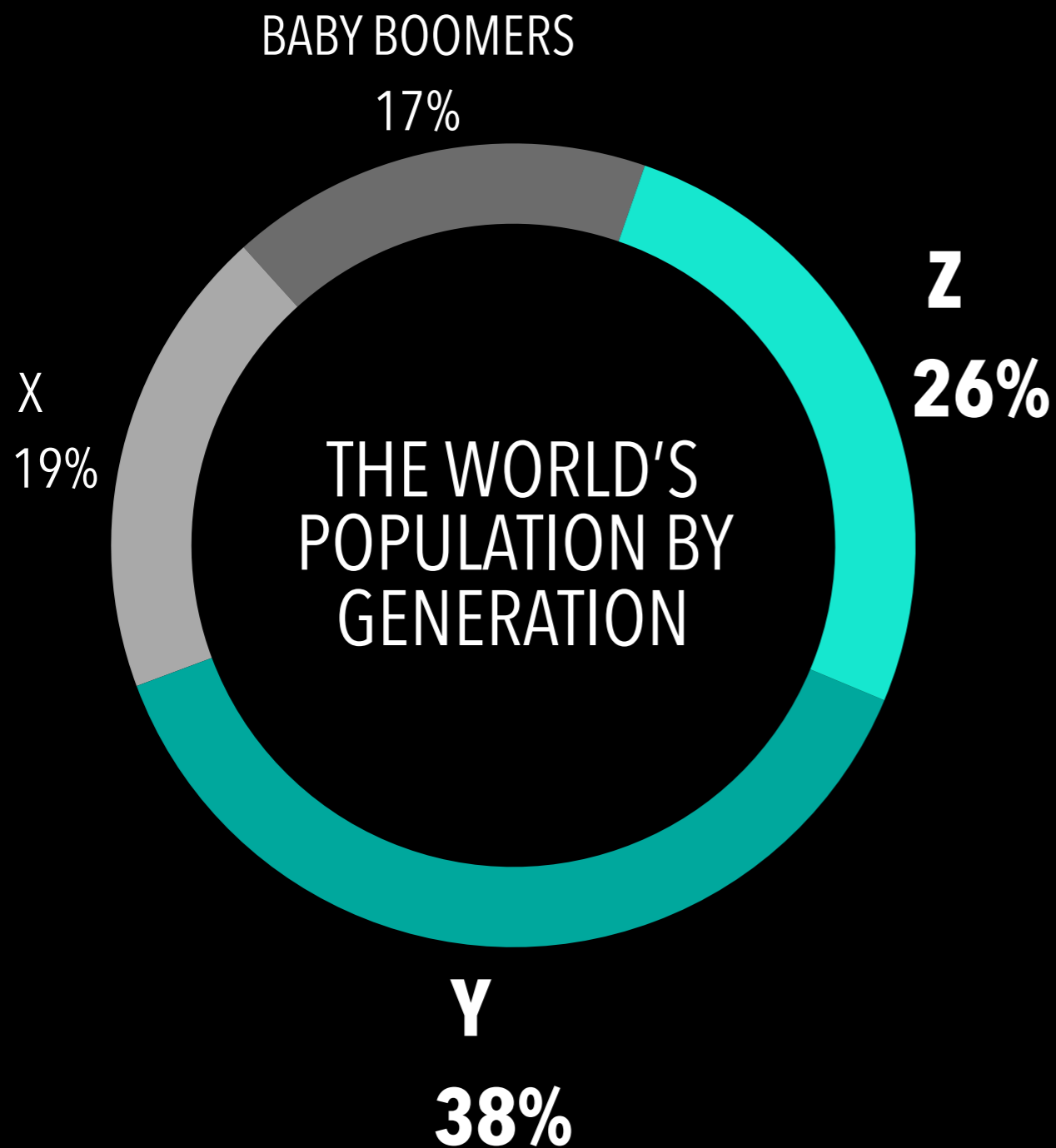
THE NUMBER
OF INDIVIDUAL
USING THE
INTERNET
**GREW 138%
IN THE LAST
10 YEARS**

TELEPHONE SUBSCRIPTIONS

world bank data

MOBILE PHONE SUBSCRIPTIONS INCREASE 130% WHILE FIXED PHONE DECREASE 22% IN THE LAST TEN YEARS





64%
OF THE
WORLD'S
POPULATION
IS **YOUNG**
GENERATION

4,8 billion

world bank data

MEDIAN AGE BY RELIGION



JEWES | **37**

BUDDHISTS | **36**

OTHER RELIGIONS | **34**

CHRISTIANS | **30** — ALL RELIGION | **30**

HINDUS | **27**

MUSLIMS | 24

**MUSLIMS ARE THE YOUNGEST
RELIGION POPULATIONS**

PEW Reseach Center, 2015

