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**OPPORTUNITIES AND CHALLENGES OF ISLAMIC BANKING IN  
ENCOURAGING THE DEVELOPMENT OF CREATIVE ECONOMY PLAYERS  
IN INDONESIA**

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**Abstract**

The purpose of this study is to be able to determine the opportunities and challenges of Islamic banking to increase creative economy actors in Indonesia. This research method uses qualitative descriptive research methods and the data used is sourced from secondary data obtained from the results of research, articles, literacy and regulations that discuss topics related to the research theme. The results showed that 1. Banking financial institutions have the opportunity to become one of the important pillars as intermediaries for creative economy actors as a source of financing based on intellectual property rights 2. Banking Financial Institutions have the opportunity to provide partnership scholarship programs for students and educators using social responsibility funds 3. Challenges in synergy between stakeholders and policy makers in the implementation of intellectual property-based financing to ensure the protection of sustainable creative economy actors.

**Keywords:** *Opportunity, Challenges, Islamic Banking, Creative Economy Players.*

**INTRODUCTION**

The Creative Economy (Ekraf) is one of the sectors that is expected to become a new strength for the national economy that is sustainable and emphasizes adding value to goods through human creative thinking. Currently, Creative Economy is a catalyst for Indonesia's economic growth amidst a global economic slowdown. The Indonesian government, in this case the Ministry of Tourism and Creative Economy, pays more attention to this sector, with the aim of maximizing the potential for Creative Economy opportunities in Indonesia. (Kemenparekraf, 2020)

Today, the creative economy is an economic concept in the new economic era that intensifies information and creativity by relying on ideas and *stock of knowledge* from Human Resources (HR) as the main production factor in economic activity. The creative economy produces creative

innovations in developing goods and services which in their forms of production contain expressive and symbolic elements of cultural heritage. In Indonesia, the growth of the creative economy is quite high and shows a positive trend because it is supported by abundant Natural Resources (SDA) and human potential which is always and can be developed. The creative economy is one of the *real sectors* that really deserves to be prioritized to become the backbone of the national economy. Unlike other sectors which depend heavily on the exploitation of natural resources, the strength of the creative economy basically rests on the excellence of human resources such as works of art, architecture, books, animation, and technological innovations originating from creative ideas from human resources (human thinking).

The growth of the creative economy in Indonesia is inseparable from the constraints faced by creative economy actors, namely:

1. Raw Material Scarcity

The supply factor is very influential in the natural resource-based creative economy group. It can be seen from the results of the mapping of the creative economy, the scarcity of raw materials and rising fuel prices have caused quite sharp fluctuations, because the scarcity of raw materials has caused prices to rise. As a result, the number of companies active in this sub-sector could not survive

2. Creative Economy Products are still a secondary need ( *nice to have* )

Indonesian people do not really appreciate history and creative products, but are still focused on product functions. This is strongly influenced by the level of GDP per capita which is still relatively low, and the largest proportion of income is used more for consumption of basic needs.

3. Protection of intellectual property rights (IPR) is still weak

The growth of the creative economy is strongly influenced by a climate that is conducive to creativity. One of the main elements that can affect this is the protection of IPR. One fundamental problem in Indonesia is the high incidence of piracy which is especially very influential for the creative economy. The impact that can be caused can be very negative, because piracy is a disincentive for creative economy actors, because they do not enjoy the fruits of their labor, but other people. This in the long term can have a negative impact by losing motivation to become an activist in the creative economy.

4. Creators of *Creative Talent* are still relatively few and unequal between regions.

The centralization of economic growth results in the growth of the quality of human resources which is also centralized. Even though all regions in Indonesia have the potential to produce creative human resources, the vehicle for developing these human resources through higher education is still not evenly distributed. The islands of Java and Sumatra are still very dominant in terms of the number and quality of tertiary institutions, both in general, in the

arts and technology fields which play an important role in the research and development industry.

5. The weak role of the Indonesian design center in the industry

The design center is an important part of the process of developing the national creative economy and must intensively produce designs that can increase the added value of products and services, both in the creative economy and not in Indonesia. However, the current condition is that the role of the design center is still very low.

6. Lack of mastery of technology by Indonesian creative workers

It cannot be denied that the role of technology is indispensable in business development, including the development of creative economy businesses. However, the reality is that creative workers still find it difficult to utilize technology (Theresia, 2019) .

