HALAL IN THE CONTEMPORARY ECONOMIC AND BUSINESS ECOSYSTEM

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ABSTRACT

The increase in population will certainly increase the demand for halal products and services significantly. With this achievement where Indonesia is in the top five with a strong Islamic economic ecosystem and supported by a majority Muslim population, Indonesia can become a leading country in all sectors in the country's halal industry (Nasution, 2020). The Islamic economic ecosystem in Indonesia continues to grow which includes the existence of UMKM that can become producers of halal products, Islamic finance which is marked by the growing contribution of Islamic entities, both Islamic financial institutions and Islamic non-financial institutions, innovations in technology, and related regulations with the halal industry. Indonesia is the first place for consumers of halal food products in the world. Indonesia is the country with the largest Muslim population, reaching 209.1 million people or 87.2 percent of the total population of Indonesia (Mubarok & Imam, 2020).

Objective: prevention of aspects of sharia obstacles in the financial aspect, MSME aspects, digitalization aspects, product quality, and regulatory aspects in realizing the strengthening of the halal industrial ecosystem? Indonesia, the world's most populous Muslim country, is a gold mine for the halal market with the potential to become not only a major market but also a major producer of halal products. Islamic finance in Indonesia has developed more than the banking sector, but also non-banking products have featured in baitul mal wa tamwil (community-based Islamic financial institutions), Islamic insurance, Islamic microfinancing, Islamic pawnshops and Islamic venture capital. The Islamic banking service has almost all complied with sharia principles as most Islamic banking products are dominated by murabahah (sales contracts). There is still a small number of Islamic banks in Indonesia which causes Islamic banks to not reach remote areas (Samsul, 2022). There is still a lack of Sharia banking education for the "lower class" people who incidentally play an important role in the UMKM sector. Islamic banks are less active in financing. This can be seen from the still-difficult process of managing and applying for financing in Islamic banks.

Aspects of Islamic Financial Innovation (Sharia Bank) Towards Competitive Advantage

The role of Islamic banking is to become a reference through strategies and policies related to financing that will be channelled to consumers. Likewise, socialization for UMKM entrepreneurs, especially those engaged in the halal industry, both goods and services. Islamic bank strategy to enter the village as a place that has the potential to become halal tourism: Islamic banks must optimize internal and external resources. Finally, through a branchless banking system UMKM & Halal Industry in the Digital Economy Era, Challenges and Obstacles to UMKM Aspects in Strengthening the Halal Industry Ecosystem. Lack of understanding so that this is not optimal and has not been able to become a superior product in the midst of society.
INTRODUCTION

As a country with the largest Muslim population in the world, Indonesia has not been able to play an optimal role in fulfilling this demand. In the Global Islamic Economy Index 2018/2019, Indonesia is ranked 10th in the world as a producer of halal products. Islamic economics and finance has experienced a rapid development in the last two decades, both globally and nationally. The State of the Global Islamic Economy Report 2018/2019 reported that the total amount of Islamic food and halal lifestyle expenditures in the world has reached USD 2.1 trillion in 2017 and is expected to continue to grow to USD 3 trillion by 2023. The main factor expected to affect this development is the increasing number of Muslim populations in the world. In 2017, the world's Muslim population reached 1.84 billion people. This number is expected to continue to increase and reach 27.5% of the total world population by 2030. The increase in population will certainly increase the demand for halal products and services significantly. There are obstacles in realizing the center of the halal industry, namely the existence of competing countries, non-standard halal certification, not all countries have implemented halal certification, lack of public awareness of consuming halal products, and slow implementation of regulations (Samsul, 2022). The State of the Global Islamic Economy Report for 2022 noted that as many as 81 countries experienced strong growth in the Islamic economic ecosystem with 4 countries ranking in the top 4, namely Malaysia, Saudi Arabia, UAE and Indonesia. With this achievement where Indonesia is in the top five with a strong Islamic economic ecosystem and supported by a majority Muslim population, Indonesia can become a leading country in all sectors in the country's halal industry (Nasution, 2020).

