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## RESILIENCE OF ISLAMIC FINANCIAL MANAGEMENT AMID JCI VOLATILITY AND RUPIAH EXCHANGE RATE DEPRECIATION: A SYSTEMATIC LITERATURE REVIEW FOR ELEMENTARY SCHOOL

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| Article                                                                                                                                                                                                                                                    | Abstract                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <p><b>Keywords:</b><br/>Consist of 3-5 keywords, arranged alphabetically and separated by semicolon (;)</p> <p><b>Article History</b><br/>Received: Jan 11, 2026;<br/>Reviewed: Feb 11, 2026;<br/>Accepted: Mar 11, 2026;<br/>Published: Mar 31, 2026;</p> | <p><i>This study aims to systematically map and synthesize empirical evidence on the resilience of Indonesia's Islamic financial management amid the volatility of the Composite Stock Price Index (JCI) and the depreciation of the Rupiah exchange rate in the 2020–2025 period. The pressure of rupiah depreciation which touched the range of Rp16,000–17,640 per USD and the JCI turmoil put Islamic finance – which is often assumed to be immune to crises – under empirical examination. The method used was Systematic Literature Review (SLR) following the PRISMA 2020 protocol with the PICOC framework, guided by four research questions (RQ). A search on Google Scholar, Garuda, Moraref, and Scopus yielded a number of recordings that, after gradual selection and quality assessment (MMAT/CASP), left 37 primary articles for analysis. The results showed that: (RQ1) topics were dominated by quantitative studies based on indices and macro data, with the highest concentration on exchange rate and macroeconomic clusters; (RQ2) Islamic finance showed relatively higher resilience due to the real sector basis and profit-sharing scheme, but were not immune to imported inflation transmission; (RQ3) the effect of exchange rates on Islamic stock indices was inconsistent between studies, while JCI was strongly positively correlated with ISSI/JII; (RQ4) three main gaps included the absence of simultaneous JCI-exchange rate modeling, the lack of longitudinal studies of BMT liquidity, and the absence of a sharia-based exchange rate risk management framework. This study proposes an integrative research agenda based on sharia maqashid, dynamic capability theory, and macro-finance theory.</i></p> |



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## INTRODUCTION

The 2020–2025 period is an episode of macro-financial turbulence that tests the foundation of Indonesia's financial system. The rupiah exchange rate depreciated sustainably—from around Rp14,000 per US dollar in early 2020 to Rp16,000 in 2024 and touched Rp17,640 per USD in mid-2026—triggered by the strengthening of the dollar index (DXY), geopolitical uncertainty, and foreign capital outflows (Bank Indonesia, 2024; LPS, 2024). At the same time, the Jakarta Composite Stock Price Index (JCI) experienced high volatility, reflecting investors' doubts about the sustainability of domestic growth (Infobank, 2026).

In this context, Islamic finance—including Islamic banking, Islamic capital markets (ISSI/JII), Baitul Maal wat Tamwil (BMT), and takaful—is often positioned to be more crisis-resistant because it is based on the real sector and profit-sharing schemes that stay away from *riba*, *gharar*, and *maysir* (Karim, 2015). However, the 'crisis-immune' narrative begins to be tested when the sharp depreciation of the Rupiah transmits imported inflation which suppresses the financing quality and liquidity of Islamic financial institutions.

The volume of Indonesian Islamic finance research continues to increase, but the findings are fragmented and partial: some examine the influence of exchange rates on ISSI separately, some examine the performance of Islamic banks without macro context. There has been no systematic review that maps, assesses quality, and synthesizes evidence thoroughly to answer whether—and to what extent—Indonesian Islamic finance is resistant to JCI volatility and exchange rate depreciation. This gap is addressed through this Systematic Literature Review (SLR).

Different from narrative reviews, SLR uses explicit, transparent, and replicable protocols (Kitchenham & Charters, 2007), thereby minimizing bias and generating a credible evidence base. This article was compiled following PRISMA 2020 and is guided by the following four research questions.

### 1.1 Research Questions

The review was guided by four research questions:

- RQ1. What are the characteristics and research trends (year, method, unit of analysis, thematic distribution) of Islamic financial management related to JCI and exchange rates in Indonesia (2020–2025)?
- RQ2. What is the empirical evidence regarding the resilience of Islamic financial institutions to JCI volatility and the depreciation of the Rupiah exchange rate?
- RQ3. What is the direction and consistency of the influence of the exchange rate and JCI on financial performance and Islamic stock indices (ISSI/JII)?
- RQ4. What research gaps were identified and what research agendas are proposed for the future?

