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## The Role of the Digital Economy in the Development of the Halal Industry and the Shari'a Economy in Indonesia: SWOT Analysis

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### ABSTRACT

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This study aims to analyze the strengths, weaknesses, opportunities, and threats as well as strategies for the role of the digital economy in the halal industry and Sharia economy development in Indonesia. This research is a qualitative descriptive study using literature study and SWOT analysis. The results of the study show that the ultimate strength of Indonesia's digital economy lies in the high growth in the number of Muslims and the growth in digital transactions. However, Indonesia's digital economy is still constrained by the lack of digital economy ability to respond to demand and the market as the main weakness. Meanwhile, the main opportunity lies in good government support. The threat that must be faced is the absence of regulations related to consumer protection in the digital sector. Among the strategic program that can be carried out is increasing digital sharia economic literacy and investment in Indonesia.

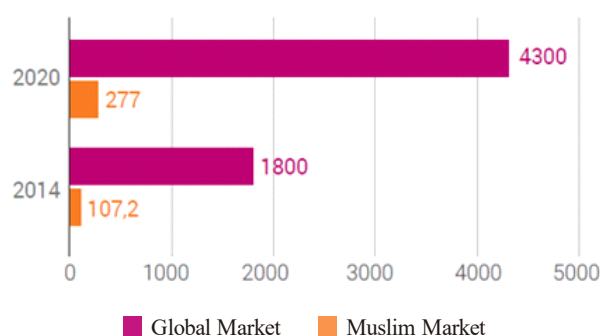
**Keywords:** Digital Economy, Halal Industry, Shari'a Economics, SWOT, Indonesia

## Introduction

According to the ASEAN Investment Report 2018, the digital economy is the application of technology used to create and sell goods/services via the internet (The ASEAN Secretariat & United Nations Conference on Trade and Development, 2018). An additional definition says that the word “digital” includes parts of the national economy that are based on digital technology and business models based on digital goods or services (Heeks & Bukht, 2018). The digital economy also includes new types of economy such as the gig, collaborative, and sharing economy (Bappenas, 2018).

The growth of two sub-sectors, e-commerce and fintech, shows the growth of the digital economy. Over the past few years, both have shown promising progress. According to the Organization for Economic Co-operation and Development (OECD), e-commerce is a transaction involving the buying and selling of goods and services via the internet, whether between individuals, businesses, households, governments, and other public or private organizations. However, payment and final delivery of goods and services can be made either online or offline.

The sharing economy or marketplace platform is also included in the e-commerce category (UNCTD, 2017). While fintech, defined by Bank Indonesia as the result of a combination of financial services and technology which ultimately changes the business model from conventional to moderate, which was initially face-to-face (cash), to a long-distance transaction in seconds (transfer) (Bank Indonesia, 2018).



Graph 1. Potential of the Digital Economy Sector  
Source: Thomson Reuters (2015)

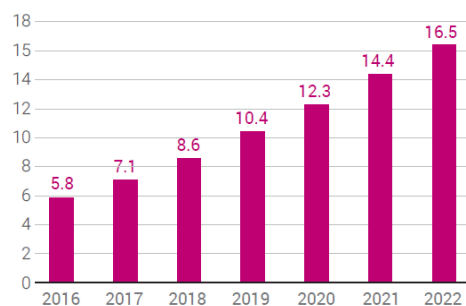
In 2014, the global digital economy market reached a value of USD 1.9 trillion, or around IDR 27,550 trillion, thanks to e-commerce transactions and digital advertising spending. As of 2020, this market is growing by around 15%. Muslims are global strategic consumers in today's global digital economy market. In 2014, the transaction value reached USD 107 billion (IDR 1,522 trillion), and is projected to increase by 17 percent to USD 277 billion, or IDR 4,016 trillion, in 2020 (Graph 1). In 2014, the Muslim community represented almost a quarter of the world's population and 5.8 percent of the world's digital economy (Thomson Reuters, 2015).

Bappenas (2018) defines the digital Islamic economy as part of the Islamic economy that supports the halal industry through digital platforms, both of which can increase production and sales efficiency, which will ultimately improve business performance. Meanwhile, Thomson Reuters (2015) calculates the digital Islamic

economy based on e-commerce transactions and digital advertising spending by Muslim customers.