The Islamic economic ecosystem in Indonesia continues to grow which includes the existence of UMKM that can become producers of halal products, Islamic finance which is marked by the growing contribution of Islamic entities, both Islamic financial institutions and Islamic non-financial institutions, innovations in technology, and related regulations with the halal industry. These elements have fulfilled the halal context not only limited to consumption, but also the entire production and service process, which is connected in the supply chain (Mohamad & Backhouse, 2014).

The number of muslim population so many apparently cannot make Indonesia as a supplier country needs halal commodities in the world. It is seen from yet Indonesia's ability to enter the Top 10 in all sectors of the halal industry. In fact, for kosher food which is a basic need of a person Indonesian Muslims have not been able to fulfill it (Anwar, 2020). Indonesia is the first place for consumers of halal food products in the world. Indonesia is the country with the largest Muslim
population, reaching 209.1 million people or 87.2 percent of the total population of Indonesia (Mubarok & Imam, 2020).

METODOLOGY

The method used in this study is a juridical or normative approach, such as a statutory approach and literature relevant to the halal industry.

The global halal industry, excluding Islamic financial assets, is estimated to be worth around US$2.3 trillion. As reported by the 2017 Global Islamic Finance Report, with the tremendous growth at approximately 20 percent annually, the industry’s turnover is valued at about $560 billion a year. Thus, it is one of the fastest growing consumer segments in the world. Driving this tremendous growth is a combination of demand and supply factors that are spearheading the market expansion of halal products and services including food, clothing, tourism, etc. Moreover, the expansion is not just limited to certain Muslim-majority countries as the industry’s footprint extends to other jurisdictions such as the United Kingdom, the United States, Japan and Thailand to name a few. Indonesia, the world’s most populous Muslim country, is a gold mine for the halal market with the potential to become not only a major market but also a major producer of halal products.

Islamic finance in Indonesia has developed more than the banking sector, but also non-banking products have featured in baitul mal wa tamwil (community-based Islamic financial institutions), Islamic insurance, Islamic microfinancing, Islamic pawnshops and Islamic venture capital.

Furthermore, much has been discussed about haj funds, the development of zakat (alms) and also waqf (Islamic endowment). The innovations in financial engineering have also been applied within some instruments, such as the waqf-linked sukuk (Islamic bonds). The Islamic banking service has almost all complied with sharia principles as most Islamic banking products are dominated by murabahah (sales contracts).

RESULT AND DISCUSSION

Identification of Obstacles to Aspects of Islamic Banks in Strengthening the Halal Industry Ecosystem:

• There is still a small number of Islamic banks in Indonesia which causes Islamic banks to not reach remote areas (Samsul, 2022).
• There is still a lack of Sharia banking education for the "lower class" people who incidentally play an important role in the UMKM sector
• Islamic banks are less active in financing. This can be seen from the still-difficult process of managing and applying for financing in Islamic banks.

Aspects of Islamic Financial Innovation (Sharia Bank) Towards Competitive Advantage

The role of Islamic banking is to become a reference through strategies and policies related to financing that will be channeled to consumers. Islamic bank financing customers are businesspeople
in the real sector who must have halal certification (Rahmayati, 2019).

More intense socialization by related parties, in order to provide understanding and awareness of the halal lifestyle for the community, especially in consuming halal products. Likewise, socialization for UMKM entrepreneurs, especially those engaged in the halal industry, both goods and services.

Islamic bank strategy to enter the village as a place that has the potential to become halal tourism:

- Islamic banks must optimize internal and external resources. Islamic banks have an intermediary role, internal resources can utilize local community financing in rural areas for tourism economic activities, such as aswadiah, qard al-hassan, mudharabah and musyarakah and mudharabah.
- From external sources, through zakat, infaq, sadaqah and waqf, Islamic banks can attract people to save their money in Islamic banks with the aim of income and distribution of wealth to achieve social welfare among the people or society.
- Islamic banks are advised to establish an SPV with the aim of microfinance. SPV can carry out the role of microfinance by leveraging the resources of Islamic banks. As previously discussed, SPV has advantages in that the risks of conducting poor and rural microfinance can be minimized. Finally, through a branchless banking system

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Challenges and Obstacles to UMKM Aspects in Strengthening the Halal Industry Ecosystem.

