

THE SHARIA ONLINE TRADING SYSTEM (SOTS®)

A TOOL FOR RETAIL INVESTORS

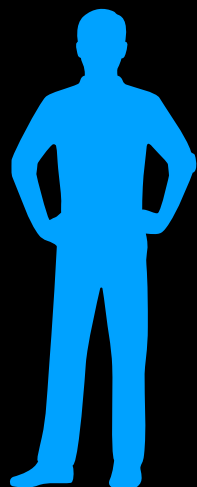
A CASE STUDY OF THE INDONESIAN ISLAMIC CAPITAL MARKET

IRWAN ABDALLOH

HEAD OF ISLAMIC CAPITAL MARKET
INDONESIA STOCK EXCHANGE



FACT SHEET



267.663.435

worldbank.org

68% YOUNG PEOPLE

50,3% MALE

87% MUSLIM

THE LARGEST MUSLIM POPULATIONS



17.508 ISLANDS

**THE 5TH LARGEST
ARCHIPELAGO IN THE WORLD**

worldatlas.com

IFDR 2018

**THE 3RD
TOP GLOBAL
SUKUK MARKETS
2017**

IFDR 2018

**THE 10TH
MOST DEVELOPED
ISLAMIC FINANCE
MARKETS 2017**

**THE BEST
EMERGING ISLAMIC
CAPITAL MARKET
OF THE YEAR 2018**

GIFA

**THE BEST
ISLAMIC CAPITAL
MARKET
OF THE YEAR 2019**

GIFA

GIFA

**THE BEST
SUPPORTING
INSTITUTION OF THE
YEAR 2016, 2017,
2018**

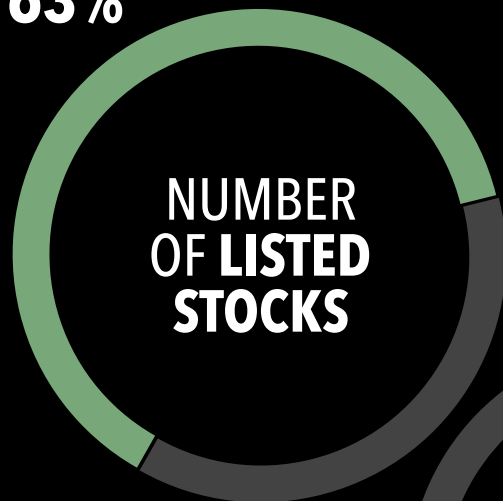
2011 - JAN 2019

**THE 2ND
HIGHEST LONG-TERM
RETURN OF THE
ISLAMIC INDEX**

May 2018
excluding islamic stocks
market capitalization

ISLAMIC CAPITAL MARKET OF **INDONESIA** HAS A **HUGE** **ROOM TO** **GROW**

**ISLAMIC
STOCKS**
63%



**NUMBER
OF LISTED
STOCKS**

August 2019

**STOCKS
MARKET
VALUES**

**54%
ISLAMIC
STOCKS**
USD364 Billion



**FINANCIAL
MARKET**

**8%
ISLAMIC
FINANCE**



**CAPITAL
MARKET**

**15%
ISLAMIC
CAPITAL
MARKET**



THE INDONESIA
STOCK EXCHANGE
(**IDX**) CREATED
**SHARIA ONLINE
TRADING SYSTEM
(SOTS®) IN 2011**

THE **FIRST ISLAMIC
FINTECH**

converts fatwa into online
trading platform that
meet islamic principles
and used by retail
investors as a **tool for
investing in islamic
stocks**

