

# The Potential of The Islamic Capital Market (ICM) as an Investment Model for the Baitul Mal

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**Abstract**—The mandate for investment in the Sharia Capital Market sector is clearly stated in the Aceh Governor Regulation No.8 of 2022 concerning the Management of Zakat and Infaq. the investment of infaq funds is carried out by the BMA Secretariat in the form and sector of shares, Sukuk, waqf empowerment, economic businesses, health, sharia deposits, education, and other investments. With the total BMA infaq funds from 2017 - 2022 around 153 billion, it provides an opportunity to invest in the Islamic financial market sector and provide benefits for the development of infaq funds aimed at the benefit of the economy. In this study, a qualitative method with a descriptive phenomenological approach was carried out. The sample was selected purposively, the informants of the research were investment practitioners, BMA commissioners, sharia supervisory boards, Islamic economics and Islamic banking academics, the government, the national committee for Islamic economics and finance (KNEK), and mustahik. The results of this study concluded that the sharia-based capital market provides a variety of sharia investment products that Baitul Mal Aceh can choose as a medium for investing infaq funds, namely sharia stocks, sukuk, and sharia mutual funds. Investment business models in Islamic financial markets can be done by considering risks carefully, and prudently choosing Islamic investment products that are low-risk and consistent returns.

**Keywords:** Capital Market; Investment Model; Baitul Mal; Islamic Capital Market

## 1. INTRODUCTION

Aceh has been implementing Islamic law since 2001, over a 15-year period, the province of Aceh got 95,740 trillion rupiah in total funding from the Indonesian government's special autonomy funds. However, this has not been successful in alleviating poverty. Aceh has a high level of corruption in addition to a lack of management in managing these money. There is currently no true answer or realistic strategy for poverty eradication (Farhana et al., 2022). According to data from Aceh Province's Central Bureau of Statistics (BPS), of the 5,274,871 million total population of Aceh province in 2021, 850,260 people or 15.53 percent of the total population of Aceh lived in poverty, and in March 2022, it decreased slightly to 806,62 people or 14.64 percent, making it the fifth poorest province in Indonesia and the poorest province on Sumatra (Berasa et al., 2023).

As a province with a predominantly Muslim population, it has a great deal of potential for developing Islamic social finance instruments such as Zakat, Infaq, Sadaqah and Waqf (ZISWAF), which can contribute to reducing poverty levels. According to Aceh Qanun No. 10/2018, Baitul Mal Aceh is a regional non-structural institution authorized to administer and develop zakat, waqf, and religious assets for the benefit of the people, in addition to being the protector/supervisor (Yusmalinda et al., 2022). According to Islamic Sharia, those without a guardian are responsible for orphans or their inheritance (Dahlawi et al., 2021).

The total amount of Zakat and Infaq collected was 86.3 billion rupiah, with zakat accounting for 59.17 billion rupiah and infaq for 27.26 billion rupiah (Baitul Mal Aceh, 2022). BMA aims to alleviate poverty in Aceh by utilizing zakat and infaq funds for investment purposes with individual and group economic empowerment methods, through the real sector to improve the economy of small (micro) business actors, and in the Islamic capital market sector with strict risk management concepts (Saputro & Sidiq, 2020).

The investment model of Baitul Mal Aceh's infaq funds through Sharia Microfinance Institutions (SMFIs) in Indonesia's Islamic Capital Market instrument is one of the concepts and models presented (Alam et al., 2023). Individuals and businesses can gain access to capital via sharia-compliant capital market instruments, which provide the public with opportunities to obtain profits and risks, if they possess the necessary knowledge. Instruments such as Islamic equities, Islamic mutual funds, and Sukuk (Islamic bonds) have attracted a large number of investors to the investment market. Moreover, investment in the actual sector is also very useful for driving the economy of a nation. The agricultural sector has been essential to the improvement of rural residents' standard of living (Furqani et al., 2018).

