



Variant Development of the Halal Food Industry In Indonesia: The Role of Sharia Banking

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ABSTRACT

This research explores the role and contribution of Islamic banking in the halal industry and the development model of the halal food industry. The halal industry's growth with the Indonesian people's lifestyle needs improvement from the perspective of the Islamic finance industry in carrying out financial transaction activities with related parties. Islamic financial industry activities aim to achieve *maslahah* and prosperity for every consumer or society in general so that the increase in the halal industry is more conservative and competitive with the support from the Islamic banking sector. The research method used is a descriptive qualitative method with a literature review. Based on the results of the analysis, it can be concluded that the development of the halal food industry can be increased through development in the fields of agroindustry, halal logistics, halal lifestyle Islamic boarding schools, exports through MEA, halal food e-commerce, organic halal and halal finance from Islamic banking. The role of Islamic banking is to provide convenience and smoothness for every halal business person, including an e-commerce platform for online transactions, increasing financial literacy for the public, and controlling sources of funds to ensure the production process runs according to halal standards. Islamic banking is one of the supporters of the increase in the halal food industry, both directly and indirectly at home and abroad.

1. Introduction

The halal industry has experienced rapid development in recent years. The halal lifestyle synonymous with Muslims has spread to various countries, even countries with minority Muslim populations. Halal is a universal indicator for product quality assurance and living standards and is also often defined as a quality standard that complies with Islamic Sharia law. The halal industry has experienced rapid development in recent years. The halal

lifestyle synonymous with Muslims has spread to various countries, even countries with minority Muslim populations. Halal is a universal indicator for product quality assurance and living standards and is also often defined as a quality standard that complies with Islamic Sharia law (Widianingsih & Ashlihah, 2022). Halal is usually only associated with material-related matters. However, in Islam, halal includes deeds and work, commonly called *mullah*. *Halal* is a quality standard that complies with Islamic Sharia law and is used in every activity by Muslims. Muslims choose halal products and services to adhere to Islamic Sharia law. Even though halal is closely related to Muslims, it does not mean that consumers of halal products only come from Muslims. Consumers of halal products originating from countries with a minority Muslim population have experienced a significant increase in recent years (Waharini & Purwantini, 2018). Some experts argue that the concept of Islamic branding is increasingly in demand by manufacturers. This issue is because the Muslim population in the world is growing. Manufacturers realize that Muslim customers are an easy target for marketing their products; one of the strategies they apply is Islamic branding, namely using an Islamic identity (Islamic word, sharia, Islamic name, halal label) in marketing their products (Kadir, 2022).

Indonesia is the country with the largest Muslim population in the world, reaching 231 million people in 2021, equivalent to 13% of the world's Muslim population. The need for halal products is directly proportional to the increasing number of Muslims. This condition is a strategic commodity prospect for the halal industry to create new opportunities in Sharia economic growth. However, many problems are related to product halalness in Indonesia, such as low public awareness regarding halal product certification and a need for more caution in preparing products from upstream to downstream. Some of the problems related to product halalness include; cases of mixing food ingredients with lard, buying and selling animal meat unsuitable for consumption, and fraudulent use of halal labels on products. In addition to these problems, companies must consider implementing good and correct halal supply chain management (Gunawan & Maryono, 2022).

In the halal management process carried out by the Ministry of IBRA in the publication of the 2019-2024 Indonesian Sharia Economic Masterplan, through the concept of halal by design, which is based on Islamic law regarding the production of goods and their processing, namely halal and *tayyib*, can become a new paradigm in the world industrial sector. By paying attention to these two principles (read: halal and *tayyib*), it is expected to provide the concept of economic growth, which also has sustainable development goals (Affandy, 2020; Pujayanti, 2020). The goal of Islamic economics, in this case, is not only focused on commercial goals,

which are reflected in achieving maximum profit alone but also considers its role in providing broad welfare for society (Kadir, 2019).

