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CONTRIBUTION OF ISLAMIC FINANCIAL INSTITUTION FINANCING TO INDONESIA'S EXPORT PERFORMANCE

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Abstract
This study aims to examine the contribution of Islamic financial institution financing to Indonesia's export performance using monthly time-series data from January 2022 to December 2024. Employing multiple linear regression analysis, the financing provided by Islamic Rural Banks, Islamic Commercial Banks, and Islamic Financing Institutions was analyzed to determine its effect on export value as the dependent variable. The findings indicate that the model explains 42.25% of the variation in Indonesia's export performance. Partially, the results show that financing from Islamic Commercial Banks has a positive and significant influence on export value, whereas financing from Islamic Rural Banks and Islamic Financing Institutions does not exhibit a significant effect. The simultaneous test confirms that, collectively, financing provided by Islamic financial institutions contributes significantly to Indonesia's export performance.

Keywords: *Financing, Islamic Financial Institutions, Export*

INTRODUCTION

Exports constitute one of the fundamental indicators for assessing a country's economic performance, as this activity directly contributes to foreign exchange earnings, trade balance stability, national output growth, and the expansion of employment opportunities. In the context of developing countries such as Indonesia, enhancing export capacity is not only an economic objective but also an integral component of long-term development strategies aimed at strengthening national competitiveness, reducing reliance on imports, and promoting structural transformation toward a more productive and value-added economy. Achieving these goals requires adequate, inclusive, and well-targeted access to financing for export-oriented enterprises, as financing plays a critical role in enabling firms to expand production capacity, penetrate international markets, and manage the inherent risks of global trade. (Hodijah et al., 2021).

In recent decades, Islamic financial institutions have evolved into one of the key pillars of the national financial system. With continuous growth in assets, financing portfolios, and market share, these institutions have increasingly assumed a strategic role in providing alternative sources of funding that are not only competitive but also aligned with the principles of equity, profit-and-loss sharing, and sustainability (Sauzan Hasanah et al., 2025). Various Islamic financing instruments (such as export murābaḥah, mushārakah, muḍārabah, istiṣnāʿ, and a range of other sharia-compliant trade finance schemes) are theoretically well-positioned to support export activities, as they emphasize partnership, risk-sharing, and direct linkage to the real sector. This approach is considered capable of creating a more stable and resilient financing structure, particularly for micro, small, and medium enterprises (MSMEs) that frequently encounter barriers in accessing conventional financing. (Lufitasari et al., 2025).

Nevertheless, the contribution of Islamic financing to Indonesia's export performance has not yet been fully measured in a systematic manner. Several issues require deeper examination, including how the dynamics of Islamic financing growth interact with fluctuations in exchange rates, global commodity prices, and international demand conditions; the extent to which Islamic financing supports export performance in key sectors such as manufacturing, agriculture, and the halal industry; and the effectiveness of Islamic financing products in enhancing the export competitiveness of business actors, particularly micro, small, and medium enterprises (MSMEs) that constitute the backbone of the national economic structure (Hamizar et al., 2024). In addition, several institutional and technical challenges remain, including the level of business actors' literacy regarding Islamic financial products, the availability of export risk-mitigation instruments, the need for regulatory harmonization, and the readiness of Islamic financial institutions to adopt more complex international trade financing instruments (Resti Irma Suryani, 2025). On the other hand, global economic dynamics (characterized by market volatility, geopolitical tensions, shifting international consumer preferences toward halal products, and increasing regional economic integration) suggest that Indonesia must more optimally utilize the various financing sources available, including Islamic financing. In this context, understanding the potential linkages between financing provided by Islamic financial institutions and export performance becomes essential, even though such relationships may not always be direct or dominant. A more open and exploratory analysis is therefore required to assess the extent to which the development of Islamic financing aligns with trends in national export performance (Jauhari, 2024). Taking into account the dynamics that shape the relationship between Islamic financing and export activities, this study is designed to investigate the extent to which financing provided by Islamic financial institutions contributes to Indonesia's export value. This analysis specifically examines long-term macroeconomic trends between the growth of Islamic financing distributed by these institutions and movements in national export performance, thereby providing an initial understanding of the potential role of the Islamic financial system in strengthening export outcomes.