- Lack of understanding so that this is not optimal and has not been able to become a superior product in the midst of society. Coupled with the business focus and conditions of educational background and understanding of various communities. (Samsul, 2022)
- Low awareness of halal in Indonesian society due to lack of knowledge, understanding, and level of religiosity in society.
- Lack of more intensive socialization by related parties, in order to provide understanding and awareness of the halal lifestyle for the community, especially in consuming halal products (anwar, 2020).
- The low role of UMKM as providers of halal products (Nasution, 2020). lack of knowledge, understanding, and level of community religiosity. Thus requiring more intensive socialization by related parties, in order to provide understanding and awareness of the halal lifestyle for the community, especially in consuming halal products. Likewise, outreach to UMKM entrepreneurs, especially those engaged in the halal industry, both goods and services.
- Less active Islamic banks in financing. This can be shown by the still difficult process of managing and applying for financing in Islamic banks for UMKM.
More intense socialization by related parties, in order to provide understanding and awareness about the halal lifestyle for the community, especially in consuming halal products. Likewise, socialization for UMKM entrepreneurs, especially those engaged in the halal industry, both goods and services.

Food is the most important basic human need, and its fulfillment is part of the human rights of every Indonesian people. Food must always be available in a sufficient, safe, quality, nutritious, varied manner at a price that is affordable by people's purchasing power and is halal given the religion and beliefs of the community, especially Muslims.

The awareness of Muslim consumers in Indonesia regarding halal products continues to increase. However, there are interesting facts about the current pattern of fast food and beverages consumption due to technological advances in today's digital economy. This article examines the challenges of the Indonesian halal industry in the digital economy era. The method used in this study is a juridical or normative approach, such as an approach to legislation and literature relevant to the halal industry. As a result, the law on halal product guarantees emphasizes that the challenge for the Indonesian halal industry in this digital economy era is the obligation of halal certification for all food and beverage products. Unfortunately, the regulation is not serious enough to be enforced by the government because it is not supported by the ease and low cost of making a halal certification, coupled with a lack of public awareness. So the halal industry in the form of fast food and beverages in Indonesia, especially in today's digital economy, is still difficult to obtain. Thus, to obtain a halal food and beverage industry in this digital economy era, the alternative is that there must be a special institution that issues and supervises halal certification of food and beverage products that will circulate in the community and synergize with the government.

Product Aspect Barriers Challenges in Strengthening the Halal Industry Ecosystem

Apart from the food sector, Indonesia still does not have the best index for other types of halal industrial sectors, especially those related to the lifestyle industry. In addition, there is still a tendency for the community and stakeholders to not have a high awareness of the urgency of developing the halal industry which incidentally has very good prospects (Nasution, 2020).

Indonesia is still not included in the world's top 10 rankings for the category of halal food producers as published by the State of The Global Islamic Economy in 2018 (Mubarok & Imam, 2020).

Limited to providing raw materials that meet halal criteria. This can be seen from the supply of halal raw materials in Indonesia, which is still around 37% of the total demand.

Limited understanding of a number of producers coupled with inadequate infrastructure. The lack of understanding of producers of the goods
and services business industry about the importance of the halal industry is a challenge for stakeholders, especially the government, in socializing halal products. Likewise with the availability of adequate infrastructure to ensure the implementation of the halal cycle in the world industry (Samsul, 2022)

**Product Aspect Innovation Towards Competitive Advantage**

Halal Guarantee Certification has been issued which must be fulfilled and proven to improve employee performance which in the end competitive advantage can be realized (Fauzi, 2022)

Problems with Law Number 33 of 2014 concerning Guarantees for Halal Products. Fajaruddin, quoted by Fathoni and Syahputri, explained that since Law Number 33 was enacted in 2014, its implementation only took effect on October 17, 2019. Even after it was enacted in 2019, the JPH Law still requires time because the obligation to certify halal is carried out legally gradually. This shows how slow enforcement is

Regulatory policies that apply are not serious enough to be enforced by the government because they are not supported by the ease and low cost of making halal certification (Hasan, 2021)

The business opportunity for the halal industry has not been realized by many parties or regulators. The halal industry business opportunities that have been described above, have not been understood and realized by all elements of society, the nation, and state in the country, so it requires various parties to conduct outreach to all levels of society so that they have awareness and understanding of the opportunities for the Indonesian halal industry which can become one of the superior products in the eyes of the world (Samsul, 2022). The incompatibility of Muslim countries in setting standards for halal products.