THE MOST DEVELOPED ISLAMIC FINANCE MARKETS 2018

Islamic Finance Development Report (IFDR) 2018 - Thomson Reuters

WORLD | 30

ourworldindata.org , 2015

MEDIAN AGE

MALAYSIA | 28

BAHRAIN | 31

UAE | 33

PAKISTAN | 23

SAUDI ARABIA | 30

JORDAN | 22

OMAN | 29

KUWAIT | 33

BRUNEI | 30

INDONESIA | 28

world bank data, 2017

YOUNG GENERATION

69% | 21.917.905

72% | 1.069.408

68% | 6.437.587

77% | 151.251.579

69% | 22.679.266

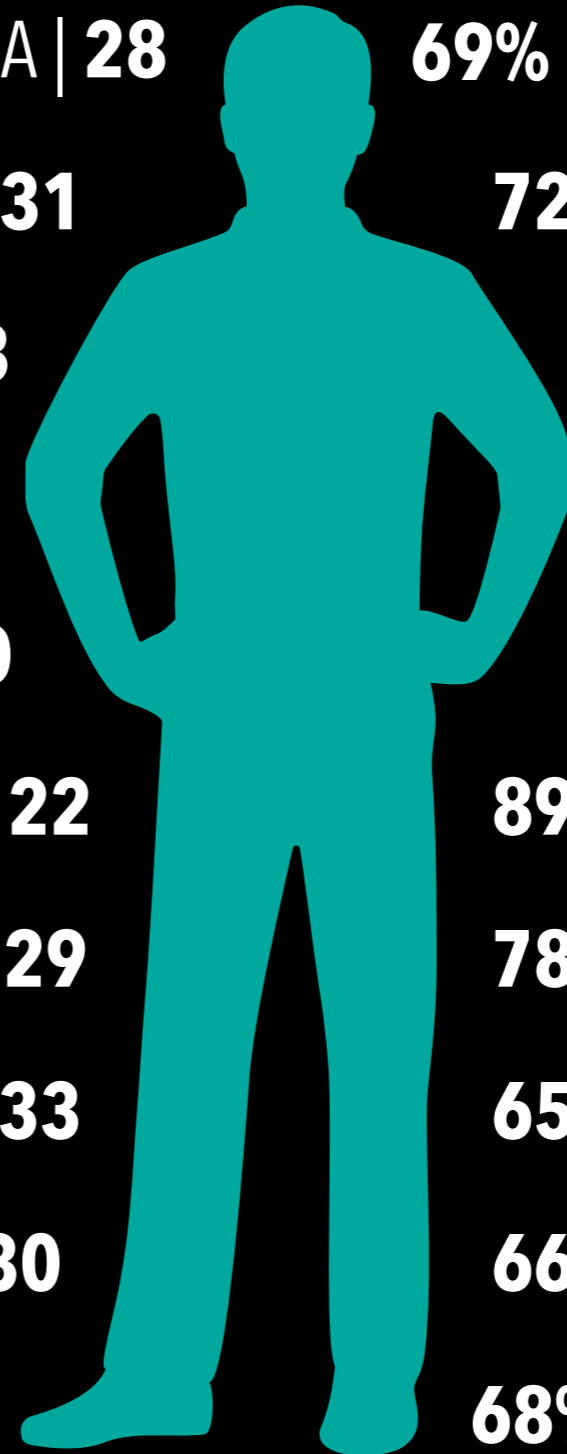
89% | 8.683.303

78% | 3.614.424

65% | 2.670.333

66% | 284.022

68% | 179.537.293