Imports largely dominate the domestic halal product business's economic growth. In this case, it is necessary to have optimal efforts from all related parties, both the government and the private sector, to create a fresh climate for developing domestic halal products. For the halal product industry in Indonesia to grow and develop rapidly to balance the global halal product trade, it is necessary to work hard to encourage the rise of the Indonesian halal product industry. Now there is a great need for halal products that are acceptable and in demand by the people themselves so that they can move the real sector and grow the national economy. In this case, the right strategy is needed to develop the Indonesian halal product industry (Yulia, 2015).

The Fatwa Commission then determines whether the product is halal based on the research report submitted by LPPOM MUI. After that has been passed, halal certification is issued for the product. The development of food products can be seen from the components of the food production system, namely the diversification of production, distribution, and supply of food products, and consumption of food products. In the case of the consumption of food products, the problem faced is not only the balance of composition but also the fulfilment of nutritional adequacy. So far, the available food products have only been sufficient in quantity and have not fulfilled the balance by nutritional norms (Maulayati, 2019).

Policies consisting of the implementation of Halal Product Assurance (JPH) are also still incomplete; there is still little certification and standardization of halal products, the roadmap for the development of the halal industry is not perfect, human resources consist of many producers who pay little attention to halal products and still lack knowledge. Halal products for small business actors, socialization, consisting of a lack of promotion about halal and a lack of socialization, education, and information about halal. Other aspects, for example, several obstacles such as limited raw materials that meet halal criteria, there are still several sectors that depend on imports, and finally, there is no standard definition of halal products (Fathoni & Syahputri, 2020; Madjid, 2022). LPPOM MUI, as a halal guarantee institution, must be able to respond to the challenges of the times. The complexity of the halal-haram issue in the food industry is a common challenge. Until now, it is known that the detection tool is still limited to detecting pork DNA. One is PCR (Polymerase Chain Reaction), an accurate method for detecting pork contamination (Wardani et al., 2015). However, it is well known that haram ingredients do not only come from pigs, such as food containing animal blood, carrion, and the like. Thus, halal guarantee institutions in Indonesia must strive for halal guarantees as a whole with the current very rapid technological developments.

Therefore, it is necessary to integrate the role of the government and Islamic financial institutions to increase the competitiveness of business actors in the halal food industry. This study aims to explore models in the development of the halal food industry in Indonesia and examine the role of Islamic financial institutions comprehensively in halal integrity, which is manifested in every process of the halal supply chain, starting from halal control, logistics, and halal verification. Sharia Islamic banking is hoped to be optimal in increasing Indonesia's economic growth through business empowerment, especially in the halal food industry sector. The motivation for this research is the availability of a large market potential in Indonesia's halal food industry sector. However, there have yet to be concrete steps realized by optimizing the role of various related parties. The development of the halal industry will become more competitive with the involvement of the Islamic finance and banking industry sectors. The concept of industrial development for halal products must go hand in hand with its financial planning.

2. Literature Review

The halal industry is a term used to describe industrial activities, from acquiring raw materials and processing to producing halal products that must use resources and methods permitted by Islamic law. As it develops, the halal industry covers food and beverages and lifestyles such as tourism, cosmetics, education, finance, fashion, recreational media, and arts and culture (Sofiawati, 2022).

The command to use halal products has become a fundamental basis for sharia. Implicitly, the directive to use halal products can be understood as an order to eat halal food and to avoid eating the forbidden food. This belief is a clue for halal industry players to be able to implement the concept of halal into their products, which becomes a necessity for Muslims in particular. The goods and services produced must have benefits for human survival, and the usefulness of the products can be felt to increase the goodness of the users. The criteria for halal products must meet the requirements according to sharia; the product must be halal by halal. This information means that the product is halal in the production process; put in halal storage; used halal transportation means, and halal in its presentation. All processes and stages must be clean from any possible contamination from the substance forbidden by Sharia (Rachman, 2019).

Legal basis of halal and haram food

a. Al-Qur'an

As with the word of Allah SWT in surah Al-Baqarah 2:168, Allah commands all humankind to consume halal food again thoyib,

It means: "Hey man! Eat from what is lawful and thoyib on earth, don't follow the trail of satan. Truly, he is a real enemy to you".