THE BUSINESS MODEL

CREATED BY
INDONESIA
STOCK EXCHANGE

DERIVED FROM
FATWA OF NATIONAL
SHARIAH BOARD

**AN INVESTMENT
TOOL** FOR RETAIL
INVESTORS

SOTS®

DEVELOPED BY
ISLAMIC BROKERAGE
COMPANY

CERTIFIED BY
NATIONAL
SHARIAH BOARD

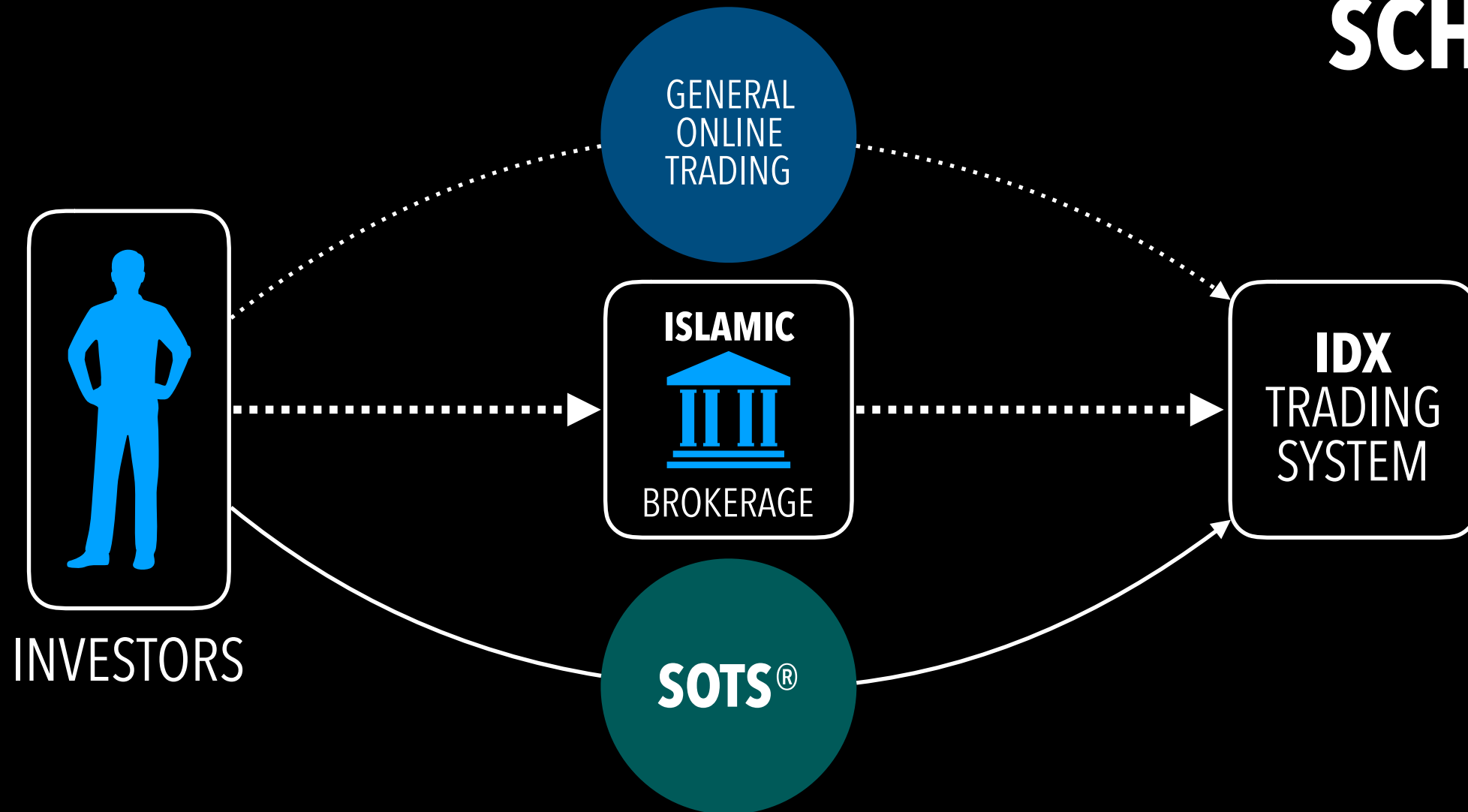
THE SYSTEM PLATFORM



SOTS®

- **IT BASED** PLATFORM
- **ONLY ISLAMIC STOCKS** ARE ALLOWED FOR TRADING
- **TRADING** USING **DEBT** (MARGIN TRADING) IS PROHIBITED
- **SHORT SELLING** IS PROHIBITED
- **CASH BASIS** TRANSACTION
- ISLAMIC SECURITIES PORTFOLIO ARE **RECORDED SEPARATELY**