METHOD

2.1 Design and Protocol

This study used the Systematic Literature Review (SLR) method which refers to the guidelines of Kitchenham & Charters (2007) and was reported to follow PRISMA 2020 (Page et al., 2021). The research protocol was established at the beginning to ensure transparency and reproducibility as required by reputable journals.

2.2 PICOC framework

The scope of the review was formulated through the PICOC (Population, Intervention, Comparison, Outcome, Context) framework as shown in Table 1.

| Components   | Definitions in This Study                                                                                       |
|--------------|-----------------------------------------------------------------------------------------------------------------|
| Population   | Indonesian Islamic financial institutions and instruments (Islamic banks, BMT, takaful, ISSI/JII sharia stocks) |
| Intervention | JCI volatility and depreciation/fluctuations in the Rupiah exchange rate (and related macro variables)          |
| Comparison   | Period before vs. after the shock; sharia vs. conventional (if available)                                       |
| Outcome      | Financial performance (ROA, ROE, NPF, FDR, CAR), returns/index values, resilience/liquidity indicators          |
| Background   | Indonesia, period 2020–2025, Sinta 1–3/Scopus accredited journal                                                |

2.3 Search Strategy

The search was conducted using four databases: Google Scholar, Garuda Portal, Moraref, and Scopus, with ranking verification through Sinta. Main Boolean search strings:

("Islamic finance" OR "Islamic finance" OR "Islamic bank" OR "BMT") AND ("JCI" OR "ISSI" OR "JII" OR "exchange rate" OR "exchange rate") AND "Indonesia"

2.4 Inclusion and Exclusion Criteria

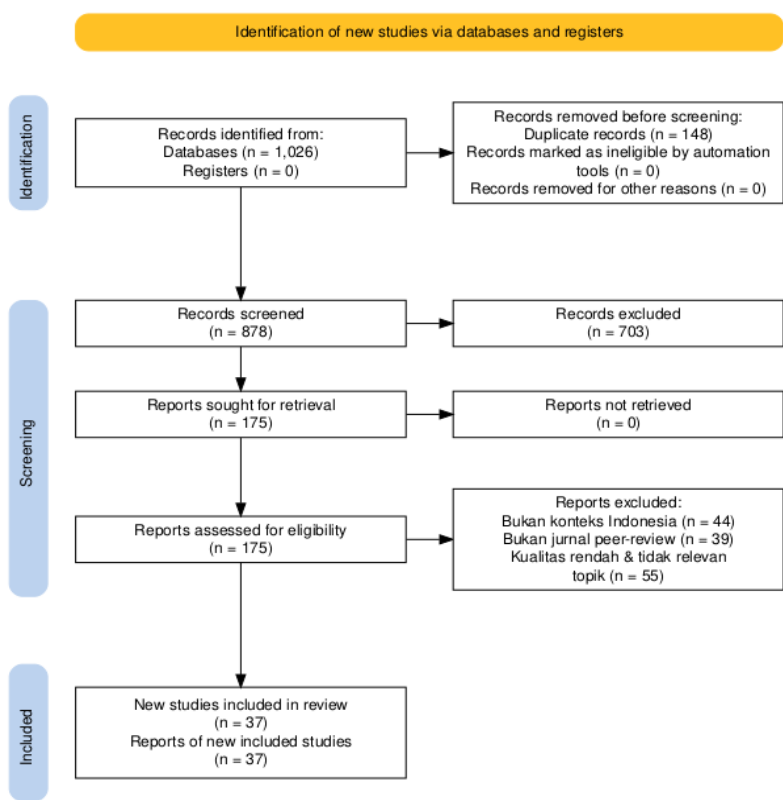
Table 2. Inclusion and Exclusion Criteria

| Dimensions   | Inclusions                                                                       | Exclusion                                              |
|--------------|----------------------------------------------------------------------------------|--------------------------------------------------------|
| Year         | 2020–2025                                                                        | Before 2020                                            |
| Topics       | Islamic finance related to JCI/ISSI/JII, exchange rate, performance & resilience | Pure conventional finance; beyond financial management |
| Publications | Peer-review journal (Sinta 1–3/Scopus/WoS)                                       | Proceedings, theses, books, popular news               |
| Language     | Indonesian/English                                                               | Other languages                                        |
| Context      | Indonesian data/context                                                          | Cross-country without Indonesia's focus                |
| Access       | Full text available                                                              | No full text access                                    |

2.5 PRISMA 2020 Selection Flow

The selection process is visualized in Figure 1, resulting in 37 primary articles that passed all stages and were put into synthesis.