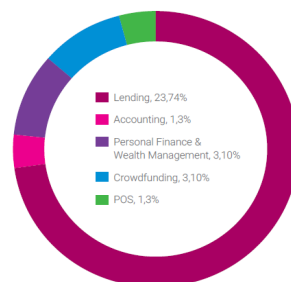
The digital Islamic economy has potential markets in a number of industries, including education, halal food, halal tourism, Muslim fashion, halal pharmaceuticals and cosmetics, and Islamic finance, according to a Thomson Reuters report (2015). The most market share is held by Muslim fashion, cosmetics, and Islamic finance. The digital economy product that needs to be developed in the most strategic manner is the e-commerce side, which starts with retail, the market, and the sharing economy (Thomson Reuters, 2015).

As previously mentioned, e-commerce and fintech are examples of growing digital economies. Over the past few years, both have shown promising progress. The value of e-commerce retail transactions in Indonesia continues to increase, according to Statista (2023). In recent years, the value of online sales transactions in Indonesia has continued to increase, increasing from USD 5.8 billion in 2016 to USD 16.5 billion in 2022.



Graph 2. Growth in Retail E-Commerce Transaction Value in Indonesia  
Source: Statista (2023)

In contrast, as of November 2018, 37 individuals had joined the Indonesian Shari'a Fintech Association (AFSI) since it was established in October 2017. In addition to Shari'a fintech, institutions, academics, and associations that engage in Shari'a fintech-related activities are also members of AFSI. P2P lending/investment and consumer credit are the two types of Shari'a fintech that currently dominate Indonesia's distribution. At least 31 of the 37 AFSI members are Shari'a-compliant fintech firms, including the following information: 23 lending businesses, 3 crowdfunding businesses, 3 firms specializing in personal finance and wealth management, 1 accounting firm, and 1 point-of-sale business Others include marketplaces, consultants, and educational institutions (Fintech Syariah Indonesia, 2023).



Graph 3. Shari'a Fintech Distribution in Indonesia  
Source: Fintech Syariah Indonesia (2023)

With the fourth largest population in the world, Indonesia may be the largest digital trading market in Southeast Asia. The increase in internet users and online shoppers in Indonesia shows progress in digitization. To achieve this, all stakeholders must discuss a number of important issues to maximize the potential of the digital economy. For example, Indonesia's ICT infrastructure is still lacking compared to other developing countries in terms of quality and quantity (Al-Mursyid, 2020; Roosdhani, Wibowo, & Widiastuti, 2012).

The *We Are Social* report notes that the number of internet users in Indonesia has reached 212.9 million in January 2023 or around 77% of Indonesia's population has used the internet. However, Indonesia is one of the countries where many of the population are not connected to the internet. *We Are Social* notes that there are 63.5 million people in the country who are not connected to the internet in early 2023 (Data Indonesia, 2023b). Meanwhile, Indonesia's internet speed is still lagging behind that of neighboring countries. This can be seen from the Speedtest Global Index report which shows a number of major cities in Indonesia ranked lowest in Southeast Asia in terms of download speed via mobile internet (Data Indonesia, 2023a).

Although the Indonesian government has made efforts to expand its domestic broadband network through the Palapa Ring Project (Susanti & Juwono, 2019), there is still a lot of work to be done to catch up on the infrastructure of its neighbours (Bappenas, 2018). Human resources is another major issue facing Indonesia. Many Indonesian start-ups have difficulty finding talented employees domestically, so they sometimes have to hire programmers or technicians from other countries, such as India (Bappenas, 2018). The need for workers specializing in programming, web design, internet security, big data and other key areas will increase as Indonesia's digital economy grows.

The Indonesian halal industry and Shari'a economy should be optimized, given all of their potential and accomplishments, in order to build the economy and bring prosperity to people's lives through digital economic platforms. However, Indonesia needs to overcome a number of problems and challenges in order to realize its digital economy potential. For this reason, it is deemed necessary to examine further the strengths, weaknesses, opportunities and challenges as well as strategies for the role of the digital economy in the context of developing the halal industry and the Islamic economy in Indonesia.