LITERATURE REVIEW

Islamic Financing

Islamic financing, as one of the principal pillars of a financial system grounded in the principles of justice, partnership, and real-sector engagement, plays an increasingly significant role in the funding structure of the modern economy. Through contracts such as *murābaḥah*, *muḍārabah*, *mushārakah*, and *ijārah*, Islamic financial institutions ensure that every flow of funds is directly connected to productive activities that generate added value. This mechanism not only fosters greater financial stability compared to interest-based schemes but also promotes the expansion of production capacity, increased industrial investment, and sustainable business development. The strong linkage between financing and real economic activities positions Islamic financing as an instrument capable of enhancing the competitiveness of domestic firms in meeting market demand, including demand on a broader and more complex economic scale (Hidayati et al., 2023).

Furthermore, Islamic financing possesses characteristics that emphasize efficiency, transparency, and sound risk management, all of which contribute to a more optimal production process. Its asset-based and risk-sharing funding approach creates incentives for business actors to manage capital more prudently, maintain production quality, and adopt more professional managerial practices. In industries facing intense competition, the availability of Islamic financing provides firms with opportunities to enhance productivity, improve the quality of raw materials, develop production technologies, and expand distribution channels. These elements collectively form a crucial foundation for strengthening a company's ability to compete in an increasingly integrated market environment that demands high-quality standards (Tania et al., 2024).

In addition, the orientation of Islamic financing toward supporting strategic productive sectors provides a significant impetus for the growth of various domestic industries. Financing allocated to the manufacturing sector, agribusiness, the halal industry, and micro, small, and medium enterprises enables a more evenly distributed expansion of national production capacity. Working capital support, investment financing, and trade financing facilities within sharia-compliant schemes offer industries the opportunity to adapt to continually evolving market demands. Improvements in production quality and the expansion of business scale ultimately create greater prospects for firms to access international markets, particularly as global demand for high-quality and value-added products continues to rise (Sumarlin et al., 2024).

In a broader context, Islamic financing not only contributes to strengthening business resilience but also promotes the integration of the domestic economy with global market dynamics. Its funding structure, which encourages sound business practices, enhanced efficiency, and expanded enterprise capacity, provides a strong foundation for industries to compete in wider and more open markets. Industries supported by robust financing tend to be better equipped to adapt to international price volatility, shifts in global consumer preferences, and stringent quality standard requirements. Thus, although the contribution of Islamic financing to foreign trade activities may not always be explicitly stated, the financing dynamics it offers exert a significant implicit influence in enhancing firms' ability to participate in international trade networks (Laziva et al., 2024).

Therefore, Islamic financing can be understood as an instrument that strengthens the foundation of the domestic production sector and enhances overall industrial competitiveness. By improving the quality of productive assets, increasing operational efficiency, and reinforcing corporate financial stability, Islamic financing expands opportunities for businesses to meet cross-border market demand more effectively. In other words, the Islamic financial system plays an important role in shaping an economic structure that is more adaptive and oriented toward broader market development, including economic activities involving the flow of goods to international markets. Although this relationship may be implicit within the analytical framework, the dynamics of Islamic financing remain a relevant component in bolstering the national economy's position amid increasingly intense global competition.

Ekspor

Export growth is one of the principal indicators of national economic dynamics, as it reflects a country's capacity to produce goods that are competitive in international markets. An increase in exports not only signals the presence of comparative and competitive advantages in specific sectors, but also indicates that the domestic production structure is becoming more efficient, adaptive, and aligned with global demand. In many cases, exports serve as an important transmission channel for absorbing economic output that cannot be fully accommodated by the domestic market, thereby reducing excess supply pressures and enhancing the utilization of production capacity. Thus, exports play a strategic role in maintaining macroeconomic stability and strengthening the resilience of the real sector (Miftah Akbar & Widyastutik, 2022).

Implicitly, exports are closely linked to the formation of national income, as any increase in export value contributes to higher foreign exchange earnings and expands the government's fiscal space. The resulting inflow of foreign exchange enables both the government and businesses to obtain high-quality imported inputs, new technologies, and capital goods that support the modernization of production processes. This enhancement in production capacity subsequently stimulates growth in other productive sectors, which in aggregate increases national output. In other words, exports function as an initial driver of economic expansion by integrating the domestic economy into global production networks (Jannah & Efendi, 2024).