Apart from these six constraining factors, one additional factor that becomes an issue is the lack of access to expansion of funding support by financial institutions, especially both conventional and sharia banking. Problems related to the channeling of funds from banks to creative economy actors, who are generally MSMEs ("Medium, Small and Micro Enterprises") are caused by banking policies regarding financing eligibility (credit worthiness) which are difficult for MSMEs to fulfill. Empirical facts that show that there are problems faced by creative economy actors regarding access to financing to banking institutions must be of concern to all parties. For this reason, efforts are needed to increase access to finance for creative economy actors. One effort that can be done is "financial inclusion". (Nabila & Rizki, 2018)

One of the Government's policies in encouraging the development of creative economy actors as stipulated in the 2018-2025 Creative Economy Development Master Plan, the Government invites all stakeholders *to* play an active role in the success of Creative Economy Development in Indonesia. increasing and expanding financial support for Creative Economy businesses. (KemenseknegRI, 2018)

Therefore, this government policy is an opportunity as well as a challenge that must be considered by banking financial institutions to achieve the goals of developing the creative economy business itself, increasing financial inclusion, especially sharia, and implementing financing that is guided by the principle of prudence (prudent banking) .

## **LITERATURE REVIEW**

### **1. Sharia Banking and Sharia Financing Products**

Islamic finance activities are usually spearheaded by Islamic banks. Islamic banks are part of Islamic Finance. Islamic banks are banks based on sharia (Islamic law) which are commonly called *fiqh muamalah* (Islamic rules in conducting transactions). The rules and regulations of *fiqh muamalah* originate from the Qur'an and Sunnah. Besides that, *muamalah fiqh rules and*

*regulations* can also be based on other sources of Islamic law, such as *ijma'* , *qiyas* and *ijtihad* (Khasanah et al., 2022) .

According to Law Number 21 of 2008 concerning Islamic Banking, Islamic banking is everything related to Islamic Commercial Banks (BUS) and Islamic Business Units (UUS), including institutions, business activities, and methods and processes of carrying out their business activities. Broadly speaking, Islamic banks consist of 3 (three) types of products, namely funding products, financing products and service products (Financial Services Authority of the Republic of Indonesia, 2021) . Islamic bank funding products are aimed at mobilizing and investing savings for economic development in a fair way so that fair benefits can be guaranteed for all parties.

Banking fundraising is influenced by internal and external factors. External factors affecting the accumulation of banking funds include economic conditions, government activities and conditions, conditions or developments in the money market and capital market, government policies and Bank Indonesia regulations. While internal factors include bank products, profit sharing policies, service quality, bank office atmosphere, office location and bank reputation. Several studies state that office location is explained as the number of offices that can reach depositors and has a positive effect on the amount of Islamic bank deposits (Jannah et al., 2020) .

Another product offered by Islamic banks to the public is financing *products* . This product is carried out in accordance with the functions of Islamic banks contained in Law no. 21 of 2008 Article 4 (1), namely channeling funds from and to the public. According to the rules, Islamic banks cannot distribute public funds to business activities that are contrary to sharia principles. Sharia principles in the practice of Islamic banking have also been regulated in a fatwa issued by the National Sharia Council of the Indonesian Ulema Council (DSN MUI).

Islamic bank financing products generally use contracts based on profit sharing, buying and selling and leasing. Production sharing based contracts consist of *mudharabah* and *musyarakah* , while buying and selling based contracts consist of *murabahah* and *istishna* . Lease-based contracts usually use *ijarah* and *Ijarah Muntakiya Bit Tamlik* (IMBT) contracts. Based on the characteristics of its use, Islamic bank financing can be categorized into three, namely working capital financing, investment financing and multi or *multifinance financing* . Working capital financing can be interpreted as financing carried out to fulfill community or customer working capital. Investment financing is financing that is used to invest a certain amount of funds in a business in order to increase the value of assets owned. Multifinance ( *multifinance* ) is a financing product that can be used to meet all needs, such as motor vehicles, buying apartments, buying medical devices, educational expenses and so on.

## 2. Creative Economy

The term Creative Economy was first introduced by a character named John Howkins, author of the book " *Creative Economy, How People Make Money from Ideas* ". According to Howkins' definition, the Creative Economy is an economic activity where the input and output are Ideas. The idea in question is an original idea and can be protected by IPR. Examples are singers, movie stars, songwriters, or microbiology researchers who are researching superior varieties of rice that have never been created before (Nenny, 2008). Dr. Richard Florida, author of the books " *The Rise of Creative Class* " and " *Cities and the Creative Class* " introduced the creative economy and creative class in society ( *Creative Class* ). According to Florida "All human beings are creative, whether he is an eyeglass factory worker or a nudged teenager making hip-hop music. But the difference is in status (class), because there are individuals who are specifically engaged in creative fields. and get direct economic benefits from these activities (Syarif et al., 2015)

Robert Lucas put forward different things about the creative economy. Robert Lucas said that the force driving the growth and economic development of cities or regions can be seen from the level of productivity of clusters of talented people and creative people or people who rely on their own scientific abilities (Syarif et al., 2015) . Meanwhile, Alvin Toffler's theory states that the waves of human civilization are divided into three waves. The first wave is the agricultural century. The second wave is the industrial age and the third wave is the information age. Meanwhile, the new Toffler stopped here. But theories continue to develop, currently human civilization with fierce competition and globalization, humans enter the new era of civilization, namely the 4th Wave. Some call it a *Knowledge-based Economy*, some call it a Creativity-oriented economy (Syarif et al., 2015) .