The growth and function of the digital economy in Indonesia have been the subject of numerous previous studies. Nizar & Sholeh (2021) carried out a study to learn how the digital economy contributed to economic growth and resilience during the COVID-19 pandemic. Using Osterwalder and Pigneur's four pillars of the e-business model framework, his research utilized qualitative methods to examine the digital economy sector's business model. The study's findings suggest that the digital economy is a sector of the economy that will continue to expand rapidly in the years to come. A comprehensive and accessible database on the digital economy is required for researchers to be able to contribute ideas. In turn, the digital economy can play a role in business resilience and contribute positively to sustainable economic growth.

Maharani & Ulum (2020) looked at the opportunities and challenges facing Indonesia's Islamic economy in the future. According to the findings of his research, Shari'a economic support for financing growth through the digital economy and the national economy's empowerment by the Shari'a economy must be encouraged and

maximized. One way that digital economic platforms can be used to develop cutting-edge Shari'a product innovations is through principle-based regulation. The Shari'a economy is expected to become a means of bridge toward financial inclusion in the digital economy with the help of this technology, which is expected to be able to increase the Shari'a economic growth sector in Indonesian society. a) platforms that are affordable to the unbanked, b) strong collaboration between Islamic financial service providers through the digital economy, c) expansion of digitalized Islamic banking practices, d) media for Islamic economic development regulators, and e) ladder to startups rather than MSMEs.

Ansori (2016) investigated the Islamic economy's digitalization. He asserts that the Islamic economy's digitalization has the potential to penetrate both microeconomics and macroeconomics. Digital plays an extraordinary role in today's economy because almost all industries use digitization, also known as information and communication technology, to package and market products. This makes it easier and faster to distribute information that is used to accelerate economic growth without limits. The digitalization of information and communication in both conventional and Islamic economics can be facilitated by information technology that has penetrated individuals (personal). In a similar vein, in the world of banking, Islamic banking collaborates with the information technology industry to construct an Islamic banking information system by developing a unique application (app) that can facilitate all banking transaction processes.

Nagri (2021) examined the role of economic digitalization in an Islamic perspective. By using literature and literature study methods, this study found that the development and application of technology in the economic field should not conflict with Islamic principles as a guideline, namely not harm consumers or buyers to avoid badness, and be based on the values of truth.

Although the previous studies mentioned above have reviewed and analyzed various aspects related to the digital economy in Indonesia, this research has not examined strategic factors from both the internal and external environment to identify and analyze the strengths, weaknesses, opportunities and threats that exist in the role digital economy in the context of developing the halal industry and Shari'a economy in Indonesia. The process of identifying and analyzing these factors can be done by evaluating existing strengths, weaknesses, opportunities, and threats through SWOT analysis techniques (Rangkuti, 2015). This technique is a way to systematically identify various factors in the context of positioning and strategy formulation. Therefore, this research was conducted with the aim of analyzing strengths, weaknesses, opportunities, and threats as well as strategies for the role of the digital economy in developing the halal industry and Islamic economy in Indonesia.

## Method

This study is a qualitative, descriptive one that makes use of secondary data gathered from relevant documents and scientific articles, as well as other relevant sources. The obtained data are then analyzed by producing descriptive explanations related to the research object in the form of words, images, and symbols (John, 2013).

In this study, data reduction, data categorization, and data verification were the three stages of data analysis. In this study, data reduction was accomplished by selecting all data and cutting and simplifying existing data in accordance with the research topic.

Additionally, the reduced data is organized by research topic. The researchers' interpretation of the data is the focus of the final step, which is data verification. Triangulation methods, in which one data source is compared to another, are used in verification (Djamba, 2002).

This study also uses the SWOT analysis technique to strengthen and deepen the discussion. SWOT analysis is a method used to systematically identify various factors to formulate a strategy, which is based on logic to maximize strengths and opportunities and minimize weaknesses and threats (Rangkuti, 2015). SWOT analysis helps organizations face the increasing challenges of maintaining stability and increasing productivity (Ifediora & Nzekwe, 2014). By using SWOT analysis it is possible to compare external factors in the form of opportunities and threats with internal factors in the form of strengths and weaknesses that produce strategic choices.