Since the implementation of Qanun No. 11/2018 on Sharia Financial Institutions and the emphasis on all financial institutions operating in Aceh to convert their systems from conventional to sharia, all financial institutions in Aceh are required to convert their systems from conventional to sharia. This conversion increases the potential for a rise in total assets on the Islamic capital market and has a positive effect on the rate of economic growth in Aceh. According to information from the Aceh Representative IDX in 2021, 33,563 investors participated in the Islamic capital market. In 2021, there were 40 percent more investors on Aceh's Islamic capital market than there were in 2020, when there were only 19 thousand (Amanatillah et al., 2021). An Islamic capital market is a market in which all

transacted securities comply with sharia law. Shariah Compliance in the Islamic Capital Market refers to any activity or transaction that does not violate Islamic principles such as avarice, dharar, maysir, gharar, and conventional insurance (Riyaldi et al., 2020).

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According to the Deputy Chairman of the OJK Board of Commissioners, Nurhaida, The optimism towards the Islamic capital market in Indonesia is inseparable from its good ecosystem. First, the existence of the National Committee for Sharia Economics and Finance (KNEKS) which will accelerate, expand, and advance the development of Islamic economics and finance (Soemitra, 2021). Secondly, the presence of PT Bank Syariah Indonesia Tbk, which is a catalyst for increasing the activities of Islamic capital market support services. Third, there is a sharia crowdfunding service platform. Fourth, securities companies and investment managers that have collaborated with amil zakat institutions and/or waqf management institutions or nazhir. Fifth, the existence of fatwas issued by the National Sharia Council-Majelis Ulama Indonesia (DSN-MUI) both related to sharia securities and fatwas related to supporting infrastructure. The fatwa will increase public confidence in the Islamic capital market. Sixth, there is a professional certification institution related to the Islamic capital market that has been authorised by OJK. Seventh, more and more universities are opening Islamic economics and finance study programmes (Aransyah, 2021).

The mandate for investment in the Islamic capital market sector is clearly stated in the Aceh Governor Regulation No.8 of 2022 on Zakat and Infaq Management. Article 30 paragraph (2) states in general that the investment of infaq funds is carried out by the BMA Secretariat in the form and sector of stocks, Sukuk, waqf empowerment, economic enterprises, health, sharia deposits, education, and other investments. For this reason, accommodating the mandate of the governor's regulation, researchers try to find a format or model that is suitable for business development in this digital era by minimising risk and consistent returns for the development of BMA infaq funds. (Aceh Governor Regulation No. 08 Year 2022 on the Management of Zakat and Infaq at Baitul Mal Aceh, 2022).

The objective of this research is to develop a business model for the investment of Baitul Mal Aceh's infaq funds through Sharia Microfinance Institutions (LKMS) in accordance with Aceh Qanun No.11 of 2011 concerning Sharia Financial Institutions (LKS), Aceh Qanun No.10 concerning Baitul Mal Aceh (BMA), and Aceh Governor Regulation No.8 of 2022 concerning the management of Zakat and Infaq BMA, which mandates. Based on the issues mentioned above, the research team will explore various types of Islamic investments, prospects for Islamic investments, Islamic investment methods, and several prospective investment ideas that Baitul mal can select to use unproductive ZISWAH funds.

## 2. METODE PENELITIAN

This research uses a qualitative method with a descriptive phenomenological approach. The sample was selected purposively, the informants/subjects of the research were investment practitioners, BMA commissioners, Sharia Supervisory Board, Islamic Economics and Sharia Banking Academics, Government, National Committee for Sharia Economics and Finance (KNEK), and beneficiaries. For the source of informants practitioners, academics, DPS, BMA Commissioners, Government and KNEKS using the In-depth Interview (WM) technique using deep interview guidelines. For beneficiaries, also using survey and interview methods using general interview guidelines. This section describes the results of the study. Results should be presented clearly and concisely. Authors should explore the novelty or contribution of the research to the literature used. Present clearly the results of testing, analysis and discussion using primary, relevant and up-to-date references.

