

Islamic Finance and Indonesia's Sharia Capital Market: Investment Opportunities for Students Abroad

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ARTICLE INFO

Keywords: Islamic Finance, Sharia Capital Market, Islamic Financial Literacy, Indonesian Students Abroad

Received : 24, November

Revised : 26, January

Accepted: 28, March

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ABSTRACT

This Community Service programme aimed to enhance students' understanding and awareness of Islamic finance and Indonesia's Sharia capital market through an educational and participatory approach grounded in Islamic Economic Theory. The programme was conducted using a hybrid model, involving Indonesian students at Al-Azhar University, Cairo, and students from various Muhammadiyah Aisyiyah Higher Education Institutions in Indonesia. A total of approximately 404 students participated. Data were collected through observation, documentation, and interactive discussions, and analysed using a qualitative descriptive approach. The results indicate positive improvements in participants' understanding of Islamic financial principles, Sharia capital market mechanisms, and Sharia-compliant investment instruments. Increased understanding was reflected in active participation, substantive discussion, and the ability to relate investment concepts to Islamic values such as justice, transparency, social responsibility, and the avoidance of *riba*, *gharar*, and *maysir*.

INTRODUCTION

Economic development is widely recognised as a key indicator of a nation's progress and overall economic performance (Saputri et al., 2025). Despite ongoing global economic volatility, Indonesia's capital market has consistently demonstrated resilience and positive growth throughout 2023 and 2024 (Nurfadilah et al., 2025). As the country with the largest Muslim population worldwide, Indonesia has experienced notable expansion in its Islamic capital market sector. The Indonesia Stock Exchange functions not only as a platform for investment activities but also as a source of essential corporate information that may influence stock price movements (Sari et al., 2024). Within the financial system, the stock market serves as a strategic investment instrument that contributes significantly to national economic growth (Haanurat et al., 2026). In this regard, Islamic financial instruments such as Sharia-compliant equities, sukuk, and Islamic mutual funds have shown continuous growth and play an important role in supporting sustainable economic development. Nevertheless, ensuring informed and effective participation among investors remains a persistent challenge, particularly within the Islamic capital market framework (Haanurat et al., 2023). This issue is further reflected in the relatively low level of Islamic capital market literacy among young people, especially Indonesian students pursuing higher education abroad.

Indonesian students studying overseas represent a strategically important group in efforts to enhance Islamic financial literacy. Financial literacy encompasses an individual's ability to understand financial concepts, apply relevant skills, and demonstrate confidence when making financial decisions (Jaya et al., 2024). Moreover, in the face of rapid digitalisation, economic uncertainty, and accelerated social change, financial literacy has become an essential competency for young people operating within a globalised environment (Fitrianti et al., 2025). Beyond their role as future intellectuals and leaders, students also possess the potential to act as agents of change who can connect global financial practices with the principles of Islamic economics. However, limited access to structured information regarding Indonesia's Islamic capital market, combined with insufficient practical exposure to Sharia-based investment, continues to pose significant challenges. Investment, in essence, involves delaying current consumption by allocating assets or capital with the expectation of generating future returns (Nurfadillah et al., 2025). From an Islamic viewpoint, Sharia-compliant investment is fundamentally guided by the requirement that all activities align with Islamic values, including justice, transparency, and social responsibility (Pamikatish, 2025).



Figure 2. Delivery of Educational Materials through Offline and Online Sessions



Figure 3. Participant Interaction during the Community Service Programme



Figure 4. Participants of the Community Service Programmer

IMPLEMENTATION AND METHODS

Research Design

This study adopts a Community Service design using an educational and participatory approach. The design aims to enhance participants' understanding and awareness of Islamic finance and Indonesia's Sharia capital market through a structured and interactive knowledge dissemination process. This approach is consistent with Islamic Economic Theory, which emphasises the importance of education, ethical awareness, and social responsibility in economic activities. The PkM programme was structured as an international educational initiative focusing on strengthening Islamic financial literacy and improving understanding of Sharia-compliant investment instruments. The study does not employ an experimental or causal design; rather, it adopts a descriptive and capacity-building orientation intended to provide participants with both conceptual and practical insights.