SWOT analysis is an effective tool for conducting strategic analysis because it allows corporate strategists to maximize the role of strength factors and take advantage of opportunities; it also serves as a tool to mitigate weaknesses and reduce the impact of threats that arise and need to be addressed (Rangkuti, 1998). In this study, Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) were used; the final value of these two analyzes is obtained through ranking and weighting. The next step is to determine how the role of the digital economy is in the Internal-External SWOT (IE SWOT) Matrix to determine alternative strategic choices (Rangkuti, 1998):

		<i>Internal Factors</i>		
		<i>High (3,0-4,0)</i>	<i>Medium (2,0-2,99)</i>	<i>Low (1,0-1,99)</i>
External Factors	High (3,0-4,0)	<i>I Growth: Concentration through Vertical Integration</i>	<i>II Growth: Concentration through Horizontal Integration</i>	<i>III Retrechment: Turn-round Strategy</i>
	Medium (2,0-2,99)	<i>IV Stability</i>	<i>V Growth: Concentration through Horizontal Integration or Stability Profit Strategy</i>	<i>VI Retrechment: Divestment Strategy</i>
	Low (1,0-1,99)	<i>VII Growth Concentric Diversification</i>	<i>VIII Growth: Conglomerate Diversification</i>	<i>IX Liquidation</i>

Graph 4. *IE SWOT Matrix*

Source: David (2006); Pratiwi & Sudiarta (2019)

## Discussion

### Strengths and Weaknesses

Indonesia's digital economy has a number of advantages that support the growth of the Islamic economy and halal industry. However, on the other hand, it has a number of internal flaws that could impede efforts to grow Indonesia's Islamic economy and halal industry.

Table 1. Identification of Internal Factors

<b>Internal</b>	
<b>Strengths</b>	<b>Weaknesses</b>
1. The increasing number of Muslims both in the country and around the world;	1. The current lack of digital economy ability to respond to demand and the market;
2. Increase in digital transactions, especially those made via mobile phones and the Shari'a fintech industry;	2. Disparity in exposure to digital technology between regions, especially urban and rural areas;
3. Industry expansion from e-commerce and travel to education, healthcare, and financial technology	3. Not many people know about halal products and branding;
4. Investment in digital startups continues to increase;	4. There is no complete digital economy curriculum and education
5. Telecommunications infrastructure is getting better;	5. Internet and electricity costs are still expensive and unequal;
6. ICT graduates in Indonesia are relatively high.	6. Insufficient domestic venture capital to meet initial capital requirements;
7. Foreign investors' interest in domestic digital startups;	7. No Shari'ah Advisors for the digital startup industry;
8. The creation of new types of work.	8. A lack of professionals in the digital economy.

Source: Result of Data Processed by Author (2023)

From an internal perspective, as shown in Table 1, the increasing number of Muslims both domestically and abroad, the growth in digital transactions and the Shari'a fintech industry which continues to increase, as well as the expansion of the industry from e-commerce and e-travel to the education sector, healthcare, and financial technology. Likewise, from the aspect of production factors, the strength of digital economic development lies on the capital side. Investment for digital startups is always increasing and there is foreign investor interest in national digital startups, the telecommunications infrastructure side is in good condition. Then from the HR aspect, the existence of a relatively high level of ICT graduates in Indonesia and new types of jobs are constantly developing, becoming a strength from the internal side.

Despite having internal strengths, Indonesia's digital economy also has several weaknesses due to its role in developing the halal and Shari'a sector. Table 1 shows some of the current weaknesses of Indonesia's digital economy. These weaknesses include insufficient digital economic capacity to meet market demand and needs,

imbalances between digital technology in various regions, especially in urban and rural areas, and a lack of knowledge about halal products and halal brands. In addition, in terms of production components, such as internet access, electricity and costs, everything is still rather expensive. In addition, digital economic education is not yet available, and domestic business capital cannot meet digital requirements. The main weaknesses that must be fixed are the initial capital and the shortage of professional employees in the digital economy.

### Opportunities and Challenges

Apart from strengths and weaknesses, externally, the role of Indonesia's digital economy also has opportunities and various challenges in developing the halal industry and Shari'a economy.