**Table 1.** Information Sources, Methods, and Sample Size

No	Information Sources	Method	Total	Sample
1	Practitioners	Depth-Int	2	Key Informant
2	BMA Commissioners	Depth-Int	2	Key Informant
3	Academics	Depth-Int	2	Informant
4	KNEKS	Depth-Int	1	Informant
5	Government	Depth-Int	1	Informant
6	Beneficiaries	Depth-Int + Observation	2	Informant

### 2.1 Investment According to Islam

Sharia-based investing is the use of public funds to generate profits in conformity with Islamic principles and laws, and it is not value-free. Haneef (1994) defines Islamic economics as "the approach, process, interpretation, and solution of human economic problems based on the values, norms, laws, and institutions found throughout the world and derived from Islamic shari'a sources." Not all forms of investments can be deemed halal in this manner, but there are several opportunities for Muslims to invest (Salim, 2015). As a result, in Islam, the main idea of investment is to

avoid riba (interest), gharar (speculation), maysir (gambling), and dharar (transactions that can cause injury, loss, and misuse). The principles of sharia law and sharia-based investment operations are guided by the fatwa of the National Sharia Council (DSN) issued by the Indonesian Ulema Council (MUI). There are at least 29 DSN MUI fatwas pertaining to Islamic investment. Although fatwas are not legally binding, the DSN-MUI fatwa is widely used in the development of the Indonesian sharia capital market. According to the Financial Services Authority (OJK), the capital market contains three sharia assets that do not violate religious principles: sharia stocks, sharia mutual funds, and Sukuk (Islamic bonds)(Delle Foglie & Panetta, 2020).

## 2.2 Sharia stocks

Sharia stocks are securities in the form of shares that do not contradict sharia principles in the capital market, as well as other interpretations of a type of investment activity in the form of capital participation in a specific company where the company does not engage in activities or business activities that violate sharia principles (Widagdo et al., 2020). The Indonesian capital market recognizes two categories of sharia stocks. The first are shares declared to meet the selection criteria for sharia stocks in accordance with OJK regulation No. 35/POJK.04/2017 concerning Criteria and Issuance of Sharia Securities List, and the second are shares listed as sharia stocks by issuers or sharia public companies in accordance with OJK regulation No. 17/POJK.04/2015. Sharia stocks must meet the following conditions(Sa'diyah & Hilabi, 2022). :

1. The Issuer shall not conduct business activities that are classified as gambling, trading that is prohibited according to sharia (not accompanied by the participation of goods/services, or trading with false supply/demand), ribawi financial services, buying and selling risks that contain elements of uncertainty, producing, distributing, trading and or providing goods or services that are haram in substance or haram not because of the substance that has been determined by DSN and goods or services that damage morals or are mudarat, conducting transactions that contain elements of bribery.
2. Issuers meet financial ratios such as having no more than 45% total interest-based debt compared to total assets or having no more than 10% total interest income and other non-halal income compared to total revenue and other income.

There are various Islamic stock indices available at the moment, including the Indonesia Shariah Stock Index (ISSI), the Jakarta Islamic Index (JII), and the Jakarta Islamic Index 70 (JII70). The Shariah Online Trading System (SOTS), an online sharia stock transaction system that fulfills sharia principles in the capital market, is used for sharia stock transactions on the Indonesia Stock Exchange. SOTS's primary characteristics are as follows:

1. Only Shariah-compliant shares may be traded.
2. The purchase of Islamic shares can only be done on a cash-basis transaction, so no margin trading is allowed.
3. Cannot sell sharia shares that are not yet owned (short selling).
4. Islamic shareholding reports are separated from money holdings so that Islamic shares held are not counted as capital (money).

## 2.3 Sukuk (Sharia Bonds)

While the term Sukuk is sometimes translated as Islamic debt securities, the phrases 'Islamic certificates' or 'Islamic securities' are preferred due to its distinct qualities that can represent a variety of rights, including the right to debt repayment. (ISRA, 2015). Technically, according to the International Shariah Research Academy (ISRA, 2015), In the context of money and capital markets, sukuk refers to securities certificates that represent financial rights emerging from underlying trade and other commercial activity(Utami et al., 2019).

Furthermore, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) defines investment Sukuk (Sukuk istithmar) as "certificates of equal value representing an undivided share in the ownership of tangible assets, benefits, and services" in Shariah Standard 17(2) (2010), or (owning) unique project assets or specialized investing activity(Jastacia et al., 2021)." In terms of investing Sukuk features, AAOIFI (2010) declares in Shariah Standard 17/4/2 that, "Investment sukuk are a type of agreement/commitment to hold assets accessible for investment, such as non-monetary assets, proceeds, services, or a combination of all of these, as well as intangible rights, debt, and monetary assets. These sukuk do not constitute an obligation owed by the certificate holder to the issuer."