Foods that may not be consumed or forbidden by Allah SWT has explained in surah Al-Maidah 5:3,

Meaning: "Unlawful for you what dies by itself, blood, pork, and those slaughtered by mentioning names other than Allah, and those strangled (animals) and beaten to death, and killed by falling and those killed by being beaten with horns, and those eaten by animals wild, except what you slaughter, and what is slaughtered on a rock erected (for idols) and which you divide with arrows; that's an offence. On this day, the disbeliever's despair of your religion then does not be afraid of them, and fear Me...."

From the several verses above, it can be concluded that Islam's principles and teachings require that humans consume food or use halal goods and services, and tayyib is good for health and survival.

Hadith

Regarding the moral quality of Muslims, Rasulullah SAW has also emphasized many hadiths. Even the guidelines given by Rasulullah SAW pointed out that Islam places great emphasis on quality food, it is very important to take seriously the things that concerning halal and haram, and that one should try to avoid any food or drink that is in the grey area and is not included in the category of halal or non-halal consumed by adherents. As with the hadith of Rasulullah SAW:

صحيح البخاري ٥٠: حَدَّثَنَا أَبُو نُعَيْمٍ حَدَّثَنَا زَكَرِيَّا عَنْ غَامِرٍ قَالَ سَمِعْتُ النَّعْمَانَ بْنَ بَشِيرٍ يَقُولُ سَمِعْتُ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ يَقُولُ الْحَلَالُ بَيِّنٌ وَالْحَرَامُ بَيِّنٌ وَبَيْنَهُمَا مُشَبَّهَاتٌ لَا يَعْلَمُهَا كَثِيرٌ مِنَ النَّاسِ فَمَنْ اتَّقَى الْمُشَبَّهَاتِ اسْتَبْرَأَ لِدِينِهِ وَعِزِّهِ وَمَنْ وَقَعَ فِي الشُّبُهَاتِ كَرَعَ يَرْعَى حَوْلَ الْجَمَى يُوشِكُ أَنْ يُوَاقِعَهُ أَلَا وَإِنَّ لِكُلِّ مَلِكٍ جَمَى أَلَا إِنَّ جَمَى اللَّهِ فِي أَرْضِهِ مَخْرَمَةٌ أَلَا وَإِنَّ فِي الْجَسَدِ مُضْغَةً إِذَا صَلَحَتْ صَلَحَ الْجَسَدُ كُلُّهُ وَإِذَا فَسَدَتْ فَسَدَ الْجَسَدُ كُلُّهُ أَلَا وَهِيَ الْقَلْبُ

From Abu Abdillah Nu'man bin Basyir radhiallahuanhu, I heard Rasulullah SAW say: Indeed, what is lawful is clear, and what is illegal is obvious. There are doubtful matters (vaguely) that many people do not know between the two. Then who is afraid of Syubhat means he has saved his religion and honour. And whoever falls into doubtful matters will fall into deeply forbidden things. As a shepherd, he shepherds animals herding around (fields) that are forbidden to enter, and he will gradually enter them. Know that every king has Allah's prohibitions, which He has forbidden. Just know that there is a lump of flesh inside; if it is good, then the whole body is good this, and if he is bad, then the whole body is bad; know that he is heart " (Narrated by Bukhari and Muslim).

Food comes from the Arabic word ṭa'am. Ta'am means everything that can be eaten absolutely. Meanwhile, the drink in Arabic is the scarab. Syarab is the designation for all types

of drunk drinks, both water and other drinks, under any circumstances. The law of the origin of all food is halal unless an argument forbids it. The basis of all halal food, namely: Plants, Fruits, and Vegetables that do not contain dangerous, Pets such as cows, buffaloes, sheep, goats, camels, chickens, geese, ducks, and turkeys. Non-predatory wild animals include deer, antelope, chamois, wild cattle, and zebras. Nonpredator birds such as pigeons, pheasants, sparrows, quails, starlings, ostriches, Grasshoppers, and All fish with scales (including the eggs), as well as shrimp (Amini et al., 2022).

3. Research Method

This research is qualitative. The research method used in this study was a literature review of various previous studies. The data collection method is secondary data obtained from journals, documentation books, and the internet. Among them are data published by institutions with trusted credibilities, such as data from the Financial Services Authority (OJK), the Central Bureau of Statistics (BPS), and websites. Methods Data analysis in this study was carried out using descriptive analysis methods. The data obtained is then analyzed using the descriptive analysis method. The descriptive analysis method is done by compiling the data obtained and then interpreting and analyzed to provide information for solving the problems encountered.