Table 2. Identification of External Factors

<b>Eksternal</b>	
<b>Opportunities</b>	<b>Challenges</b>
<ol style="list-style-type: none"> <li>1. The government supports the digital economy industry as a whole;</li> <li>2. Relevant ministries and institutions have developed roadmaps, strategies and policies for the digital economy industry;</li> <li>3. Availability of regulations from regulators, such as Bank Indonesia and the Financial Services Authority.</li> </ol>	<ol style="list-style-type: none"> <li>1. Regulations have not yet accommodated the rapid growth of digital startups;</li> <li>2. Rules that protect consumers in the digital field;</li> <li>3. Harmonization of regulations and coordination between institutions;</li> <li>4. There are issues of cybercrime and cyberattacks.</li> </ol>

Source: Result of Data Processed by Author (2023)

From the external side, as in Table 2 above, digital economic opportunities in Indonesia lie in government support for the digital economy industry which is quite good. This support can also be seen in the availability of roadmaps, strategies and government policies related to the digital economy industry that are carried out by the relevant Ministries and Institutions (E-Commerce Roadmap). In Indonesia, there are two regulators that regulate financial services and digital-based transactions, namely Bank Indonesia (BI) and the Financial Services Authority (*Otoritas Jasa Keuangan*, OJK). These bodies (BI and OJK) also regulate digital Shari'a services.

From the external side, Table 2 above shows that the opportunities that exist are for the government to properly support the digital economy industry, which is shown by the policies, roadmaps, and strategies made by relevant ministries and institutions for the industry. Two government agencies in Indonesia, Bank Indonesia (BI) and the Financial Services Authority (OJK), are responsible for digital-based financial services and transactions, as well as digital Shari'a services. Furthermore, the government, through BI and OJK, issues regulations and supports the fintech industry. BI has a Fintech Office, supports innovation through the Regulatory Sandbox, and issues Bank Indonesia Regulation Number 19/12 of 2017 concerning Implementation of Financial Technology. Meanwhile, the Financial Services Authority (OJK) issued regulations,



namely POJK Number 77/POKL.01/2016 concerning Information Technology-Based Money Lending Services and POJK Number 13/POJK.02/2018 concerning Digital Financial Innovation in the Financial Sector.

However, the challenge that must be faced is that government regulations have not accommodated the very rapid growth of digital startups and regulations from various institutions are felt to be less harmonious and not well coordinated. Another challenge is regulation related to consumer protection in the digital sector which is still lacking and there are unresolved issues of cybercrime and cyberattacks.

### Positioning Strategy

From the results of identifying internal and external factors in the analysis of the digital economy environment in Indonesia both from the aspects of strengths, weaknesses, opportunities and challenges in the context of developing the halal industry and Islamic economy, then weighting and rating of strategic (internal and external) factors is carried out to obtain positioning and strategic options that can be taken.

Table 3. Analysis of Strengths and Weaknesses

No	Strategi Factors <i>Internal Factor Analysis Summary (IFAS)</i>	Weight	Rating	Score
<b><i>Strengths (S)</i></b>				
1	The increasing number of Muslims both in the country and around the world;	0,07	5	0,36
2	Increase in digital transactions, especially those made via mobile phones and the Shari'a fintech industry;	0,07	5	0,36
3	Industry expansion from e-commerce and travel to education, healthcare, and financial technology	0,07	5	0,36
4	Investment in digital startups continues to increase;	0,07	5	0,36
5	Telecommunications infrastructure is getting better;	0,06	4	0,23
6	ICT graduates in Indonesia are relatively high.	0,06	4	0,23
7	Foreign investors' interest in domestic digital startups;	0,06	4	0,23
8	The creation of new types of work.	0,04	4	0,17
<b>Total of Score (S)</b>		<b>0,50</b>		<b>2,29</b>
<b><i>Weaknesses (W)</i></b>				
1	The current lack of digital economy ability to respond to demand and the market;	0,07	1	0,07
2	Disparity in exposure to digital technology between regions, especially urban and rural areas;	0,06	2	0,11
3	Not many people know about halal products and branding;	0,07	2	0,14
4	There is no complete digital economy curriculum and education;	0,07	1	0,07
5	Internet and electricity costs are still expensive and unequal.	0,06	1	0,06