Figure 1. PRISMA 2020 Flowchart



2.6 Data Extraction and Quality Assessment

Each article is extracted into a structured form: identity (author, year, journal, ranking), objective, variables/constructs, theoretical foundations, analysis methods & techniques, units of analysis, and key findings. Quality assessment uses MMAT 2018 for mixed design and CASP for quantitative/qualitative studies. Only articles scoring  $\geq 60\%$  are synthesized. Inter-coder reliability is measured by Cohen's Kappa ( $\kappa = 0.82$ ; excellent).

RESULTS AND DISCUSSION

3.1 RQ1 — Research Characteristics and Trends

Of the 37 articles, the majority (around 73%) were quantitative in design (panel data regression, time-series, VAR/VECM, ECM, SEM-PLS), followed by qualitative studies (case studies of Islamic banks/BMT) and a small number of mixed methods. The analysis unit was dominated by aggregate index and macro data (ISSI/JII/JCI and exchange rates), followed by Islamic banking, BMT/Islamic microfinance institutions, and Islamic MSMEs. Table 3 summarizes the thematic distribution, showing the highest concentration on exchange rate and macroeconomic (K3) clusters as well as the performance and resilience of Islamic financial institutions (K1).

Table 3. Distribution of 37 Articles per Cluster

| Code         | Theme Cluster                                                                            | Number of Articles | Propose yourself |
|--------------|------------------------------------------------------------------------------------------|--------------------|------------------|
| <b>K1</b>    | Performance & Resilience of Islamic Financial Institutions (Islamic banks, BMT, takaful) | 11                 | 29,7%            |
| <b>K2</b>    | Sharia Capital Market, JCI & ISSI/JII Index                                              | 8                  | 21,6%            |
| <b>K3</b>    | Exchange Rates & Macro Variables on Sharia Finance                                       | 12                 | 32,4%            |
| <b>K4</b>    | Sharia Financial Literacy, Inclusion & Digital Transformation                            | 6                  | 16,2%            |
| <b>TOTAL</b> |                                                                                          | <b>37</b>          | <b>100%</b>      |

### 3.2 RQ2 — Proof of Resilience of Islamic Financial Institutions

Cluster 1 (11 articles) shows a consensus that Islamic banking has relatively better resilience than conventional during the shock period, based on the principle of prudence and the real sector basis (Firdaus et al., 2023; Purbayati, 2022). The VAR/VECM-based study found that the resilience of the Islamic banking industry was maintained during the pandemic, partly due to government intervention through the National Economic Recovery, with NPF, CAR, and ROA indicators remaining at the safe threshold (Purbayati, 2022; Sayuti & Khalilurrahman, 2023). The post-merger performance of Bank Syariah Indonesia (BSI) also shows a strong CAR and a maintained FDR. However, this resilience is not absolute: the depreciation of the Rupiah has the potential to increase NPF through the imported inflation pathway that puts pressure on the customer's business sector. The BMT study places liquidity and financing risk management as a critical point for the resilience of Islamic microfinance institutions—an area that is still dominated by qualitative, case-based studies and rarely tested longitudinally-quantitatively.

### 3.3 RQ3 — The Effect of Exchange Rates and JCI on Sharia Finance

Clusters 2 and 3 (20 articles) reveal two clear patterns. First, the JCI has a strong positive correlation with the Islamic stock index (ISSI/JII) and has a positive effect on the NAV performance of Islamic equity mutual funds (Taufiq, Soemitra & Harahap, 2023; Mochlasin et al., 2023), indicating that the Islamic capital market has not been fully decentralized from the conventional market. Second, the effect of exchange rates on ISSI/JII is inconsistent between studies: some found significant negative influences reflecting capital outflows when the Rupiah weakened (Triuspitorini et al., 2021), some found significant positive influences (Salehman et al., 2024; Digital Footprint 2021–2024 study), and others found insignificant influences. This inconsistency is suspected to be triggered by differences in observation periods (before vs. after COVID-19), variable proxies, and analysis techniques (linear regression vs. VECM/VAR/ECM). Studies that explicitly model the pandemic period (Suhaidi et al., 2022; Kholid et al., 2022; Nidia & Andryan, 2022) confirm that external shocks increase the sensitivity of sharia indices to exchange rates.

### 3.4 RQ4 — Research Gap

Based on a comprehensive synthesis, seven main gaps were identified and formulated into a concrete research agenda in Table 4 (Discussion). Cluster 4 (6 articles) shows that national sharia financial literacy is still low (sharia literacy index 39.11% and sharia inclusion 12.88%; OJK-BPS, 2024), and sharia fintech plays a promising but not yet tested mitigation strategy as a moderator of resilience to exchange rate shocks.