## 2.4 Sharia Mutual Fund

Sharia mutual funds are regarded to comply with sharia principles in the capital market if the contract, management method, and portfolio do not contradict sharia principles in the capital market as specified in OJK regulations on the Application of Sharia Principles in the Capital Market. Sharia mutual funds, according to fatwa number 20/DSN-MUI/VI/2001, are mutual funds that operate according to sharia provisions and principles, either in the form of contracts between investors and asset owners (Shahib al-mal/rabb al -mal) with investment managers acting as Shahib al-mal representatives, or between Shahib al-mal investment managers and investment users. Equity RDS, Money Market RDS, Fixed Income RDS, Mixed RDS, Protected RDS, Index RDS, Foreign Securities-based RDS, Sukuk-based RDS, and Sharia ETFs are the many forms of Sharia Mutual Funds(Widyastuti et al., 2021).

According to OJK data, as of June 2022, there were 280 Sharia mutual funds in Indonesia with managed funds of IDR 40.86 trillion, consisting of:

1. Money Market Sharia Mutual Fund: only invests in domestic sharia money market instruments and/or fixed income sharia securities issued with a maturity of not more than 1 (one) year and/or remaining maturity of not more than 1 (one) year.
2. Fixed Income Sharia Mutual Fund: invests at least 80% of the Net Asset Value in fixed income sharia securities.
3. Balanced Sharia Mutual Fund: invests in sharia equity securities, sharia fixed income securities, and/or domestic money market instruments, each of which does not exceed 79% of the Net Asset Value (NAV).
4. Sharia Equity Mutual Fund: invests at least 80% of its Net Asset Value in sharia equity securities.
5. Sharia Index Mutual Fund: invests at least 80% of its NAV in sharia securities that are part of a sharia index that serves as its reference.
6. Sukuk Sharia Mutual Fund: invests at least 85% of NAV in sukuk, SBSN or Sharia commercial paper with a maturity of 1 year or more and is categorised as investment grade.
7. Protected Sharia Mutual Fund: invest at least 70% of the NAV in fixed income sharia securities and at most 30% of the NAV in sharia stocks and/or sukuk traded on foreign stock exchanges.
8. Overseas Sharia Securities-Based Sharia Mutual Fund: invests at least 51% of the NAV in overseas sharia securities that are included in the List of Sharia Securities (DES) issued by the DES issuer.
9. Sharia Exchange Traded Fund (ETF): An Islamic mutual fund in the form of a Collective Investment Contract (CIC) whose participation units are traded on the stock exchange.

In Sharia mutual funds, investors authorise their funds to be managed by investment managers through a wakalah contract. Furthermore, the investment manager invests the managed funds in Sharia securities that are included in the Sharia Securities List (DES) determined by the OJK or parties that have received approval from the OJK. The assets of the Islamic mutual fund are kept and administered by an Islamic custodian bank. In return, both the investment manager and the custodian bank receive a fee. Like any other capital market instrument, mutual funds also come with risks:

1. Risk of Reduction in Unit Value, among others, due to a decrease in the price of portfolio securities, changes in interest rates resulting in fluctuations in returns on money market instruments, defaults from banks or issuers of securities, and force majeure.
2. Political and economic risks: risks resulting from changes in economic and political conditions and policies that affect the performance of the stock market and companies at the same time, ultimately affecting the mutual fund's portfolio.
3. Liquidity risk occurs if the Investment Manager if most unit holders make redemptions.
4. Risk of regulatory amendments.
5. Risk of discontinuance and liquidation.
6. Currency risk, if the fund invests in global markets.

### **2.5 Impact of SMFI BMA Investment on Aceh's Economy**

SMFIs also have the opportunity to invest in the Islamic capital market and investment in the real sector by looking at potentials that produce stable returns and minimal risk. Also, SMFIs as a tool in alleviating poverty, by managing and distributing Zakat, Infaq, Sadaqah and Waqf. Finally, as community empowerment, Islamic microfinance institutions not only provide good financial access but also participate in empowering the community (Rahmawati & Nasrulloh, 2023).