No	Strategi Factors <i>Internal Factor Analysis Summary (IFAS)</i>	Weight	Rating	Score
<b><i>Weaknesses (W)</i></b>				
6	Insufficient domestic venture capital to meet initial capital requirements	0,06	2	0,11
7	No Shari'ah Advisors for the digital startup industry	0,06	1	0,06
8	A lack of professionals in the digital economy	0,06	2	0,11
<b>Total of Score (W)</b>		<b>0,50</b>		<b>0,74</b>
<b>Total Score of S and W</b>		<b>1,00</b>		<b>3,03</b>

Source: Result of Data Processed by Author (2023)

The results of the analysis of internal environmental factors can be seen in Table 3 above. Based on the IFAS Matrix in the table it can be seen that the position of the role of the digital economy in supporting the development of the halal industry and the Islamic economy is in a relatively good position in dealing with its internal environment with a total score of 3.03. This means that the digital economy in Indonesia in terms of development strategy has been running optimally in utilizing strengths to reduce weaknesses.

Table 4. Opportunity and Threat Analysis

No.	Strategic Factors <i>External Factor Analysis Summary (EFAS)</i>	Weight	Rating	Score
<b><i>Opportunities (O)</i></b>				
1	The government supports the digital economy industry as a whole;	0,16	5	0,78
2	Relevant ministries and institutions have developed roadmaps, strategies and policies for the digital economy industry;	0,13	4	0,50
3	Availability of regulations from regulators, such as Bank Indonesia and the Financial Services Authority.	0,16	5	0,78
<b>Total Score (O)</b>		<b>0,44</b>		<b>2,06</b>
<b><i>Threats (T)</i></b>				
1	Regulations have not yet accommodated the rapid growth of digital startups;	0,16	2	0,31
2	Rules that protect consumers in the digital field;	0,16	2	0,31
3	Harmonization of regulations and coordination between institutions;	0,13	2	0,25
4	There are issues of cybercrime and cyberattacks.	0,13	1	0,13
<b>Total Score</b>		<b>0,56</b>		<b>1,00</b>
<b>Total Score of O and T</b>		<b>1,00</b>		<b>3,06</b>

Source: Result of Data Processed by Author (2023)

The results of the analysis of external environmental factors can be seen in Table 4. Based on the EFAS Matrix in the table it can be seen that the position of the role of the digital economy in supporting the development of the halal industry and the Islamic economy is in a relatively good position in dealing with its external environment with a total score of 3.06. This means that the digital economy in Indonesia in terms of development strategy has been running optimally in taking advantage of existing opportunities to deal with threats.

Furthermore, based on the internal (strengths and weaknesses) and external (opportunities and threats) factor analysis tables in Tables 3 and 4, position coordinate points can be made in the IE SWOT Matrix in Graph 5 below.

		<i>Internal Factors</i>		
		<i>High (3,0-4,0)</i>	<i>Medium (2,0-2,99)</i>	<i>Low (1,0-1,99)</i>
<i>External Factors</i>	<i>High (3,0-4,0)</i>	<i>I Growth: Concentration through Vertical Integration</i>	<i>II Growth: Concentration through Horizontal Integration</i>	<i>III Retrechment: Turn-round Strategy</i>
	<i>Medium (2,0-2,99)</i>	<i>IV Stability</i>	<i>V Growth: Concentration through Horizontal Integration or Stability Profit Strategy</i>	<i>VI Retrechment: Divestment Strategy</i>
	<i>Low (1,0-1,99)</i>	<i>VII Growth Concentric Diversification</i>	<i>VIII Growth: Conglomerate Diversification</i>	<i>IX Liquidation</i>

Graph 5. IE SWOT Matrix Position Coordinate  
Source: Result of Data Processed by Author (2023)

Positioned in the High-High coordinates (3.03: 3.06), specifically in cell I, the analysis of Indonesia's digital economy environment is shown from the perspectives of strengths, weaknesses, opportunities, and challenges in the context of developing the halal industry and the Islamic economy in Indonesia. With this position, it is then suggested to put into practice a growth strategy: concentration through vertical integration. This position examines the role of the digital economy in Indonesia from the perspectives of strengths, weaknesses, opportunities, and challenges in the context of developing the halal industry and the Islamic economy. In this capacity, both internal and external resources can be used to advance Indonesia's digital economy's role in the growth of the halal sector and Shari'a economy. Internal strengths that must be optimized to take advantage of existing opportunities include the high growth in the number of Muslims at the national and global levels, the expansion of the sector from e-commerce and e-travel to education, health, and financial technology, the Shari'a fintech industry, digital startup investments that are always increasing, improving the

condition of telecommunication infrastructure, the relatively high availability of ICT graduates in Indonesia, the interest of foreign investors in domestic digital startups, and the creation of new types of jobs.