THE TRADING SCHEME

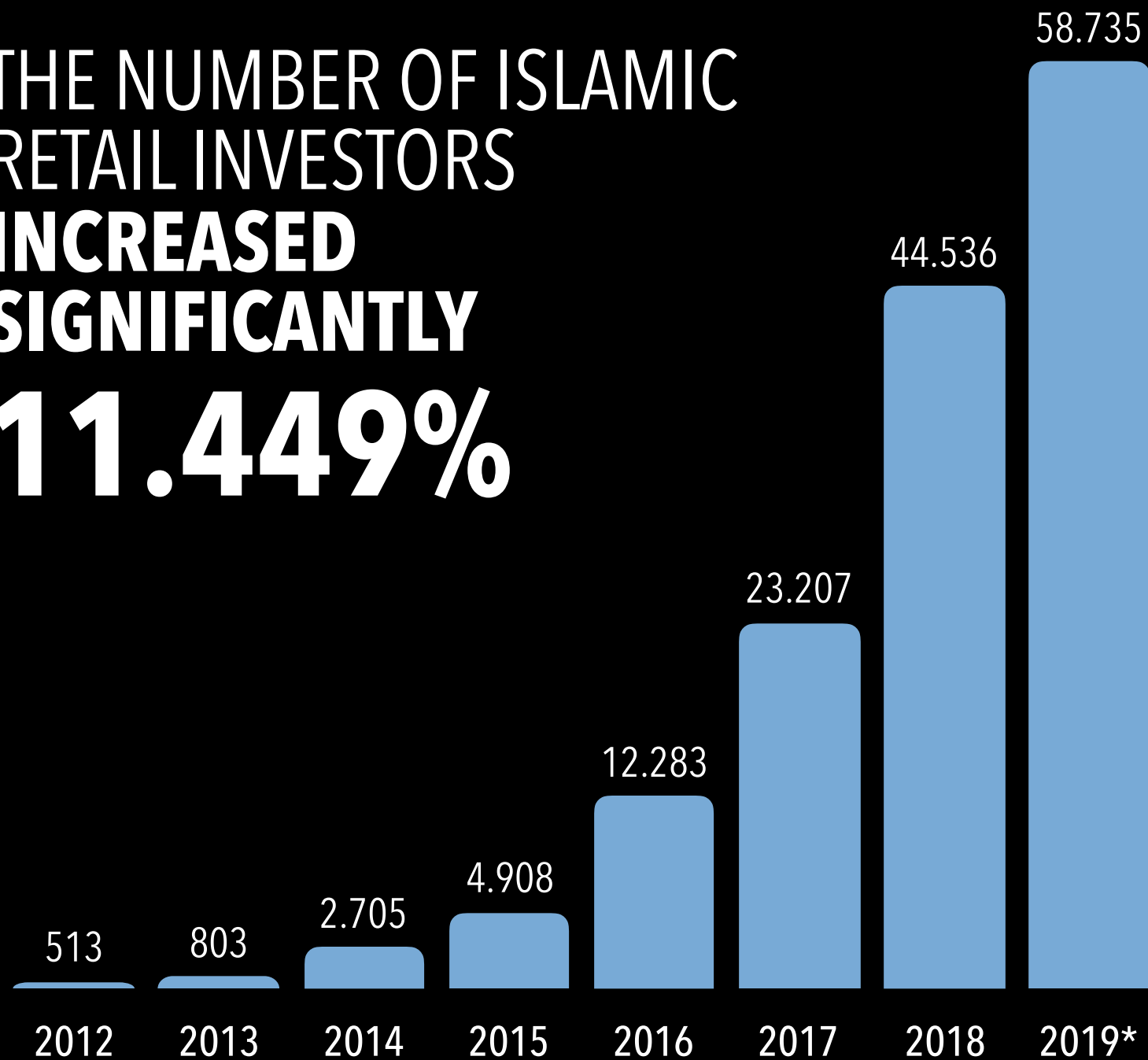


The **SOTS will reject** any transaction order which not comply with islamic principles:

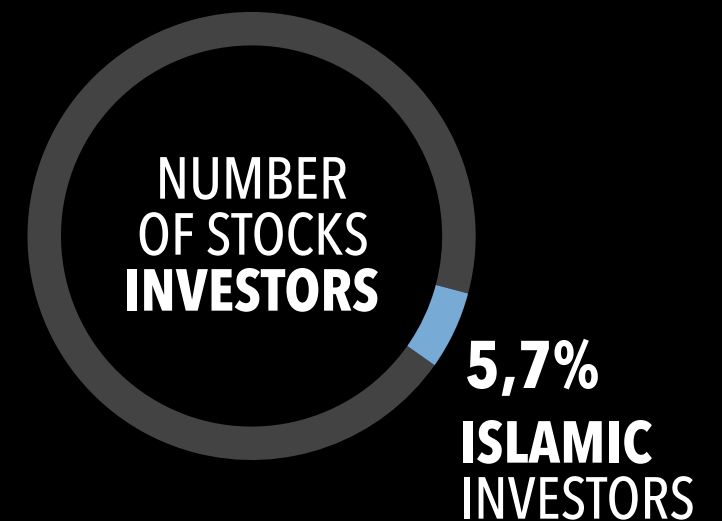
1. order for non islamic stocks
2. buy shariah stocks with no sufficient money in the account or by borrowing money from brokerage (margin trading)
3. sell shariah stocks that are not owned in the account (short selling)

THE RESULT

THE NUMBER OF ISLAMIC
RETAIL INVESTORS
**INCREASED
SIGNIFICANTLY
11.449%**



*) August



ONLY NEED
USD7
FOR INITIAL MONEY
TO BE A SHARIAH
INVESTOR



SOTS®

- **CREATES** a new concept of trading islamic stocks,
- **FACILITATES** market access,
- **INCREASES** market efficiency,
- **EXPANDS** market deeping, and
- **DECREASES** transaction costs for retail Investors



IDX
ISLAMIC

THANK YOU

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INDONESIA STOCK EXCHANGE
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