ISLAMIC FINANCIAL MARKET ARE DRIVEN BY RETAIL AND TECHNOLOGY

**4,8
BILLION
YOUNG
PEOPLE**

**3,6
BILLION
USING
INTERNET**

**7,8
BILLION
MOBILE
SUBSCRIPTIONS**

ISLAMIC CAPITAL MARKET

A BRIEF OVERVIEW

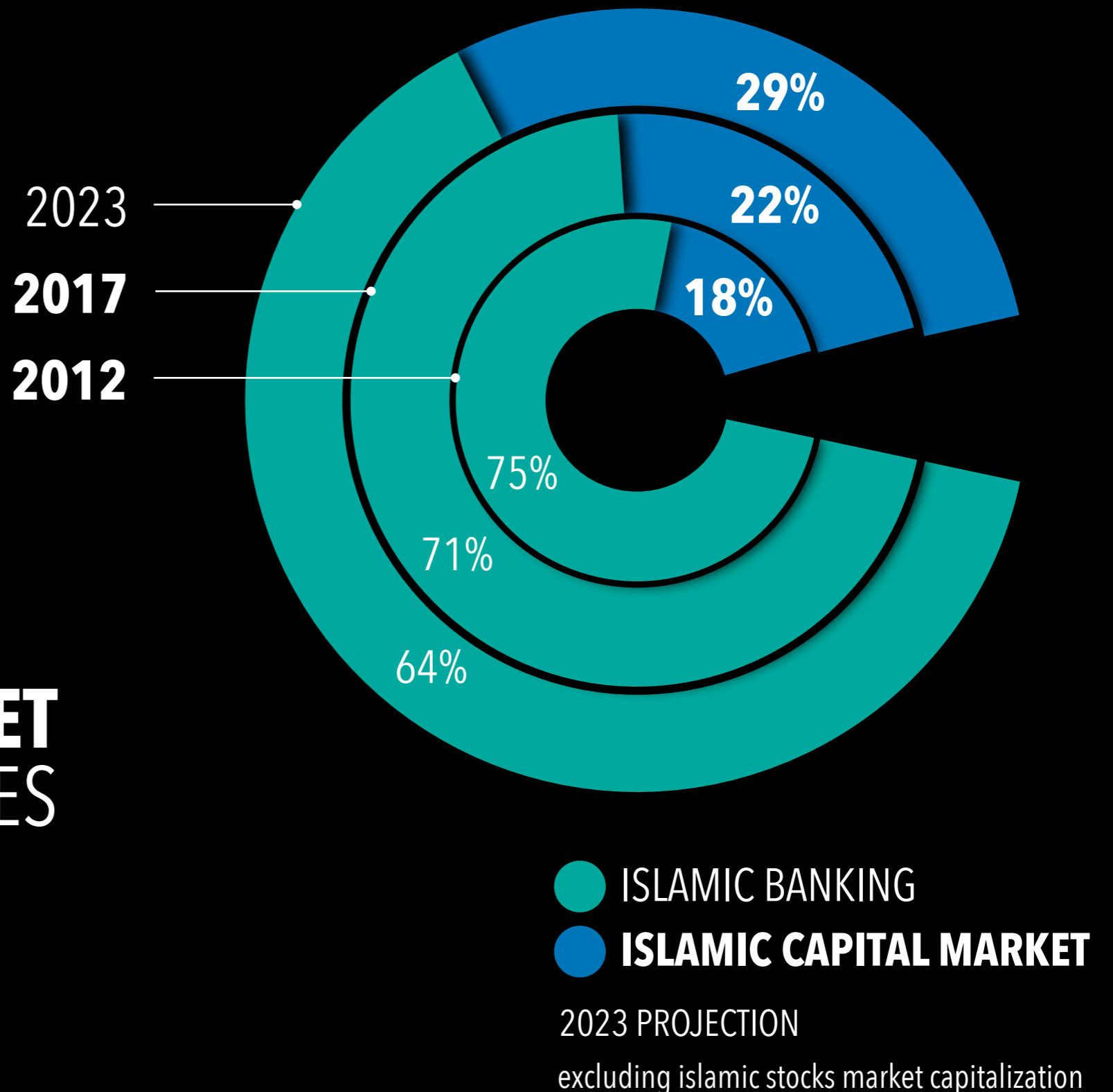
GLOBAL ISLAMIC FINANCE LANDSCAPE

Islamic Finance Development Report (IFDR) 2018 - Thomson Reuters

TOTAL ISLAMIC FINANCE ASSETS IN 2017

USD **2,44** Trillion

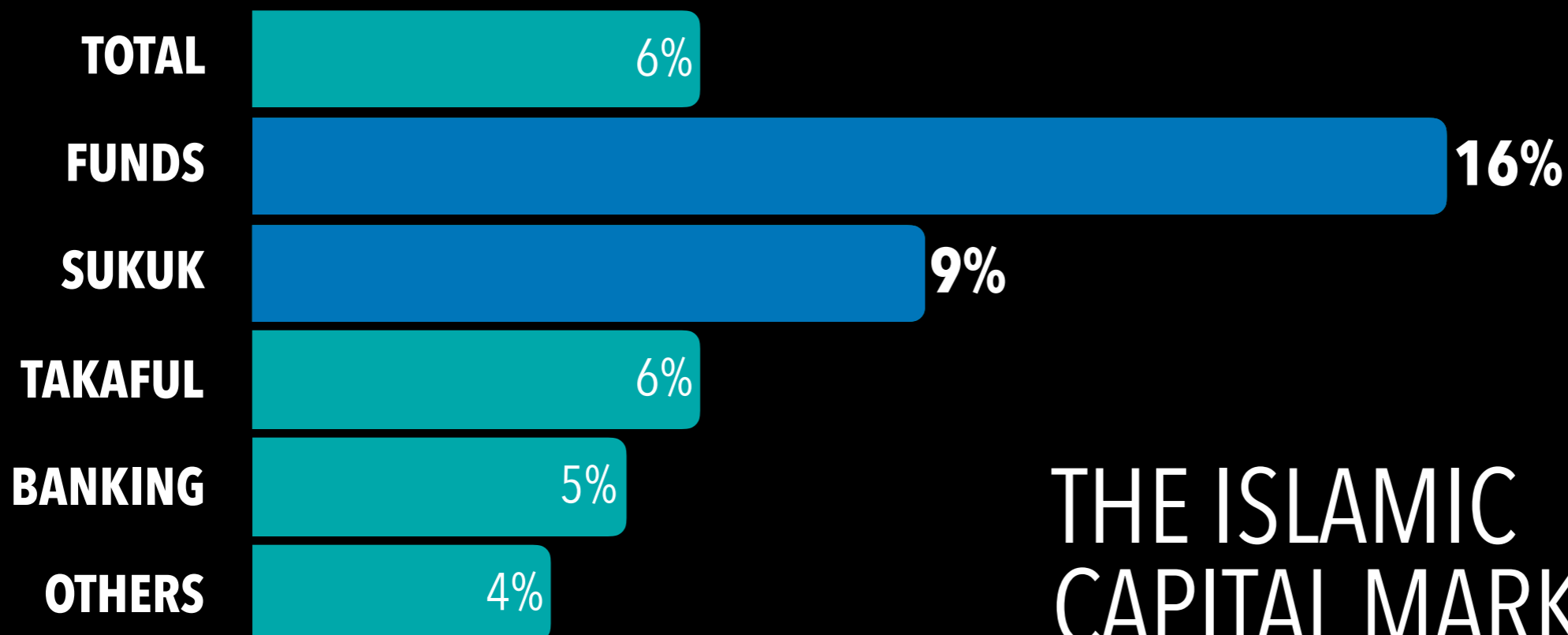
THE ISLAMIC CAPITAL MARKET SHARE CONTINUES TO INCREASE CONSISTENTLY



ISLAMIC FINANCE GROWTH

Islamic Finance Development Report
(IFDR) 2018 - Thomson Reuters