### Strategy and Program

In realizing the vision of “making Indonesia the center of the Shari’a economy in the world”, the digital Islamic economy which consists of the digital economy and the development of industry 4.0 acts as an enabler in the halal industry (Bappenas, 2018).

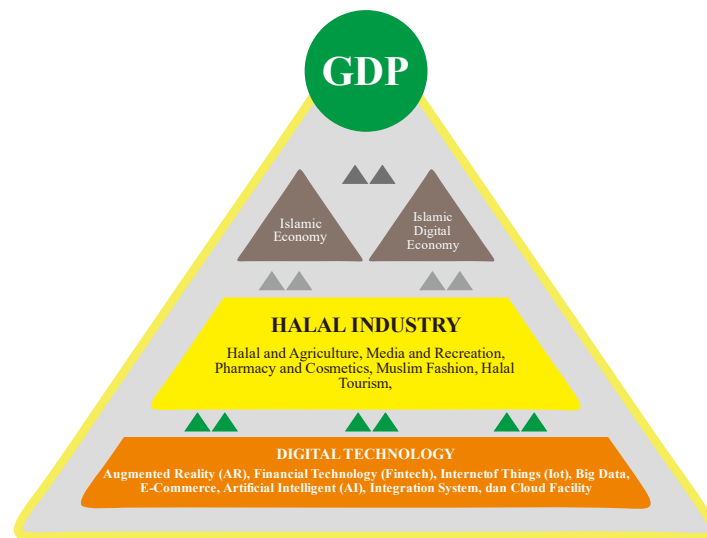


Figure 1. Digital Economy Support for the Halal Industry, Islamic Economy, Islamic Digital Economy, and GDP

Source: Result of Data Processed by Author (2023)

As shown in Figure 1, augmented reality (AR), financial technology (fintech), the internet of things (IoT), big data, e-commerce, artificial intelligence (AI), system integration, and cloud facilities are among the ways in which the digital Islamic economy is anticipated to influence the Islamic economic sector in Indonesia. The halal food and agriculture, media and recreation, pharmaceuticals and cosmetics, Muslim fashion, halal tourism, and Islamic finance sectors can all benefit from digital technology adoption and implementation. It is anticipated that the Islamic economy and the digital Islamic economy will contribute to the GDP growth rate.

Therefore, to develop an Islamic digital economy in Indonesia, a number of strategies and activities can be carried out. Based on the results of the analysis of internal and external factors and strategic positioning in the previous description, there are four recommended strategies for optimizing the role of the digital economy in the development of the halal industry and the Islamic economy in Indonesia, namely:

1. Encouraging digital Islamic economic literacy to prepare Human Resources (HR) who are literate in the Islamic digital economy by taking advantage of the high growth in the number of Muslims;

2. Putting more money into technology, information, and communication (ICT)-related technical and vocational education and training. Training can also be improved to meet these businesses' specific requirements. Nonetheless, on the grounds that most organizations in Indonesia are MSMEs, these organizations will generally be less ready to lead preparing. Under these circumstances, the government must actively assist MSME actors in enhancing their digital capabilities;
3. Encouraging MSMEs to undergo digital transformation in order to strengthen the national halal value chain in light of the expansion of digital transactions, particularly mobile transactions, and the expanding Shari'a fintech industry;
4. Maximizing the development and innovation of digital infrastructure to support the growth of the halal value chain through digital economic development;
5. Optimizing the use of industry 4.0 to encourage industrial business scale, especially MSMEs by taking advantage of foreign investors' interest in domestic digital startups;
6. Support the strengthening of Shari'a-compliant finance, regulation and ecosystem in the digital economy.