## **3. RESULTS AND DISCUSSION**

Baitul Mal Aceh has a range of programs that focus on mustahik economic empowerment, with intervention goals ranging from individuals to groups, families, and villages. The goal of the productive distribution of Zakat, Infaq, Sadakah, Waqf, and other religious assets (ZISWaH) is to improve the poor's economy and lift them out of poverty. Furthermore, the productive use of ZISWaH is directed at investments that can create good and consistent income while posing little risk. In this example, the mechanism and process of productive ZISWaH distribution and administration devised by Baitul Mal Aceh for investment and equity participation, where profits are distributed or used to empower the ummah economically.

### **3.1 BMA Institution Investment Concept**

Investment based on and through Islamic Microfinance Institutions (MFIs) is a small-scale investment whose funds come from Baitul Mal and other sources that are not contrary to sharia, with the intention of earning profits in accordance with Islamic principles and laws, and distributing those profits to mustahik for their economic development. Below is the concept of BMA's investment with respect to LKMS:

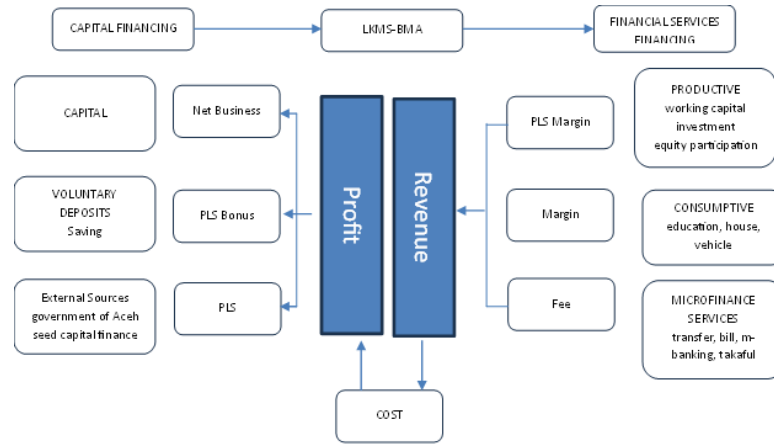


Figure 1. Framework LKMS-BMA

LKMS-BMA raises funds from various sources: a) own capital (sourced from principal savings, mandatory savings, and reserve funds), b) equity capital (from Baitul Mal Aceh), c) voluntary savings (savings and investment deposits), d) loan capital. LKMS-BMA can seek additional funds from external sources, such as from the government, Islamic banks, and other sources that do not conflict with sharia. The MFIs can also act as a related Islamic financial institution for Baitul Mal, where zakat, infaq, sadaqah and other religious assets will be deposited in the MFIs as Zakat/Infaq Savings deposits. In addition, the MFI can also act as an LKS-PWU (Sharia Financial Institution Receiving Cash Waqf) of Baitul Mal Aceh, where cash waqf will be deposited in the MFI as a Waqf Investment Deposit.

Furthermore, LKMS-BMA can provide financing to its members mainly for productive purposes such as working capital, investment and equity participation using various equity-based and trade-based Islamic contracts. LKMS-BMA also provides consumptive financing for education, vehicles, housing and others. In addition, LKMS-BMA provides non-commercial financing (Qardh) for emergencies for those in need. Furthermore, LKMS-BMA also offers various Islamic microfinance services, such as transfer, bill payment, ATM, micro Takaful, mobile banking, and internet banking.

### 3.2 LKMS-BMA Sharia Share Investment Concept

The concept of sharia stock investment is the same as the concept of investment in general, but there are prohibitions that must be obeyed and of course must be based on sharia. In the transaction mechanism in Islamic stocks, there are several terms that must be understood by investors in this case LKMS-BMA such as: Short selling is selling shares that are not owned in the hope of being able to buy the shares at a cheaper price than the current one. And Short trade (one day) which is making transactions in a short period of time.

LKMS-BMA has the ability to participate in the General Meeting of Shareholders (GMS) and to share in the company's profits through the same price increase (capital gain) and dividend bonuses (net profit sharing). As a shareholder, the investor also endures the company's losses in the form of falling share prices (capital loss), failure to receive dividends, or failure to return capital if the issuer/company declares bankruptcy.