Apart from the several definitions according to the experts above, the Government of Indonesia also has its own definition of the creative economy. The definition of the creative economy itself according to the Ministry of Commerce in the 2007 creative economy mapping study in the book *Development of the Indonesian Creative Economy 2025* (2008) is: "Industry originating from the utilization of creativity, skills and individual talents to create prosperity and employment through the creation and utilization of human resources. creation and creativity of the individual.

In the 2009-2015 National Creative Economy Development Blueprint, the Creative Economy is a new era of economics after the agricultural economy, industrial economy, and information economy, which intensifies information and creativity by relying on ideas and knowledge from human resources as the main production factor in its economic activities. While the definition of the creative economy is an industry that originates from the utilization of individual creativity, skills and talents to create welfare and employment through the creation and utilization of individual creativity and creativity.

The advantage of the creative economy lies in the strength of human resources in the form of ideas that are able to add value to the Indonesian economy in general. The Creative Economy Agency has set a vision to build Indonesia to become one of the world's economic powers in the creative economy by 2030. The stated mission is to unite all of Indonesia's creative assets and potential to achieve an independent creative economy.

- a. Creating a conducive climate for the development of creative industries.
- b. Encouraging innovation in creative fields that have added value and international competitiveness.
- c. Opening people's insight and appreciation of all aspects related to the creative economy.
- d. Build awareness and appreciation of intellectual property rights, including legal protection of copyrights
- e. Designing and implementing specific strategies to place Indonesia on the map of the world's creative economy.

The Government of the Republic of Indonesia through the Ministry of Tourism and Creative Economy has identified the scope of the creative economy. Based on Presidential Regulation no. 72 of 2015 concerning Amendments to Presidential Regulation Number 6 of 2015 concerning the Creative Economy Agency, the government stipulates 16 creative economic sectors including application and game developers, architecture, interior design, visual communication design, product design, fashion, film, animation and video, photography, craft, culinary, music, publishing, advertising, performing arts, fine arts, and television and radio

## **RESEARCH METHOD**

The method used in this research is a literature study. Literature study is a method used in research by collecting a number of related books, magazines, and research objectives. So, literature study is a research method by collecting library data, reading and taking notes from various sources of literature, and managing research materials. Thus, this research is a literature study by examining literature sources related to the opportunities and challenges of Islamic banking in encouraging the development of Creative Economy actors.

## **RESULTS AND DISCUSSION**

### **Opportunities for Islamic Banking in encouraging the development of Creative Economy actors**

According to previous research (Rahmawati, 2021) , states that just like a house that needs pillars to be able to stand upright, the creative economy has 5 pillars that need to be continuously strengthened so that the creative industry can grow and develop to achieve the vision and mission of Indonesia's creative economy 2025. The five pillars of the creative economy can be described as follows:

1. Resources . The resources referred to here are the inputs needed in the process of creating added value, in addition to ideas or creativity possessed by human resources which can also be the foundation of the creative industry because natural resources and the availability of land are supporting inputs in the creative industry.
2. Industry (*Industry*). In principle, industry is part of community activities related to the production, distribution, exchange and consumption of products or services from a particular country or area. The need for efforts to form a creative industry market structure with perfect competition that makes it easier for creative industry players to do business in the targeted sector. Ideas, ideas, or new inventions that have this creativity can also be commercialized, so that this also provides increased income for people who have this creativity.
3. Technology (*Technology*). Technology is included in the pillars because of its function as a vehicle and tool *for* the development of a knowledge base. The technological progress that we experience has a huge impact on life and requires us to always think creatively. Lots of new technologies are emerging that make it easier for humans in everyday life. The function of technology in the pillars of the creative economy is as a tool or device in the development of a knowledge base. With technology, people can create, produce, collaborate, seek information, distribute and socialize.
4. Institution (*Institution*). Institutions or institutions in the pillars of creative industry development can be defined as a social order which includes customs, norms, customs, rules, and applicable laws. This social order can be informal, such as a system of values, customs, or norms, or formal in the form of laws and regulations. The law plays an important role in the creative economy, because with this law it can protect all creative ideas that have been created. An example is the registration of Intellectual Property Rights.
5. Financial Institutions . Financial institutions are institutions whose role is to channel funding to industry players in need, either in the form of capital or equity or loans or credit. Financial institutions are one of *the endorsements* in the course of a creative industry and one of the important elements to bridge the financial needs of actors in the creative industries. With this financial institution, creative industry players can be creative as desired without worrying about finances because financial institutions have provided financial facilities.