5 YEARS (2012 - 2017) CAGR



THE ISLAMIC
CAPITAL MARKETS
**LEADING INDUSTRY
GROWTH**

GLOBAL ISLAMIC CAPITAL MARKET ASSETS

IFSI Stability Report 2018 - IFSB

Islamic Finance Development Report
(IFDR) 2018 - Thomson Reuters

excluding islamic stocks
market capitalization

TOTAL ISLAMIC CAPITAL
MARKET ASSETS IN 2017

USD**536** Billion

305 ASIA

193 GCC

20 MENA

18 OTHERS

ASIA

57%

**ASIA IS A MARKET LEADER
IN THE GLOBAL ISLAMIC
CAPITAL MARKET**

GLOBAL SUKUK LANDSCAPE

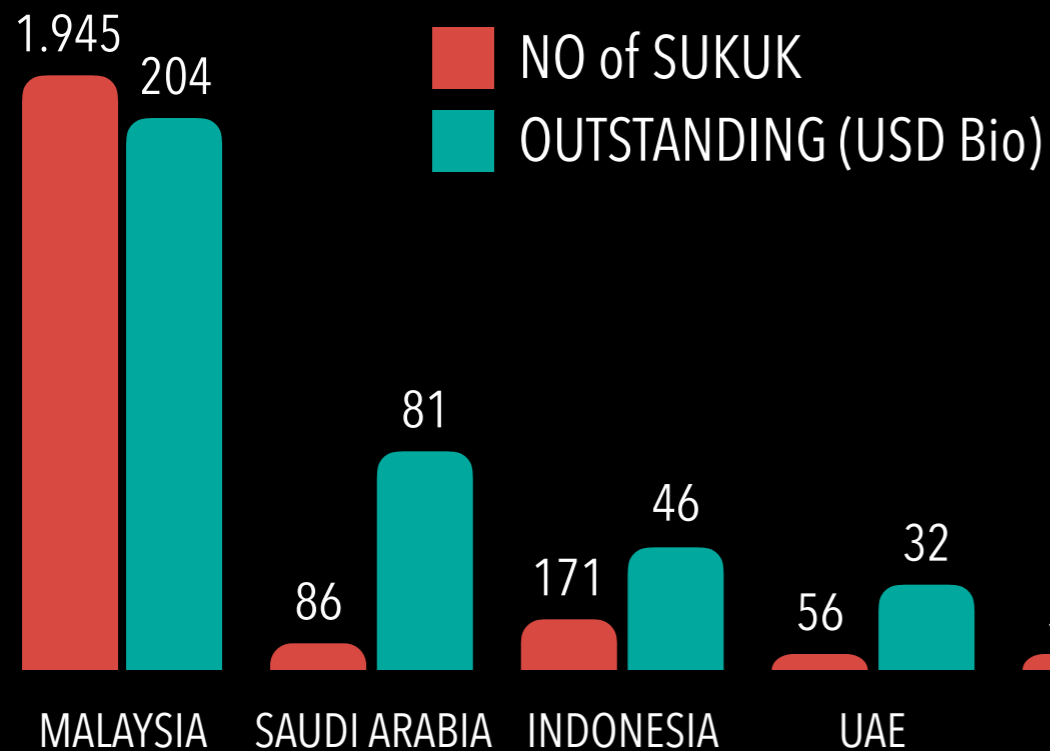
Islamic Finance Development Report
(IFDR) 2018 - Thomson Reuters