4. Result and Discussion

The Potential of the Halal Food Industry in Indonesia

According to the Islamic Economics Researcher, optimizing the management of the halal industry in the country can increase the State Revenue and Expenditure Budget (APBN). The halal food industry has a very large market based on existing data. Based on data from the Central Statistics Agency (BPS), Indonesia has the largest Muslim population in the world. This fact is a huge economic potential. The halal food industry sector has great potential to be developed. The average industrial sector is projected to grow by around eight per cent from 2021. Analogously, suppose Indonesia can control 10 per cent of the world's potential halal food industry, which reaches IDR 25,270 trillion. In that case, revenue only from the halal food industry will certainly reach IDR 2,527 trillion. Thus the increase in sources of state revenue will be even higher.

For the halal food industry, data from the Global Islamic Economy 2021 shows Malaysia is ranked first, followed by Singapore and the United Arab Emirates (UAE). At the same time, Indonesia is in the fourth position. The consumption of halal food in Indonesia has very large amount of consumption because most of the population is Muslim. Muslims cannot consume non-halal goods such as food and drinks for basic needs. However, if the benchmark

is food and beverage products that have been certified halal by the government, then in Indonesia, many types of halal products are circulating and consumed. However, they are not recorded and do not have halal certification from the government. Thus, this must be included in the Global Islamic Economy assessment criteria (Harmoko, 2022).

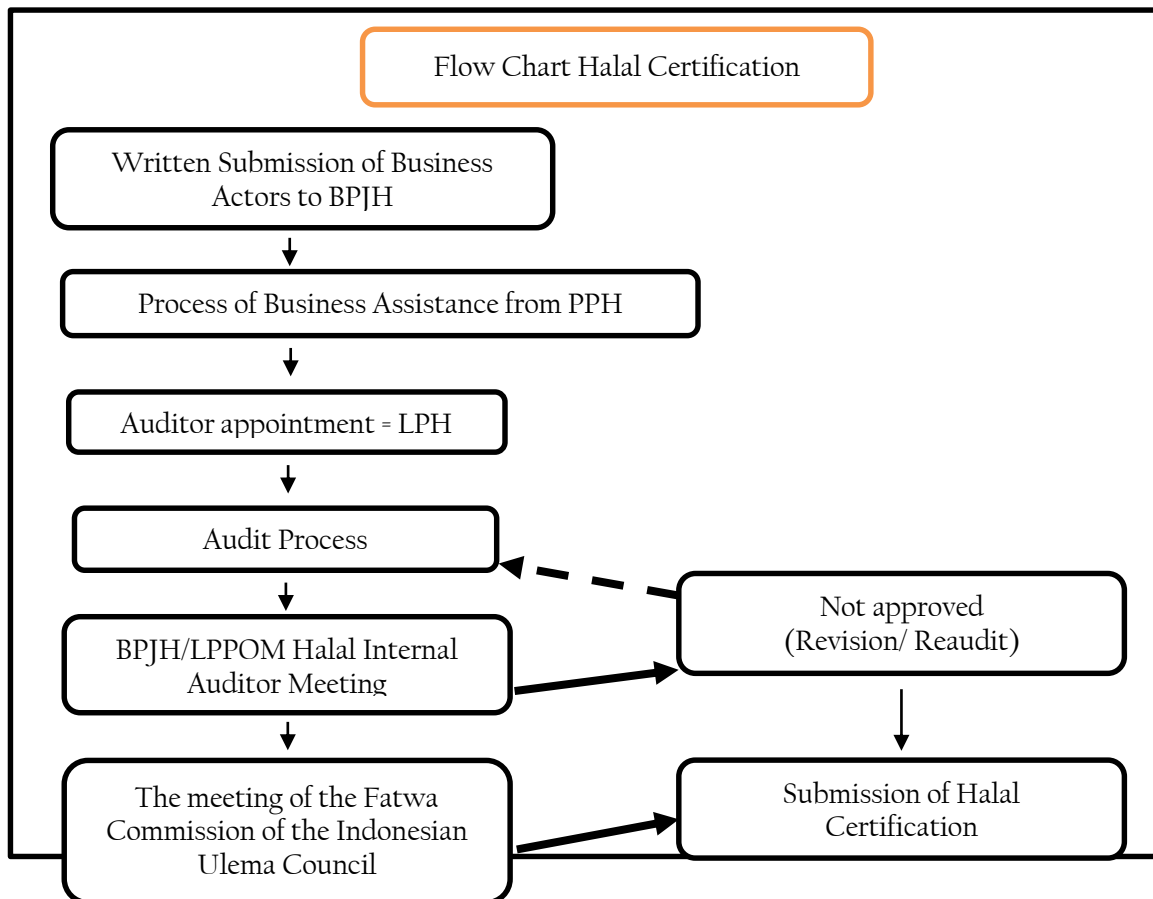
The Ministry of Industry has made plans to establish a halal industrial area targeted to be completed before 2020. This regulation responds to the increasing demand for halal products worldwide. All industries implement or comply with Islamic standards from upstream to downstream in the halal industrial area. This Halal Industrial Area will be chosen in the Java region because industrial areas in the consumer goods sector are already available. As for the management, the government will hand it over to one of the business actors who already knows good halal production standards (<http://www.kemenperin.go.id>). Juridically, the state has regulated the issue of halal labels through statutory regulations. Specific regulations governing the issue of halal packaged food products are Law No. 23 of 1992 concerning health, Law No. 7 of 1996 concerning Food, and Law No. 8 of 1999 concerning Consumer Protection. Then followed by the regulations below, namely Government Regulation No. 69 of 1999 concerning Food Labels and Advertisements and Decree of the Minister of Religion No. 518 of 2001 concerning Guidelines and Procedures for Inspecting and Determining Halal Food (Kamila, 2021).