In accordance with the mandate of the Law of the Republic of Indonesia, Creative Economy Ecosystem Development is carried out through funding and financing facilitation, where financing for Creative Economy activities comes from 1). State revenue and expenditure budget ; 2). Regional revenue and expenditure budget and, 3). Other legitimate funds in accordance with statutory provisions. The financing referred to is channeled through bank and non-bank financial institutions, as well as the Government facilitating intellectual property-based financing schemes for Creative Economy Actors, wherein further provisions regarding intellectual property-based financing schemes are regulated in Government Regulations (DPR RI, 2019) .

The government has issued PP Number 24 of 2022 concerning the Creative Economy, wherein Article 9 states that in the implementation of the Intellectual Property-Based Financing Scheme, bank financial institutions and non-bank financial institutions use Intellectual Property as objects of debt collateral in the form of fiduciary guarantees on Intellectual Property, contracts in Creative Economy activities and/or collection rights in Creative Economy activities. Furthermore, in Article 10 it is stated that Intellectual Property that can be used as the object of debt guarantees is in the form of Intellectual Property that has been registered or registered with the ministry that carries out government affairs in the field of law and Intellectual Property that has been managed either independently and/or transferred its rights to other parties. (Government Regulation of the Republic of Indonesia, 2022) .

From the pillars of the Institutional Creative Economy ( *Institution* ) and Financial Institutions ( *Financial Institutions* ) and government policies towards Creative Economy Players, Bank Financial Institutions, especially Islamic Banking, have the opportunity and potential to channel financing to Creative Economy Actors with an Intellectual Property-Based Financing Scheme with hopes and goals increasing access and support for Creative Economy efforts so that the success of increasing the National Economy can be achieved.

Alternative financing for Creative Economy actors is also encouraged by the Financial Services Authority through Article 12 of POJK No. 76/POJK.07/2016 states that the objectives of financial inclusion include: “1) Increasing public access to financial institutions, products and services for Financial Service Providers (PUJK); 2) Increasing the provision of financial products and services by PUJK in accordance with the needs and capabilities of the community; 3) Increasing the use of financial products and/or services in accordance with the needs and capabilities of the community; and 4) Increasing the quality of the use of financial products and services according to the needs and capabilities of the community. Support from stakeholders through regulations adds to the confidence of Islamic banking to expand financing products so that they can be accessed by Creative Economy players.

### **Challenges of Islamic Banking in encouraging the development of Creative Economy actors**

The issue of IPR as collateral for credit or loans to banks has started to appear again since the Government issued Government Regulation (PP) Number 24 of 2022 concerning the Creative Economy on July 12, 2022. The President wants to encourage the Creative Economy to grow further considering that based on the 2020 Tourism Industry Statistics and Creative Economy data , the creative economy is one of the sectors that will become a pillar of the Indonesian economy in the future.

In its implementation, there are still various challenges and obstacles faced, including the limited period of IPR protection, the absence of a clear concept regarding *due diligence* , valuation of IPR assets, and also no juridical support in the form of regulations related to IPR assets as collateral



objects. credit. Based on the things mentioned above , it is necessary to have further studies and discussions regarding the implementation of IPR as *collateral* in obtaining credit in the financial services sector (Jaman, 2022) .

## CONCLUSION

From the background and discussion in the above study, it can be concluded that: *First*, the position of IPR assets is *intangible assets* can be used as an object of bank credit guarantees because: it includes movable objects in an intangible form, has economic value ( *value* ), can be transferred, can be burdened with fiduciary guarantees.

*Second* , even though it has been emphasized in the provisions of laws and regulations to be the object of bank guarantees, in fact not all banks can accept this. Constraints or obstacles are caused: (a) there is no juridical support, either in the form of implementing regulations related to IPR as bank credit guarantees that have been mandated by law (namely the Copyright Law, Patent Law) or revisions to Bank Indonesia Regulations (PBI) related to collateral that used as the basis for the bank; b) there is no clear concept related to *due diligence* and valuation of IPR assets; c) a limited period of protection for IPR assets; d) the nature of IPR; e) legal risk; f) there is no special appraisal institution for HKI assets in Indonesia.

Based on the conclusions above, the author recommends a number of suggestions, namely: First, it is necessary to establish strict and detailed implementing regulations regarding IPR assets as collateral for bank credit as mandated in the Copyright Law and Patent Law. This is considered very important, considering that until now there are no implementing regulations governing IPR as an object of bank credit guarantees. Second, there is a need to immediately form an IPR asset appraisal agency in Indonesia. Establishment of an *appraisal* agency This IPR can later take several options, whether in the form of an *appraisal agency* independently, still integrated with DJKI, or transferred to an *appraisal agency* already exist in Indonesia.

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