TOTAL SUKUK OUTSTANDING VALUE
IN 2017 **USD426 BILLION**

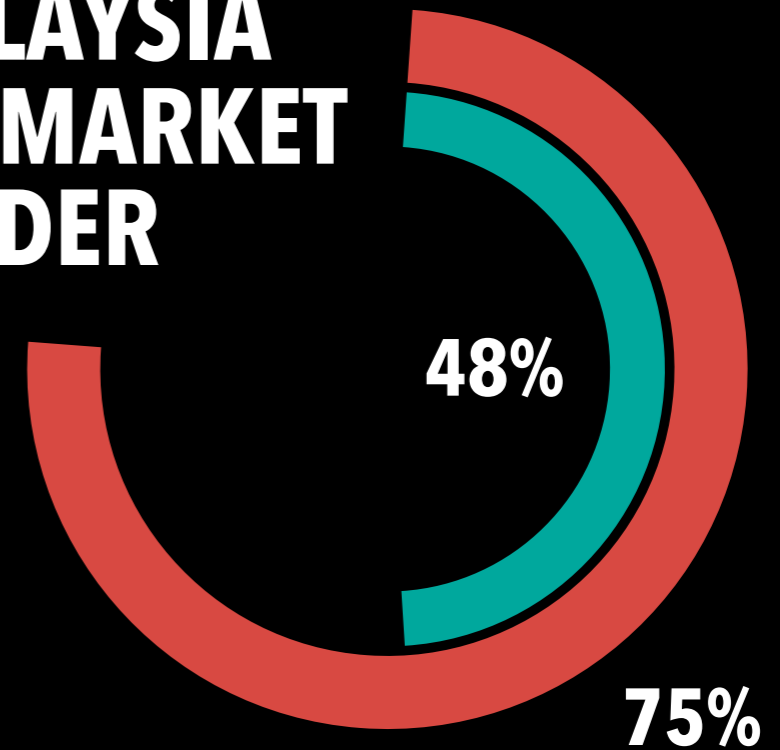


NO OF SUKUK OUTSTANDING
IN 2017 **2.590**

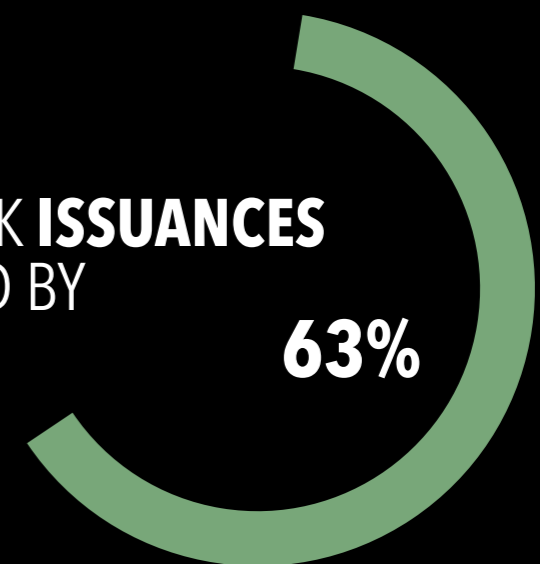


TOP GLOBAL SUKUK MARKET 2017

MALAYSIA IS A MARKET LEADER



GLOBAL SUKUK ISSUANCES IS DOMINATED BY CORPORATE

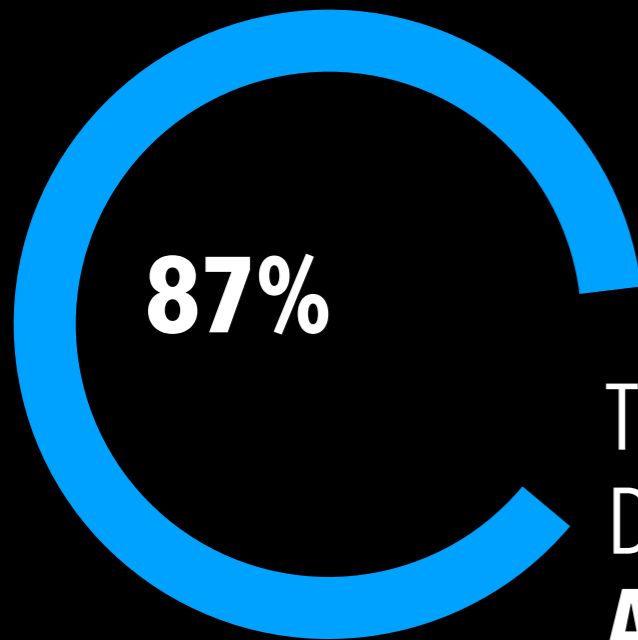


GLOBAL FUNDS LANDSCAPE

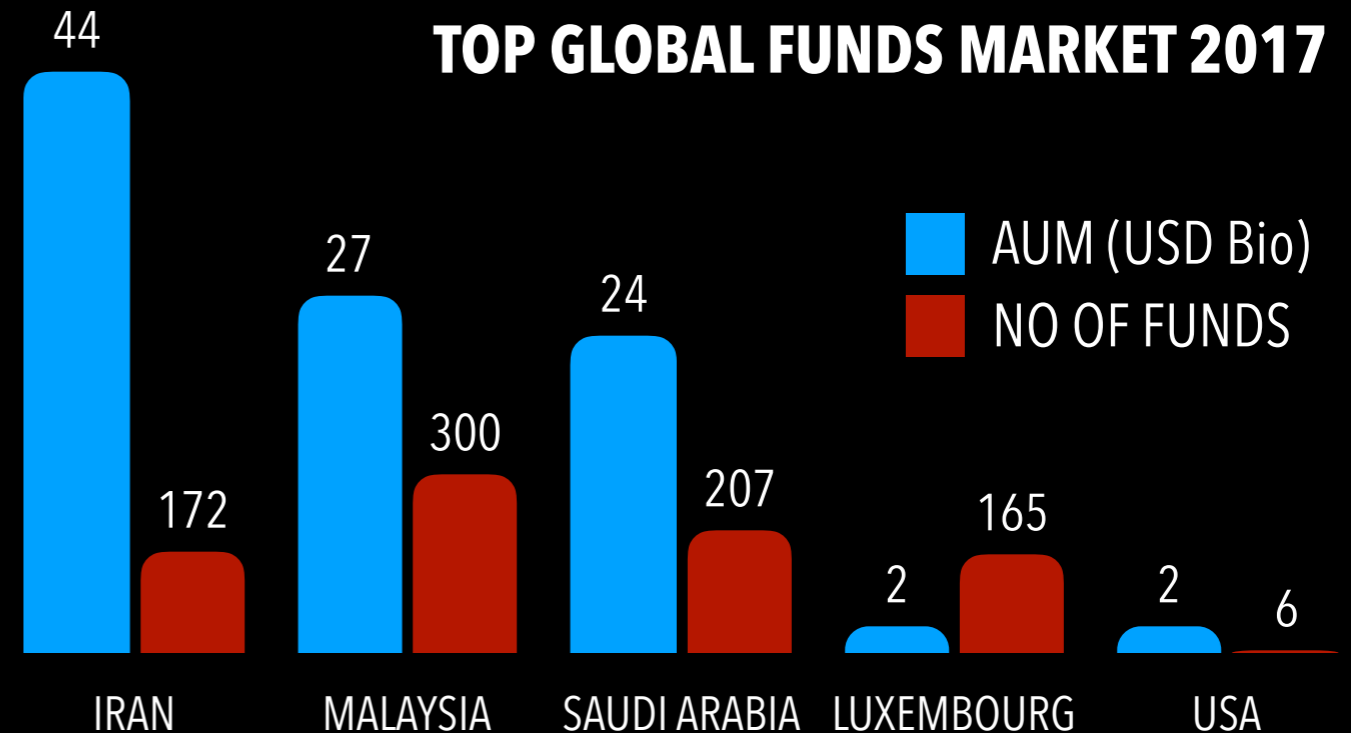
Islamic Finance Development Report
(IFDR) 2018 - Thomson Reuters