The policy is also to support micro-entrepreneurs. According to the author, one of the efforts that must be made is to build brand marketing. Building brand marketing, at least by the local government, requires creative processes such as creating a logo, determining a slogan, and defining the message. Brand marketing integrates brands with business activities and other creative activities that shape customer perceptions. As reported by Ekrut, to run brand marketing, at least several strategies are needed, including creating a marketing strategy and marketing plan, choosing the right tools and content for digital marketing, identifying target customers, and building partnerships with various parties. In addition, the application for a halal certificate must be done professionally. So far, the mechanism for submitting halal certificates begins with a letter of submission by business actors to BPJPH or LPPOM if a regional BPJH has yet to be formed. Then BPJH establishes a halal inspection agency (LPH). Furthermore, LPH submits the halal product inspection and testing results to BPJPH for internal trial (Razalia et al., 2021).

The results of the internal session are submitted to the Indonesian Ulema Council (MUI) to obtain a determination of product halalness. If the internal auditor meeting does not find anything that causes the product not to meet product halal standards, it will be rejected.

Then the business actor can submit another application after everything is deemed sufficient. The halal certification process can be seen in the following chart:

Table 1 Halal Certification Process



Source: Processed data from the author

Halal Food Industry Development Model in Indonesia

a. Development of Halal Agroindustry and FMCG

Indonesia has very rich natural resources. With abundant natural wealth, Indonesia has great potential to develop it. In 2016, Indonesia was the world's largest coconut, cinnamon, and cloves producer. In the world's second-largest position, Indonesia occupies it in vanilla and nutmeg plants. Meanwhile, Indonesia's banana and coffee yields rank third globally (www.fao.org, 2018). Supported by the agricultural sector, which has the potential to support Indonesia's economic competitiveness, especially in developing the halal agroindustry.

On the other hand, agroindustry development can be focused on companies with FMCG (Fast Moving Consumer Goods) products. FMCG is a product with the criteria of having relatively low production costs and fast turnover but has a relatively short product shelf life due to its perishable nature. In 2017 there was an increase in sales of FMCG products throughout Indonesia by 8.4% from the previous year. This growth beat neighbouring countries: Malaysia 0.5%; Philippines 1.1%; Thailand - 0.4%; and Vietnam 5.3% (www.kantarworldpanel.com/id,2018).