Of the five strategies mentioned above, there are at least four main programs that can be carried out, namely:

1. Using exhibitions, competitions and forums in potential areas to increase digital literacy and the halal value chain of digital Shari'a economic actors. Business people must also understand digital technology if they want to develop the halal industry through it. This is especially true for expanding their market through e-commerce and using financial technology as an alternative source of financing. The Ministry of Communication and Informatics and other relevant stakeholders can work together to improve digital literacy. Industry players can also be provided with mentoring, coaching and business incubation facilities to support the development of Shari'a digital businesses.
2. Establishing halal payment methods and online marketplaces. Nowadays, using e-commerce or online marketplaces to conduct business digitally is a way of life and a necessity for everyone. However, not many marketplaces specialize in both Shari'a-compliant transactions and the sale of halal goods and services. Additionally, conventional marketplaces rarely pay particular attention to a product's halalness, as well as the compatibility of transactions and business models with Islamic Shari'a. As a result, creating a halal marketplace with products and payment options is critical. This can be accomplished by developing a halal marketplace (that is, a marketplace that specifically sells halal products and uses Islamic Shari'a-compliant transactions and payment systems) or by collaborating with conventional marketplaces to develop a halal marketplace (for example, by putting features in a conventional marketplace that help customers determine a product's halalness; Shari'a-compliant payment systems like ovo-Shari'ah, Shari'a e-money, and go-pay as well as other pertinent characteristics);
3. Constructing or giving hatchery offices that can work with the development of new businesses that can reinforce the public halal worth chain and have a worldwide extension;
4. Creating an appropriate and up-to-date technology development center for the

halal value chain to encourage production process efficiency and innovative financing;

5. Constructing an integrated information system for halal product traceability;
6. Providing digital business guides and Shari'a compliance guidelines that are accessible to the public. Increasing the scale of business and the benefits of the Shari'a industry requires guidelines for determining the halal standard of a product (goods/services) as well as Shari'a-compliant transactions/financing models. This guide can discuss various matters, ranging from digital product qualifications, company characteristics, to business funding that complies with Islamic Shari'a. This digital business guide and Shari'a compliance guide will motivate business actors to produce products that comply with Shari'a values.

## Conclusion

The strengths of the Indonesia's digital economy lie in the high growth in the number of Muslims, the expanding digital transaction and Shari'a fintech industries, the sector's expansion from e-commerce and e-travel to education, health, and financial technology, interest from foreign investors in national digital startups, a relatively high number of ICT graduates in Indonesia, and the existence of new types of jobs. Despite having strengths, the weaknesses of the Indonesia's digital economy's role in the development lie in the inability of the digital economy to respond to demand and the market, the disparity in regional exposure to digital technology, and the continuing lack of halal product literacy, there is no curriculum or education for the digital economy, domestic venture capital is unable to meet the needs of digital startup capital, there are no professionals in the digital economy, and halal branding. Meanwhile, Indonesia's digital economy has opportunities, namely the government's strong support for the sector and the availability of digital economy industry-specific roadmaps, strategies, and government policies. However, the threats that need to be solved are that regulations from various institutions are perceived as less harmonious and poorly coordinated, and government regulations have not kept up with the extremely rapid growth of digital startups. Cybercrime and cyberattacks remain unresolved, and there is a lack of consumer protection regulation in the digital sector, which is another obstacle. Several strategic programs that can be carried out, including: encouraging digital Islamic economic literacy to prepare Human Resources (HR) who are literate in the Islamic digital economy, increasing investment in technical and vocational (vocational) education and training related to Technology, Information and Communication (ICT), encouraging digital transformation for MSMEs to strengthen the national halal value chain, encouraging digital infrastructure development and innovation maximization, optimizing the use of industry 4.0 to encourage industrial business scale, especially MSMEs, and supporting the strengthening of Shari'a-compliant finance, regulations and ecosystems in the economy digital.

This research has limitations, namely the SWOT analysis technique used only covers one stage of policy planning, so more thorough (comprehensive) research is needed to make the best decisions and policies for more complex contingencies. The analysis used in this study only discusses situations that are classified as strengths, weaknesses, opportunities or threats which are very subjective, even though several other aspects, such as macroeconomic conditions, high levels of uncertainty in global markets, and others, also need to be considered in preparation of strategies and policies.

Therefore, the next research agenda is to conduct an empirical and objective analysis related to the influence, impact, or role of the digital economy on the development of the Islamic economy and the halal industry in Indonesia, including through a statistical or econometric approach.

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