 TOTAL ASSETS UNDER MANAGEMENT
2017 **USD110 BILLION**

 NO OF FUNDS OUTSTANDING
IN 2017 **1.410**



THE **ASSETS** OF GLOBAL ISLAMIC FUNDS ARE DOMINATED BY **IRAN, MALAYSIA & SAUDI ARABIA** WITH MARKET SHARE OF **87%**

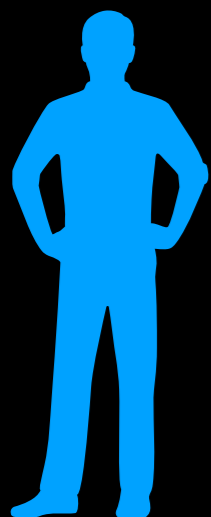


THE ISLAMIC CAPITAL MARKET OF INDONESIA

A CASE STUDY



FACT SHEET



263.991.379

68% YOUNG PEOPLE

50,3% MALE

87% MUSLIM

THE BIGGEST MUSLIM



17.504 ISLANDS

**THE 5TH LARGEST
ARCHIPELAGO IN THE WORLD**

worldatlas.com

IFDR 2018

**THE 3RD
TOP GLOBAL
SUKUK MARKETS
2017**

IFDR 2018

**THE 10TH
MOST DEVELOPED
ISLAMIC FINANCE
MARKETS**

**THE BEST
EMERGING ISLAMIC
CAPITAL MARKET
OF THE YEAR 2018**

GIFA

**THE MOST
ISLAMIC FINTECH
STARTUPS**

ISLAMIC FINTECH REPORT 2018

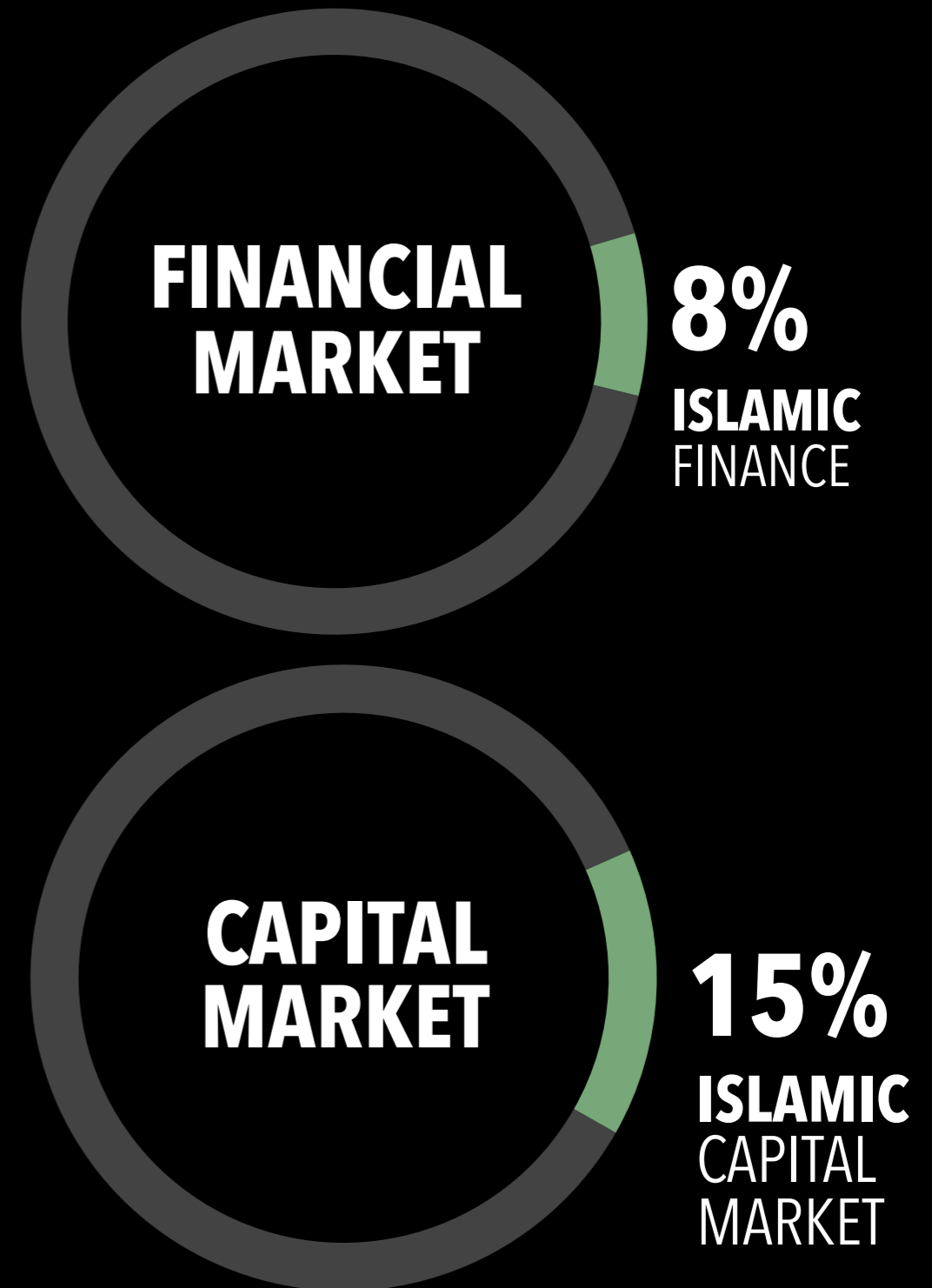
GIFA

**THE BEST
SUPPORTING
INSTITUTION OF THE
YEAR 2016, 2017,
2018**

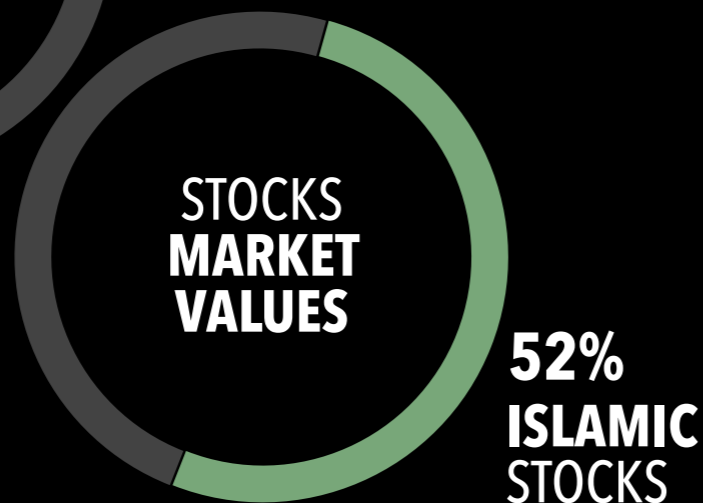
2011 - JAN 2019

**THE 2ND
HIGHEST LONG-TERM
RETURN OF THE
ISLAMIC INDEX**

ISLAMIC CAPITAL MARKET OF **INDONESIA** HAS A **HUGE** **ROOM TO GROW**



ISLAMIC STOCKS
64%



THE INDONESIA
STOCK EXCHANGE
(**IDX**) CREATED
**SHARIA ONLINE
TRADING SYSTEM
(SOTS®) IN 2011**

**THE FIRST ISLAMIC
FINTECH**

converts fatwa into online
trading platform that
meet islamic principles
and used by retail
investors as a **tool for
investing in islamic
stocks**