Exports are also implicitly associated with job creation and improvements in labor productivity, both of which are essential components of long-term economic growth. Export-oriented industries tend to adopt higher production standards and more advanced technologies, thereby requiring an upgrading of workers' skills. This skill-enhancement process strengthens the capacity of the national labor force to generate high value-added output. Moreover, the expansion of the export sector provides opportunities for micro, small, and medium enterprises to enter global value chains, thereby increasing the inclusiveness of economic growth and broadening the overall base of societal welfare (Khofifah Hanif et al., 2025).

From a sustainable development perspective, exports function as a catalyst for economic diversification, particularly for developing countries that rely heavily on primary commodities. By increasing exports of manufactured goods and high–value-added products, a country can reduce income volatility arising from fluctuations in global commodity prices. This diversification implicitly contributes to greater stability in economic growth, as a more varied export structure lowers external risks and strengthens the economy's capacity to adapt to shifts in global demand. Thus, exports drive the structural transformation that underpins long-term economic growth (Amir et al., 2018).

Finally, the implicit relationship between exports and economic growth is also reflected in rising investor confidence and improvements in the national investment climate. Strong export performance indicates that domestic industries possess substantial global competitiveness, thereby lowering perceived risk for foreign investors. The inflow of foreign direct investment (FDI) into export-oriented sectors subsequently strengthens the domestic capital base, stimulates innovation, and expands national production capacity. The combined effect of higher exports, increased capital inflows, and greater production capacity simultaneously accelerates economic growth and enhances Indonesia's position within global value chains.

Pertumbuhan Ekonomi

Economic growth refers to the long-term process of increasing an economy's productive capacity, which is reflected in the rise of aggregate output, such as Gross Domestic Product (GDP). Conceptually, economic growth is understood as the outcome of continuous interactions among capital accumulation, improvements in human capital quality, technological advancement, and the efficient allocation of production factors. Classical theories, such as those proposed by Adam Smith and David Ricardo, emphasize the roles of specialization, market expansion, and factor accumulation as the primary drivers of growth. Meanwhile, modern growth theories (including the Solow model and endogenous growth theory) highlight the importance of innovation, investment in education, and technological dynamics that enhance factor productivity (Ivonia Auxiliadora Freitas Marcal et al., 2024). In practice, economic growth is not merely understood as an increase in quantitative output but also as an indicator of an economy's capacity to enhance societal well-being in a sustainable manner. Higher economic growth enables governments to generate greater fiscal revenue, thereby expanding the fiscal space for public investment in infrastructure, health, and education. At the same time, the business sector gains opportunities to scale up production, diversify operations, and improve efficiency through the adoption of new technologies. However, the quality of growth becomes a critical consideration, as increases in output that are not accompanied by equitable distribution, environmental sustainability, and improvements in quality of life may lead to social disparities and structural vulnerabilities (Rambe & Ratu Eva Febriani, 2020).

In addition to being shaped by internal factors, economic growth is also heavily influenced by external dynamics such as global trade conditions, international investment flows, commodity price fluctuations, and geopolitical stability. In the context of developing countries, economic openness through exports, imports, and foreign investment often serves as a strategic instrument for accelerating growth. Global economic integration enables countries to access new technologies, enhance industrial competitiveness, and create broader market opportunities for domestic products. Nevertheless, excessive reliance on external factors may increase vulnerability to global shocks, making macroeconomic stabilization policies and economic diversification critically important (Pasaribu & Nasution, 2024).

METHOD

This study analyzes the contribution of financing provided by Islamic financial institutions to Indonesia's export performance. In this research, Indonesia's export value is employed as the dependent variable, while the three independent variables consist of total financing disbursed by Islamic Rural Banks (Bank Perekonomian Rakyat Syariah), financing provided by Islamic Commercial Banks (Bank Umum Syariah), and financing from Islamic Financing Institutions. The study utilizes monthly time-series data spanning the period from January 2022 to December 2024. This research employs quantitative data, which consist of numerical values that allow for analysis using statistical computational methods. The type of data used is secondary data, obtained through the examination, review, and interpretation of previously published sources such as corporate reports, books, and relevant official documents (Ulum & Veronica, 2023). The primary data sources in this study are reports published by Statistics Indonesia (Badan Pusat Statistik) and the Financial Services Authority (Otoritas Jasa Keuangan). This research employs a multiple regression method to analyze the extent to which financing provided by Islamic financial institutions contributes to Indonesia's export performance. The analytical process is supported by tables presenting the data for each variable, which are subsequently interpreted with reference to relevant theoretical frameworks. A quantitative approach is applied to assess the relationships and influences of Islamic financing on national export performance. All estimation procedures and data processing are carried out using the EViews software.