Islamic banking can play a role in developing agroindustry and FMCG clearly because the financial industry as a financing channel can provide various products that can be used as business development for agroindustry and FMCG players. Islamic financing institutions can facilitate, for example, financing products for vehicles, machines, and technology development used to support business needs, not consumer needs. Implementing financing distribution activities by Sharia principles to procure goods that support production activities and increase business actors. With Sharia financing as an alternative that is right on target, good prospects are Muslim business actors, who make up the largest Muslim majority in Indonesia. In the long term, there will still be great opportunities in the future. There will be great opportunities for Islamic financing institutions to develop even more because it is minimal, and the number of market players in this field is limited.

In contrast, the market is wide open (Trimulato & Mustamin, 2022). No agroindustry and FMCG companies have opened Sharia units for financing facilities. It is hoped that the role of all parties in supporting this industry can grow and benefit society through Sharia provisions. Including the expected support and commitment from the government, it is mandatory to become a pioneer in supporting the existence and expansion of Islamic financing institutions in Indonesia.

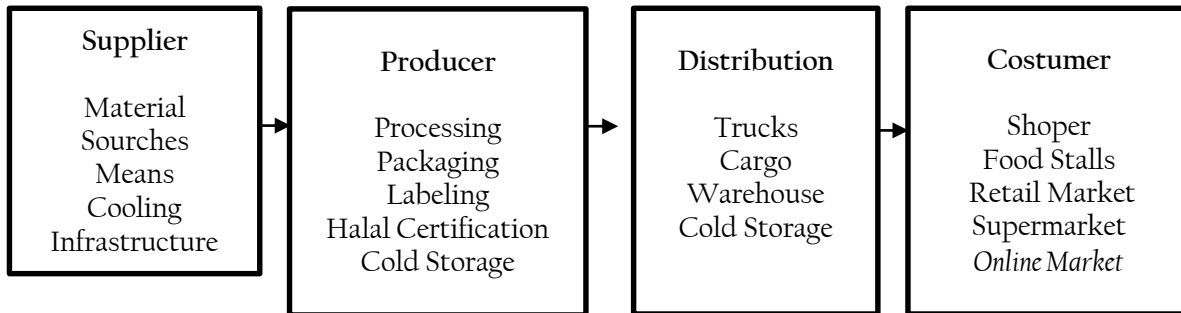
b. Development of Halal Food on Logistics and Food Supply Chain

Logistics is the process of planning, implementing, and controlling related to storing goods and services to meet customers' needs. The main goal of logistics is to ensure that consumers can enjoy, use, or consume products at the right time and amount, as needed, and in good condition (Ab Talib & Hamid, 2014). So it can be concluded that logistics is the process of storing goods and services in meeting customer needs consisting of transportation, storage, and warehousing, inventory, service to customers to ensure that consumers enjoy, use, consume products according to their needs and conditions that are lawful and good.

The complexity of the process in the food industry needs to be considered for the halal aspect. So far, consumers' attention to halal products has only been limited to halal labelling.

Meanwhile, the guarantee of the halalness of a product includes all elements in the process of making the product until it reaches the hands of consumers (Yunita, 2018). In simple terms, the logistics system and supply chain for halal products include the process of raw materials from suppliers, production, distribution, and circulation of products in society.

Figure 1. Halal Logistics System



Source: *Processed data from the author*

Supply chain management (SCM) is implemented in companies so that companies can reduce production costs. On the other hand, halal supply chains are used by companies to maintain and maintain halal products. Halal integrity will be a competitive advantage for producers to compete with other producers in the same industry (Bakhri et al., 2022). Until now, Indonesia is still focused on the production process, which includes location, tools, and raw materials (UU JPH). The absence of rules and regulations regarding the logistics and supply chain of halal products will be a challenge for Indonesia in the future. The entire process of a product, namely the logistics and supply chain processes, can become the concern of the government to develop the food industry. So that consumer (public) trust in halal guarantees can increase and Indonesian halal products can compete according to market demand.