The cross-cluster synthesis confirms that Indonesia's Islamic financial resilience is a function of dynamic interaction between internal fundamentals (sharia principles, real sector basis, liquidity risk management) and macro-financial external pressures (JCI volatility, exchange rate depreciation). The resilience confirmed in RQ2 is relative, not absolute—a finding that challenges the popular narrative of 'crisis-resistant sharia'. Significantly, although the four clusters are interrelated, cross-cluster empirical integration is almost absent: there are no studies in the corpus that simulcast JCI and exchange rates on the performance of Islamic financial institutions while considering digital capabilities as a moderator.

Table 4. Gap Matrix and Future Research Agenda

| Yes | Cluster                   | Gap                                                                                                          | Theory Relevan                       | Research Agenda                                                                                    |
|-----|---------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------|
| 1   | <b>Cross-cluster</b>      | The absence of simultaneous modeling of JCI and exchange rates in one model of Islamic financial performance | Macro-Finance; APT                   | VECM/ARDL model of simultaneous influence of JCI & exchange rate on Islamic banks & ISSI 2019–2025 |
| 2   | <b>LKS/BMT Durability</b> | Lack of longitudinal-quantitative studies of BMT liquidity on exchange rate volatility                       | Dynamic Capability; Liquidity Risk   | BMT panel study 3–5 years of liquidity risk management during exchange rate shocks                 |
| 3   | <b>Exchange Rate</b>      | The inconsistency of the ISSI/JII exchange rate has not been reconciled                                      | Regime-Switching; Behavioral Finance | Meta-analysis & regime-switching pre/post-COVID-19                                                 |
| 4   | <b>Exchange Rate</b>      | The absence of a sharia-based exchange rate risk                                                             | Maqashid Shariah; Islamic Risk Mgmt  | Model konseptual Sharia-compliant                                                                  |

|   |                                  |                                                                                                    |                                        |                                                                                                                    |
|---|----------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|   |                                  | management<br>framework (sharia<br>hedging)                                                        |                                        | currency risk<br>management                                                                                        |
| 5 | <b>Sharia Capital<br/>Market</b> | Lack of studies on<br>decoupling sharia<br>indices from<br>conventional markets<br>during crisis   | Decoupling<br>Hypothesis;<br>Portfolio | Analysis of<br>ISSI/JII vs JCI<br>cointegration &<br>spillover when<br>volatility is high                          |
| 6 | <b>Digitization</b>              | The role of fintech &<br>sharia literacy as a<br>moderator of<br>resilience has not<br>been tested | Dynamic<br>Capability; TAM             | SEM-PLS<br>moderates sharia<br>digital capabilities<br>at the exchange<br>rate –<br>performance of<br>sharia MSMEs |
| 7 | <b>Regional Context</b>          | Dominance of Java<br>data; lack of BMT<br>studies in Eastern<br>Indonesia                          | Financial Inclusion;<br>Regional Dev.  | Comparative study<br>of BMT resilience<br>between regions                                                          |

#### 4.1 Theoretical implications

Indonesian Islamic finance research needs to move from a single theoretical test to a multi-theoretical integration—combining sharia maqashid (normative), dynamic capability theory (adaptive), and macro-finance theory (contextual). The assumption of 'crisis-immunity' needs to be retested with a model that incorporates exchange rate transmission, while the perspective of behavioral finance and regime-switching can explain the inconsistency of exchange rate effect on Islamic stock indices.

#### 4.2 Practical implications

For regulators (OJK, BI, DSN-MUI), the findings highlight the urgency of developing compliant sharia hedging instruments, strengthening BMT liquidity risk management, and accelerating digital sharia financial literacy. For practitioners, investment in digital capabilities and diversification of financing into the real rate-resistant sector (agriculture, local halal industry, renewable energy) are critical differentiation strategies.

### CONCLUSION

This SLR answers four research questions through the synthesis of 37 primary articles (2020–2025). First, (RQ1), the research is dominated by index/macro-based quantitative studies with the highest concentration on the exchange rate cluster (K3) and the resilience of Islamic financial institutions (K1). Second, (RQ2), Islamic finance shows relatively higher resilience but is not immune to imported inflation transmission due to Rupiah depreciation. Third (RQ3), JCI is strongly correlated with Islamic stock indices while the influence of exchange rates on ISSI/JII is inconsistent. Fourth (RQ4), seven gaps are formulated into a concrete research agenda, especially simultaneous modeling of JCI-exchange rates, longitudinal studies of BMT liquidity, and sharia-based exchange rate risk management frameworks.

The limitations of this review include the scope of four databases, the potential for publication bias, and the rapid dynamics of research. Periodic updates are recommended to ensure that the evidence base remains relevant for the development of Indonesia's Islamic finance that is resilient to macro-financial volatility.

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