RESULTS AND DISCUSSION

The regression estimation results obtained from the data processing are presented in the following table. This table reports the regression coefficients, significance levels, and other statistical indicators required to evaluate the performance of the model. These pieces of information serve as the basis for assessing the contribution of financing provided by Islamic financial institutions to Indonesia's export value.

Table 1. Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2367.714	7741.550	0.305845	0.7617
BPRS	1.747528	1.146170	1.524667	0.1372
BUS	0.031235	0.007285	4.287544	0.0002
LPS	-0.884717	0.550193	-1.608014	0.1177
R-squared	0.422527			
Adjusted R-squared	0.368388			
F-statistic	7.804602			
Prob(F-statistic)	0.000477			

Coefficient of Determination Test

This calculation is conducted to identify the extent to which the regression model contributes to explaining the total variation in the dependent variable. The R^2 value of 0.422527 indicates that financing provided by Islamic financial institutions contributes 42.25% to the variations in Indonesia's export value. Meanwhile, the remaining 57.75% of the variation is influenced by external factors not included in the model, suggesting the presence of additional variables that also affect national export performance.

t-Test

The t-statistic test is employed to assess the partial influence of each independent variable on the dependent variable. Based on the estimation results, the probability value of the t-statistic for financing provided by Islamic Rural Banks (Bank Perekonomian Rakyat Syariah) is 0.1372, which exceeds the 0.05 significance threshold. This indicates that financing from Islamic Rural Banks does not have a statistically significant effect on Indonesia's export value. Nevertheless, the coefficient of 1.747528 suggests that, theoretically, a 1 percent increase in this type of financing could raise Indonesia's export value by 1.747528 percent. In contrast, financing from Islamic Commercial Banks (Bank Umum Syariah) demonstrates a different outcome. The t-statistic probability value of 0.0002, which falls below the 0.05 significance level, indicates that financing from Islamic Commercial Banks has a significant influence on Indonesia's export value. The regression coefficient of 0.031235 implies that a 1 percent increase in this financing could potentially increase Indonesia's export value by 0.031235 percent. Meanwhile, the results of the t-statistic test for financing from Islamic Financing Institutions show a probability value of 0.1177, which is greater than 0.05. Thus, financing provided by Islamic Financing Institutions does not have a significant effect on Indonesia's export value. The coefficient of –0.884717 indicates that a 1 percent increase in this financing may reduce Indonesia's export value by 0.884717 percent.

F-Test

The F-test is employed to evaluate the simultaneous relationship between the independent variables and the dependent variable. The results indicate that the probability value of the F-statistic, 0.000477, is smaller than the significance level of 0.05. Therefore, it can be concluded that the estimated regression model is appropriate for explaining the contribution of Islamic financial institutions' financing to Indonesia's export value.

CONCLUSION

Based on the research findings evaluating the contribution of Islamic financial institution financing to Indonesia's export value, an overview of the influence of each analyzed variable can be established. Accordingly, the conclusions of this study are formulated as follows:

1. Financing provided by Islamic financial institutions contributes to Indonesia's export value, as reflected in the coefficient of determination (R^2) obtained in the statistical model.
2. The partial test results indicate that financing from Islamic Rural Banks has a positive but statistically insignificant effect on Indonesia's export value.
3. The partial test results show that financing from Islamic Commercial Banks has a positive and statistically significant effect on Indonesia's export value.
4. The partial test results reveal that financing from Islamic Finance Institutions has a positive but statistically insignificant effect on Indonesia's export value.
5. Overall, financing from Islamic financial institutions influences Indonesia's export value, as demonstrated by the simultaneous test results.

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