The programme was implemented using a hybrid delivery model, combining face-to-face activities for Indonesian students at Al-Azhar University in Cairo with online sessions conducted via a video conferencing platform involving students from various Muhammadiyah' Aisyiyah Higher Education Institutions (PTMA) in Indonesia. This model enabled broader participant reach and facilitated cross-border academic interaction. Educational materials were delivered through lectures, presentations by Islamic capital market practitioners, and interactive discussion sessions. This approach allowed participants to gain theoretical understanding alongside practical perspectives on the Islamic capital market. Accordingly, the research design places emphasis on empowerment, the internalisation of Islamic economic values, and knowledge dissemination as a means of strengthening Islamic financial literacy among students in an international context.

Research Location and Time

This Community Service activity was conducted on Saturday, 8 November 2025, commencing at 09:00 local time and continuing until completion. The programme was delivered in a hybrid format, with on-site activities held at Al-Azhar University, Cairo, Egypt, and online participation facilitated through the Zoom Meeting platform, involving students from various Muhammadiyah-Aisyiyah Higher Education Institutions (PTMA) across Indonesia. Al-Azhar University, Cairo, was selected as the location for the face-to-face component due to its role as a prominent international centre of Islamic education and a major destination for Indonesian students studying abroad. Meanwhile, the use of online platforms enabled the programme to reach a wider audience and engage students from different regions of Indonesia simultaneously. This implementation model supports the programme's objective of enhancing Islamic financial literacy and understanding of Indonesia's Sharia capital market within an international setting.

Participants

Participants in this Community Service programme consisted of Indonesian students who attended the activity either in person or online. Approximately 52 students from Al-Azhar University, Cairo, participated in the face-to-face sessions, while around 352 students from various Muhammadiyah–'Aisyiyah Higher Education Institutions (PTMA) in Indonesia joined the programme online. In total, the activity involved approximately 404 student participants. In addition to students, the programme also engaged academics and Islamic capital market practitioners as speakers and facilitators. The involvement of multiple stakeholders was intended to enrich participants' perspectives and enhance the overall effectiveness of the programme in strengthening Islamic financial and capital market literacy.

Data Collection Techniques

Data collection for this PkM activity was conducted through observation, documentation, and interactive discussions. Observations were carried out throughout the programme to assess participant engagement and levels of enthusiasm. Documentation included photographs of activities, screenshots of online participation, attendance records, and presentation materials provided by the speakers. Furthermore, discussion sessions and question-and-answer segments were utilised to explore participants' understanding and to obtain feedback on the educational materials delivered.

Data Analysis

Data were analysed using a descriptive qualitative approach by reviewing observation notes, activity documentation, and participant responses during discussion sessions. The analysis focused on describing improvements in participants' understanding of Islamic finance and the Sharia capital market, as well as evaluating the effectiveness of the programme as a tool for education and student empowerment. The findings of the analysis served as the basis for drawing conclusions regarding the outcomes and impact of this Community Service initiative.

RESULTS AND DISCUSSION

The research findings indicate that the Community Service programme generated positive outcomes in enhancing students' understanding and awareness of Islamic finance and Indonesia's Sharia capital market. These findings can be interpreted through the lens of Islamic Economic Theory, which positions economic education as a fundamental foundation for shaping ethical economic behaviour oriented towards the collective welfare (*maslahah*). According to Mannan (1986), economic activities in Islam are inseparable from moral and social values; therefore, educational processes serve as a crucial instrument in developing individual awareness of economic responsibility. Within this PkM programme, the delivery of materials on Sharia capital market principles, Sharia-compliant investment instruments, and the role of investment in strengthening the Muslim economy encouraged students to perceive

investment not merely as a profit-seeking activity, but also as a form of worship and social contribution.