In general, the following figure depicts the procedures taken by LKMS-BMA to become a stock investor and the process of trading in the Islamic stock market:

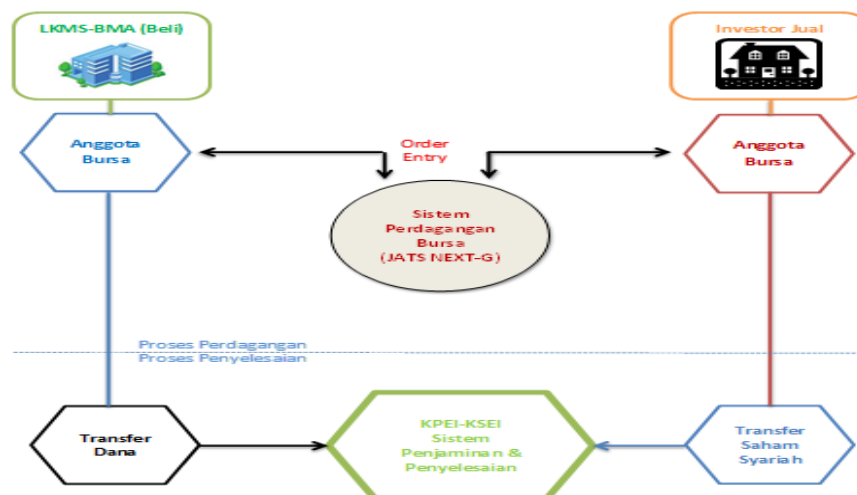


Figure 2. Investment Scheme of SMFIs in Islamic Stock Exchange

1. LKMS-BMA opens an account with a securities business that has a Shariah Online Trading System (SOTS) to enable transactions in the Islamic capital market.
2. Selecting a respectable and trustworthy security organization is a must-do task.
3. Transfer funds to the LKMS-BMA account established with the securities company.
4. The securities company shall deposit monies in the KPEI-KSEI transaction guarantee and settlement system.
5. In the purchasing transaction, LKMS-BMA may accomplish it by entering the stock code to be acquired, such as "ACES," and then selecting the purchase price from the list, filling in the number of shares to be purchased, and clicking "ok" to proceed with the purchase. In terms of the sale of shares, the process followed by LKMS-BMA is similar to that of the purchase transaction; however, in this system, investors can only sell shares that they already own; in other words, investors cannot engage in short selling transactions, as is common in the stock transaction system in general.
6. LKMS-BMA that has made a buy or sell order, then the transaction will be forwarded by a member of the stock exchange through SOTS to bring together the buy and sell offers at a certain price that has been submitted by the investor, where if a purchase has occurred, the shares will automatically be recorded in the investor's securities portfolio. The SOTS system also provides facilities to investors in the form of having the right to choose whether the purchase or sale transaction is continued or not after placing an order, in other words, investors have the right which in Islamic fiqh is known as khiyar.

### 3.3 Sharia Bonds (Sukuk) Investment Concept LKMS-BMA

The amount of risk in State Sharia Securities (SBSN) or State Sukuk is the LKMS-BMA investment concept. Retail Sukuk is administered according to Sharia principles, lacks maysir (gambling), gharar (uncertainty), and usury, and has been pronounced sharia-compliant by the National Sharia Council - Indonesian Ulema Council (DSN-MUI). The Ijarah - Asset to be Leased contract structure is used in the issuing of Retail Sukuk. The Advantages of Investing in Retail Sukuk.

1. The state guarantees the principal and rewards.
2. A competitive reward rate that is greater than the average deposit rate of state-owned banks.
3. Fixed interest rate of return
4. Benefits are paid on a monthly basis.
5. It is tradeable in the secondary market among domestic investors.
6. Anyone with Rp 1 million can invest in Retail Sukuk.
7. Encouragement of National Development Financing
8. Access to investment based on Sharia principles

### 3.4 Sharia Fatwa and Opinion

SR017 is issued using Akad Ijarah Asset To Be Leased by bookbuilding, with reference to the fatwa of the National Sharia Council - Indonesian Ulema Council (DSN-MUI) fatwa as follows:

1. Fatwa No. 10/DSN-MUI/IV/2000 about Wakalah;
2. Fatwa No. 69/DSN-MUI/VI/2008 about the State Sharia Securities;
3. Fatwa No. 70/DSN-MUI/VI/2008 on the Method of Issuance of Government Sharia Securities;
4. Fatwa No. 76/DSN-MUI/VI/2010 about SBSN Ijarah Asset To Be Leased;
5. Fatwa No. 85/DSN-MUI/XII/2012 on Agreements (Wa'd) in Sharia Financial and Business Transactions;
6. Fatwa No. 112/DSN-MUI/IX/2017 on the Ijarah Agreement.