Islamic finance in Indonesia has developed more than the banking sector, but also non-banking products have featured in baitul mal wa tamwil (community-based Islamic financial institutions), Islamic insurance, Islamic microfinancing, Islamic pawnshops, and Islamic venture capital.

Furthermore, much has been discussed about haj funds, the development of zakat (alms) and also waqf (Islamic endowment). The innovations in financial engineering have also been applied within some instruments, such as the waqf-linked sukuk (Islamic bonds). The Islamic banking service has almost all complied with sharia principles as most Islamic banking products are dominated by murbahah (sales contracts).

**Journal Review**

Identification of UMKM Aspect Barriers in Strengthening the Halal Industry Ecosystem

Existing UMKM, but due to their lack of understanding, are not yet optimal, and have not been able to become superior products in society. Coupled with a business focus and conditions of educational background and understanding of various communities. (Samsul, 2022)
The lack of halal awareness in Indonesian society is caused by a lack of knowledge, understanding, and the level of religiosity in society. Islamic banks are less active in financing. This can be seen from the still-difficult process of managing and applying for financing in Islamic banks. The Holy Qur'an explains that the activity of consuming something does not just stop at the concept of halal but also tayyib. Therefore, the guarantee of halal products is important. As confirmed in verse with the meaning “And eat the lawful again both of what God has sustained to you and fear the God you believe in Him.” (Q.S.Al-Maidah [5]: 88). Also, in another verse which means; "Then eat the lawful again from the good fortune that God has given you; and give thanks (for) the favor of Allah, if you only worship Him.” (Q. An-Nahl [16]: 114).

**Legal Rule Factors**

The Discrepancies are found in the legislation regarding certain areas of life. Another possibility is the incompatibility between statutory regulations and unwritten or customary law. Sometimes there is a discrepancy between registered law and customary law. The Food Law gives a loose impression to business actors as long as there is no case, there is no need for halal labels/marks. Therefore, the presence of the JPH Law is expected to protect rights, and law enforcement guarantees the legal certainty of halal products.

Indonesia with the largest Muslim population, but the halal industry, which is not yet strong, has the potential only to be consumers and viewers in their own country. Law Number 33 of 2014 concerning Halal Product Guarantee (JPH Law) and the Government of the Republic of Indonesia Regulation on Implementing Regulations of JPH Law Number 31 of 2019, which was ratified and signed by President Joko Widodo on April 29, 2019, is expected to be able to strengthen Indonesia's position in working on a huge halal industry economic cake. However, despite having a legal umbrella in the form of the JPH Law and the JPH PP, the national halal industry still faces several challenges in the country, even more so when speaking more at the international level.

**CONCLUSION**

1. The halal product industry in Indonesia is in the era of the digital economy and efforts to guarantee legal certainty for the halal industry are currently still not being implemented optimally.

2. Normatively, the goal of the Indonesian halal industry in the digital economy era and efforts to guarantee legal certainty for the halal industry can provide the resulting halal industrial products, namely through Law Number 33 of 2014 concerning Guarantees for Halal Products and consumer protection as regulated by Law 8 of 1999 regarding Consumer Protection.

3. Regulatory policies that apply are not serious enough to be enforced by the government because they are not supported by the ease and low cost of halal certification.
4. Lack of public awareness. So that the halal industry in the form of fast food and drinks in Indonesia, especially in the current digital economy era, is still difficult to obtain.

5. To get the halal food and beverage industry in this digital economy era, the alternative is that there must be a special institution that issues and enforces halal certification for food and beverage products to be circulated in the community and in synergy with the government.

6. Innovation Aspects of Islamic Finance Towards Competitive Advantage

To get the halal food and beverage industry in this digital economy era, the alternative is that there must be a special institution that issues and oversees the halal certification of food and beverage products that will circulate in society and work together with the government.

REFERENCES