THE BUSINESS MODEL

CREATED BY
INDONESIA
STOCK EXCHANGE

DERIVED FROM
FATWA OF NATIONAL
SHARIAH BOARD

AN INVESTMENT
TOOL FOR RETAIL
INVESTORS



DEVELOPED BY
ISLAMIC BROKERAGE
COMPANY

CERTIFIED BY
NATIONAL
SHARIAH BOARD



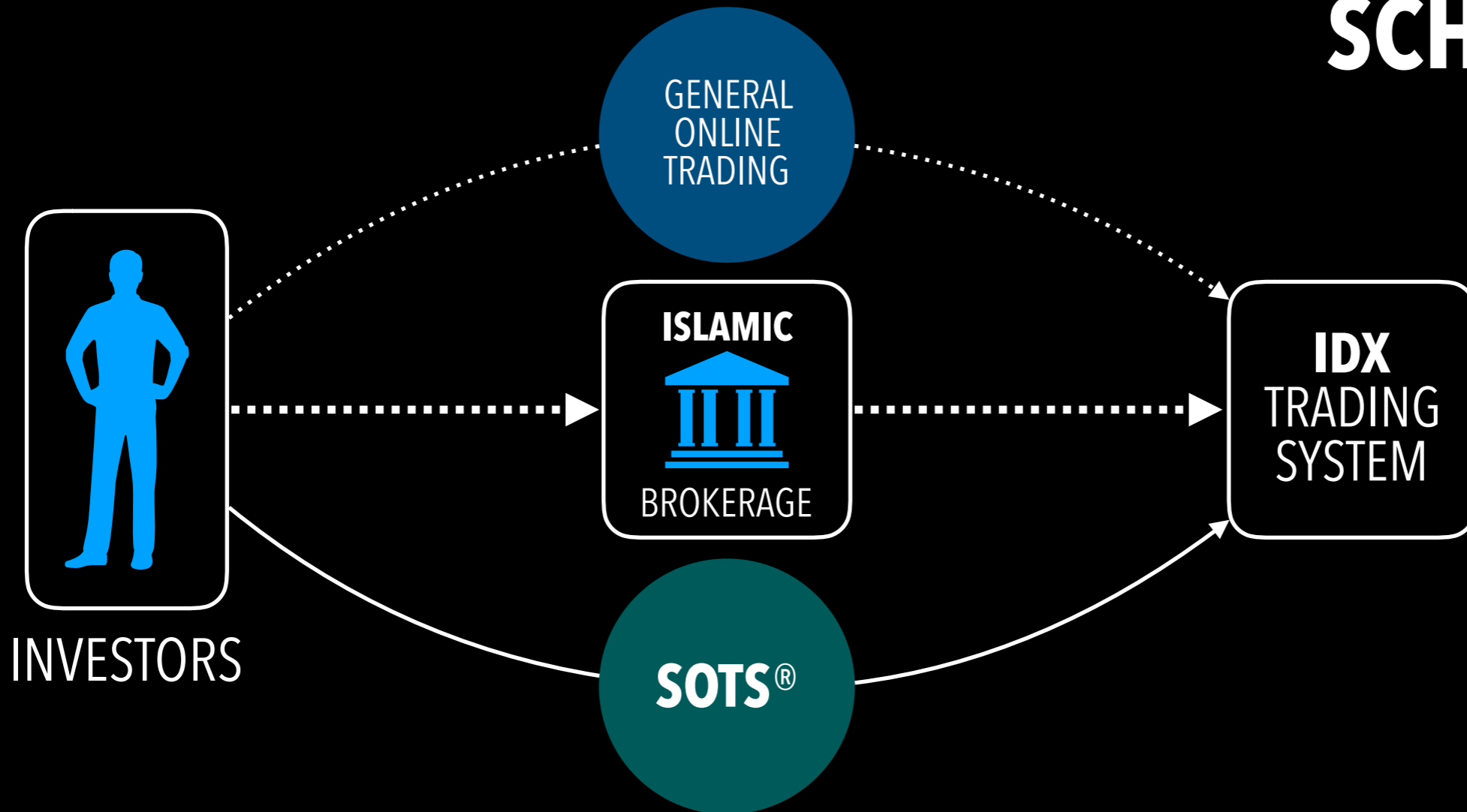
THE SYSTEM PLATFORM



SOTS®

- **IT BASED** PLATFORM
- **ONLY ISLAMIC STOCKS** ARE ALLOWED FOR TRADING
- **TRADING** USING **DEBT** (MARGIN TRADING) IS PROHIBITED
- **SHORT SELLING** IS PROHIBITED
- **CASH BASIS** TRANSACTION
- ISLAMIC SECURITIES PORTFOLIO ARE **RECORDED SEPARATELY**