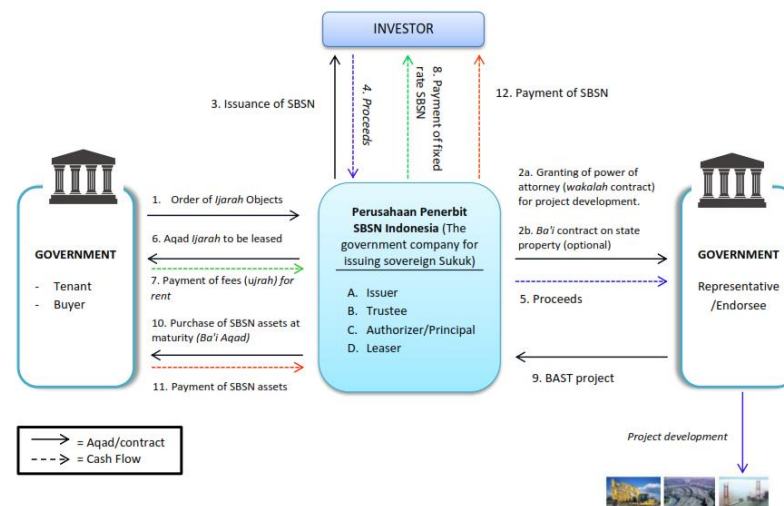


Figure 3. Scheme of Retail Sukuk Ijarah Asset to Be Leased

#### Issuance of SBSN:

1. The Government orders Ijarah Asset To Be Leased Objects with certain specifications to the Indonesian SBSN Issuing Company to be leased under the Ijarah Asset To Be Leased contract.
2. Granting power of attorney (Akad Wakalah) to the government by SBSN Indonesia Issuing Company in order to create the project that will be used as an Ijarah object.
3. Purchase (Akad Bai') of land and/or building in the form of State Property to be used as part of the Ijarah object (if required) between SBSN Indonesia Issuer Company as Buyer and the Government as Seller.
4. The issuance of SBSN by the SBSN Indonesia Issuing Company as proof of the investor's involvement in SBSN Assets.
5. SBSN issuance proceeds from the Investor to the SBSN Issuing Company.
6. SBSN Indonesia Issuing Company (Authoriser and Buyer) Proceeds to Government (Representative and Seller).

#### SBSN Payments

1. Lease of Akad Ijarah Asset between the Government (Lessee) and SBSN Indonesia Issuing Company (Leaser).
2. Periodic payment of rent (ujrah) by the government to the SBSN Indonesia Issuing Company in exchange for SBSN.
3. Payment of SBSN rewards to investors on a regular basis via Paying Agent.
4. Sign of the project Handover Report (BAST) by the Government (Representative) and the SBSN Indonesia Issuing Company (Authoriser).

#### Maturity of SBSN:

1. Purchase of SBSN Assets by the Government from SBSN Holders on the Maturity Date via the Indonesian SBSN Issuing Company (Akad Bai').
2. Payment of the Government's acquisition of SBSN Assets to SBSN holders via the Paying Agent as SBSN repayment.
3. SBSN Maturity and Repayment.

### 3.5 Investment Concept of LKMS-BMA Sharia Mutual Funds

The second concept presented for the investment of BMA infaq funds is the allocation of funds / investments in Islamic Mutual Funds via Islamic investment managers.