c. Halal Food Product E-Commerce Development

Indonesia is a very potential e-commerce market. In the second quarter of 2017, Indonesia was ranked fifth in the world in the online shopping penetration rate category (Statista, 2018). This penetration is based on transactions in all types of e-commerce, both on a national and global scale. As is well known, global halal food industry players are developing their commerce platforms to market their halal products. Like the My Outlet, the Singapore company launched their global halal marketplace Haladeen. Trade Halal by Malaysia has existed since 2004, as well as Zilzar, made in 2014 by a Malaysian company. The high potential of the e-commerce market in Indonesia and the world is an opportunity for Indonesian halal food businesses to develop their businesses. The time has come for Indonesia to have a global

halal product-commercial platform. Therefore, digital innovation is needed by halal food businesses and cooperation with investors to expand their halal products online on the world stage.

One of the important roles of Islamic banking is to provide online financial services through a commercial platform. This activity is carried out remotely; for example, banking transactions will focus more on Internet banking services. Meanwhile, product purchases will also focus on online transactions. Understanding digital technology and user convenience in online transactions is essential for Sharia economic actors wishing to develop the economy and finance (Kamila, 2021). It is also important to remember that with the economic slowdown, people will hold back their spending funds and be more selective in buying. This behaviour is an opportunity for Sharia banking actors to be more serious about improving the quality of their products and services so that they can continue to compete and gain a place in the people's hearts, especially in its strategy to maintain business, including managing cash flow, innovating and product differentiation, implementing new marketing strategies, implementing health protocols, and utilizing digital banking services.

d. Development of Indonesian Halal Food Exports by Maximizing MEA (ASEAN Economic Community)

MES, or the abbreviation of the Islamic Economic Community, is a social organization that is expected to consistently become a locomotive for the development of the Islamic economy in Indonesia and become a driving force in efforts to strengthen communities committed to building a superior and sustainable Islamic economy. The purpose of this MES is to develop domestic and foreign halal industry markets, develop a national Islamic finance industry, friendly investments involving local entrepreneurs, and develop a sustainable Islamic economy from rural areas, which are expected to increase partnerships between entrepreneurs (Ahyani et al., 2021).

MEA, or the ASEAN single market, is a big opportunity for the Indonesian halal food industry. MEA has been running and was inaugurated on January 1, 2016. In 2013, ASEAN's economic strength reached USD 3.36 trillion, with a growth rate of 5.6 per cent (www.djpen.kemendag.go.id, 2018). With the MEA, the trade barrier will disappear, making trade free. This transaction makes it easier for industries in Indonesia, especially food, to gain market share in ASEAN. The MEA momentum illustrates the halal food industry in Indonesia expanding itself. The government must focus on branding the food industry, especially MSME products, so Indonesian MSMEs have a high product selling value in the eyes of ASEAN countries. In addition, the government also ensures that every MSME product has been

certified as halal by a halal institution in Indonesia, considering that global Muslim halal awareness is increasing every year. So it is hoped that the competitiveness of Indonesian MSME products that compete in the AEC can significantly increase Indonesia's export earnings.

e. Development of Halal Lifestyle Pondok Pesantren

Improving understanding of the halal lifestyle to build Indonesian society for the halal industry needs to be prioritized. The existence of intensive interaction within the Islamic boarding school ecosystem makes Islamic boarding schools influential in the community to shape the character of a halal lifestyle for students. Islamic boarding schools are educational institutions that have a character education curriculum for their students. Islamic Boarding Schools have formed Islamic Boarding School Cooperatives (KOPONTREN) to develop entrepreneurial skills for students. Kopontren is the leading halal value education sector for students while still receiving guidance from caregivers. In halal consumption activities, students understand religious teachings as the main guideline for adherence to using halal goods to meet their needs. Students' positive value towards halal provisions makes them confident to buy halal goods. This condition is influenced by the example of Kiai, caretakers of Islamic boarding schools, and Islamic boarding schools' education patterns. Repeated activities of halal consumption will form a halal lifestyle so that it becomes the character of students who are evenly distributed even though they are outside Islamic boarding schools. This commitment will make student activities in consuming halal goods a form of example for society (Annisa, 2021). The importance of financial literacy for Islamic boarding school students and society, in general, is to be able to know the halal lifestyle. Financial literacy is a set of skills and knowledge that enables individuals to make decisions and be effective with all their financial resources (Abdullah et al., 2020).