THE TRADING SCHEME

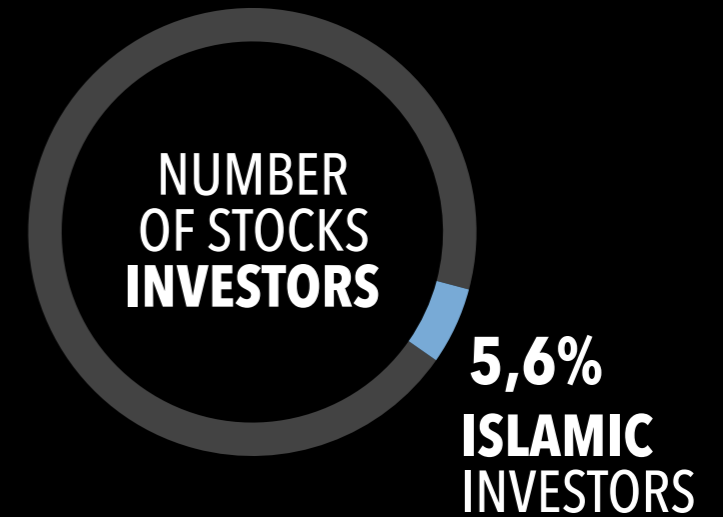
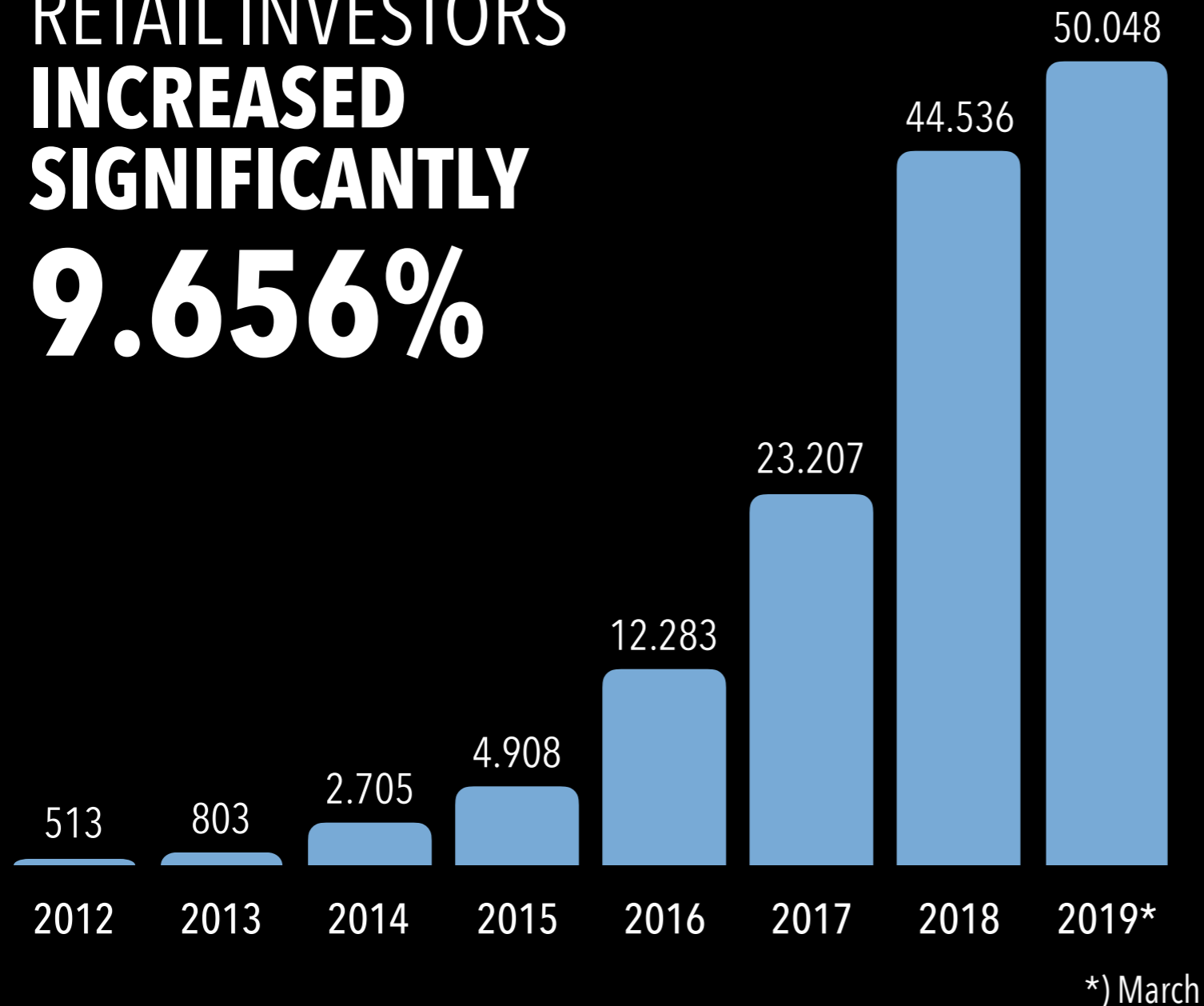


The **SOTS will reject** any transaction order which not comply with islamic principles:

1. order for non islamic stocks
2. buy shariah stocks with no sufficient money in the account or by borrowing money from brokerage (margin trading)
3. sell shariah stocks that are not owned in the account (short selling)

THE RESULT

THE NUMBER OF ISLAMIC
RETAIL INVESTORS
**INCREASED
SIGNIFICANTLY
9.656%**



ONLY NEED
USD7
FOR INITIAL MONEY
TO BE A SHARIAH
INVESTOR



SOTS®

- **CREATES** a new concept of trading islamic stocks,
- **FACILITATES** market access,
- **INCREASES** market efficiency,
- **EXPANDS** market deeping, and
- **DECREASES** transaction costs for retail Investors in the Islamic capital market of Indonesia

THANK YOU

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INDONESIA STOCK EXCHANGE

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