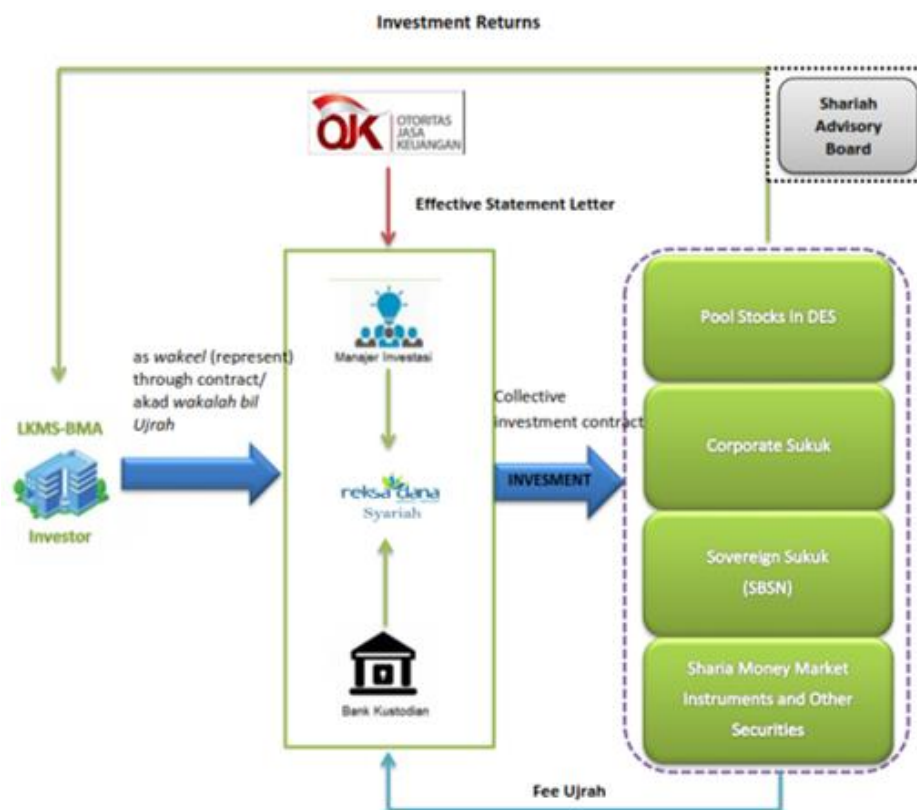


Figure 4. Investment Scheme of LKMS-BMA in Sharia Mutual Funds

#### Remarks:

- a. The Financial Services Authority provides guidance, regulation and day-to-day supervision of capital market activities. OJK grants business licences to securities companies and investment managers and approves custodian banks.
- b. The Collective Investment Contract is made between the Investment Manager and the Custodian Bank

- c. Investment Manager is the one who manages sharia mutual funds.
- d. The Custodian Bank is a commercial bank that stores and administers the wealth of Islamic mutual funds. Or those that provide custody services for Securities and other assets related to Securities and other services.
- e. Sharia Supervisory Board supervises, reviews and audits all activities in Islamic mutual funds and DPS must be licensed as ASPM (Capital Market Sharia Expert) from OJK. This research uses a qualitative method with a descriptive phenomenological approach. The sample was selected purposively, the informants/subjects of the research were investment practitioners, BMA commissioners, Sharia Supervisory Board, Islamic Economics and Sharia Banking Academics, Government, National Committee for Sharia Economics and Finance (KNEK), and beneficiaries. For the source of informants practitioners, academics, DPS, BMA Commissioners, Government and KNEKS using the In-depth Interview (WM) technique using deep interview guidelines. For beneficiaries, also using survey and interview methods using general interview guidelines. This section describes the results of the study. Results should be presented clearly and concisely. Authors should explore the novelty or contribution of the research to the literature used. Present clearly the results of testing, analysis and discussion using primary, relevant and up-to-date references.

## 4. CONCLUSION

Based on this finding study Baitul Mal Aceh merely works as a distributor when investing infaq funds, which means that BMA distributes infaq money to be invested directly after rigorous analysis and evaluation. Other potentials for the management / use of BMA infaq funds that we recommend are in Sukuk, Islamic deposits, specifically by placing infaq funds in Islamic deposit products in Islamic banking and Bank Indonesia Certificates (SBI) due to the guarantee of funds (safer) with a more stable percentage rate of profit. The existence of a draft derivative body regulation of Articles 23 and 30 concerning investment in Pergub Aceh No.8 of 2022 concerning Management of Zakat and Infaq BMA to DPRA so that it can be discussed and ratified immediately so that the mechanisms and procedures for investment with BMA infaq funds can be realized immediately. Although the study proposes a legislative reform to encourage investments, it may have overlooked significant issues or impediments in adopting the suggested draft legislation, such as political, legal, or bureaucratic hurdles.

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