Islamic finance also plays an important role for the Islamic community, especially within the scope of Islamic boarding schools, in choosing and using financial service products according to their needs to improve welfare. If Islamic boarding school students have a high level of financial literacy, it is hoped that this will accelerate the economic development of the nation (Adiyanto & Purnomo, 2021). A good level of financial literacy can prevent Islamic boarding school students from experiencing financial problems, where financial problems are not only caused by a lack of income. Still, it can also be due to poor financial management caused by a lack of insight into financial aspects, which results in decision-making errors

(Nanda et al., 2019).

f. Development of Organic Halal Premium Products

The modern era and today's free trade impact increasing food and beverage products from organic halal premiums, both local and imported into the community. Food and beverage products circulating in the community do not necessarily provide a sense of security, comfort, and peace and are suitable for consumption by Muslim consumers. The principles of protection, fairness, legal certainty, accountability and transparency, effectiveness and efficiency, and professionalism carry out guarantees regarding halal products. The principles of protection, fairness, legal certainty, accountability and transparency, effectiveness and efficiency, and professionalism carry out guarantees regarding halal products. The guarantee of the implementation of halal products aims to provide convenience, security, safety, and certainty of the availability of halal products for the public in consuming and using halal products, as well as increasing added value for business actors to produce and sell halal products (Burhanuddin et al., 2022).

The demand for global organic products is increasing every year. In 2016, the global organic food market penetrated USD 110.25 billion (around 280 million metric tons of product produced) and was estimated to reach USD 262.85 in 2022, an increase of around 16.5 per cent (www.techsciresearch.com, 2018). Indonesia has enormous natural potential in developing halal organic products. Remember, Indonesia's agricultural land is very broad and fertile. The government once launched the "Go Organic" program in 2010. This program contains various activities such as developing organic farming technology, developing rural areas through organic farming, forming organic farmer groups, and building organic food marketing strategies (Mayrowani, 2012). However, the program is still not running smoothly. Indonesian farmers are still premature and old-fashioned about organic farming. More than that, the organic sector's development should not only focus on agriculture. As global market demand increases, the organic food processing industry must also be boosted.

For the agricultural sector, the financing model implemented is partnership-based financing and community-based financing. In partnership-based terms, Islamic banks can partner with large entrepreneurs in the agricultural sector to partner with developing farmers with a lower business scale. For example, this partnership is large entrepreneurs absorbing crops from small farmers financed by Islamic banks (Sari, 2021). A meaningful relationship between financial literacy and performance experienced by entrepreneurs/farmers is a relationship that is logically applied to companies with good financial literacy (Safura Azizah, 2020) will be able to identify and respond to changes in the business, the economic and

financial climate so that decisions taken will create innovative and well-directed solutions to improve business performance and sustainability. In addition, the existence of Islamic banking that provides halal financial guarantees can also encourage the activities of farmers to obtain funds sourced from halal contracts.

5. Conclusion

The opportunities and potential of the halal food industry in Indonesia have experienced a rapid increase in the last few years. The high global Muslim market and the high demand for non-Muslims for organic and healthy food support the prospect of developing the halal food industry in Indonesia. The model for developing the halal food industry in Indonesia includes the development of agroindustry, halal logistics, halal lifestyle Islamic boarding schools, exports through MEA, halal food e-commerce, organic halal and halal finance from Islamic banking. The dynamics of the halal food industry make Islamic banking have an important role in following the development of the halal industry. Islamic banking is one of the financial industries that can encourage the ease and smoothness of business activities and online transactions. The important role that can be played by Islamic banking is to develop and improve the halal food industry by controlling finance or sources of funds to ensure that the production process is by predetermined halal guarantee standards and to ensure literacy regarding public understanding and trust regarding financial behaviour must be adapted to a lawful lifestyle. In addition, Sharia banking has an important role in indirectly managing the industry through financing assistance and management consultants at every stage of the halal process.

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