Chapra (1992) emphasises that the Islamic economic system aims to establish a balance between individual interests and societal well-being through the application of justice, transparency, and social responsibility. Observations during the programme revealed that students were able to connect Sharia investment concepts with these principles, particularly in discussions highlighting the importance of avoiding *riba*, *gharar*, and *maysir*. This indicates that the PkM initiative contributed not only to the enhancement of technical knowledge but also to the reinforcement of ethical values and moral awareness within the framework of Islamic economics. The educational and participatory approach adopted in this programme aligns closely with the Islamic Economic Theory framework, which underscores empowerment through knowledge (knowledge-based empowerment). Interactive discussions and presentations delivered by Sharia capital market practitioners provided students with opportunities to internalise Islamic economic concepts within real-world investment contexts. Consequently, the improvement in understanding identified through qualitative descriptive analysis reflects a reflective and contextual learning process.

Beyond individual-level outcomes, the programme also demonstrated its contribution to strengthening international academic and institutional networks. Collaboration among Muhammadiyah-‘Aisyiyah higher education institutions, PCIM Egypt, and Sharia capital market practitioners reflects a collective effort to expand the dissemination of Islamic economic values. From the perspective of Islamic Economic Theory, such collaboration represents an embodiment of cooperative principles (*ta’awun*) aimed at achieving shared welfare and sustainable economic development. Overall, this discussion affirms that Community Service initiatives grounded in Sharia capital market education possess strong theoretical and practical relevance. The programme not only contributes to improving Islamic financial literacy among Indonesian students studying abroad but also reinforces the internalisation of Islamic economic values and encourages students to assume an active role as agents of Islamic economic development at the global level.

CONCLUSIONS AND RECOMMENDATIONS

The international Community Service programme entitled “Islamic Finance and Indonesia’s Sharia Capital Market: Investment Opportunities for Students Abroad” was successfully implemented and made a positive contribution to enhancing Islamic financial literacy among Indonesian students studying overseas. Based on the qualitative descriptive analysis, the programme demonstrated indications of improved participant understanding of Islamic financial principles, the operational mechanisms of the Sharia capital market, and various Sharia-compliant investment instruments aligned with Islamic values.

The findings further indicate that the educational and participatory approach adopted in the programme was effective in fostering student awareness that investment, from an Islamic perspective, is not solely oriented towards financial returns, but also embodies ethical values, social responsibility, and contributions to strengthening the Muslim economy. In addition, the programme succeeded in strengthening international academic and institutional networks among Muhammadiyah-’Aisyiyah higher education institutions, PCIM Egypt, and Sharia capital market practitioners, thereby supporting higher education internationalisation efforts and the development of Islamic economics.

Based on the results and discussion, several recommendations are proposed. First, Community Service initiatives focusing on Islamic financial literacy and the Sharia capital market should be conducted on a continuous basis with broader participant coverage, particularly targeting Indonesian students in various countries. Second, future programmes may incorporate simple evaluation instruments, such as pre- and post-activity questionnaires, to obtain more measurable evidence of improvements in participants’ understanding.

Third, stronger collaboration among universities, student organisations, and Sharia capital market institutions is necessary to ensure that educational activities are not only conceptual in nature but also practical and sustainable. Fourth, the outcomes of this programme are expected to serve as a foundation for the development of subsequent PkM initiatives focusing on Sharia investment mentoring and the strengthening of students’ roles as agents of Islamic economic outreach at both national and international levels.

ACKNOWLEDGMENT

The authors express their sincere appreciation and gratitude to the Association of Investment Gallery Managers of Muhammadiyah-’Aisyiyah Higher Education Institutions (APGASI PTMA) and the Graduate School of Universitas Muhammadiyah Makassar for their support and collaboration in the implementation of this Community Service programme. Appreciation is also extended to the Special Branch Leadership of Muhammadiyah in Egypt (PCIM Egypt) for their facilitation and support during the on-site activities at Al-Azhar University, Cairo.

The authors would also like to extend their highest appreciation to the speakers from the Indonesia Stock Exchange (IDX), academic contributors, and all participating students for their active involvement and valuable contributions to the success of this programme. It is hoped that the collaboration and synergy established through this initiative will continue to develop in the future in support of Islamic financial literacy advancement and the strengthening of Islamic economic development.

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