

Islamic Financial Stability: Previous Research based on Scopus Database

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The global financial system is growing rapidly in a large number of countries in the world, and Indonesia is no exception. The growth of Islamic finance in Indonesia has also experienced a significant increase as indicated by Indonesia's financial assets in the global top ten. The economic crisis a decade ago has accelerated the development process of Islamic finance. These conditions have proven that Islamic finance has a strong enough stability compared to conventional finance. There are still many researchers' contradictions on the stability of Islamic finance. This study aims to determine the development of Islamic Financial Stability research trends published by leading journals on Islamic financial economics. The data analyzed consisted of 263 indexed research publications. The data is then processed and analyzed using the VoSViewer application to find out the bibliometric map of Islamic Financial Stability research development.

Keywords: Islamic Financial Stability, Bibliometrics, VoSViewer

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INTRODUCTION

The current world financial system has developed significantly. It not only includes general (conventional) finance but has developed to offer Islamic financial services. Today, Islamic finance has become a significant and growing part of a number of countries. Marked by the emergence of Islamic banking about three decades ago, currently the number and range of Islamic finance in the world has reached 300 institutions with a total of more than 75 countries implementing it (El Qorchi 2005). Even in some countries have implemented Islamic financial systems as a whole such as Pakistan, Sudan, and Iran (Aggarwal RK and Yousef T 2000). Although the Islamic financial system, especially Islamic banking, is still dominated by the Middle East and Southeast Asia, but now Europe and the United States have also begun to implement it although it is still in a small number (minority). Currently, global Islamic financial assets increased by 14 percent from 2019 from US\$2.51 trillion to US\$2.88 trillion in 2020 (OJK 2020). The increase in Islamic finance is dominated by Saudi Arabia and Iran.

According to the Financial Services Authority (2020), Indonesia is one of the countries that can be used as a role model or reference regarding Islamic finance issues. As of 2020, Indonesia's Islamic financial assets have reached US\$99 billion. For this achievement, Indonesia managed to rank in the top ten as the country with the largest Islamic financial assets globally and ranked second, after Malaysia based on the Islamic Finance Development Report 2020. This reflects a significant increase in the role of Islamic finance in Indonesia. The emergence of the Islamic financial system itself in Indonesia has only started since the establishment of Bank Muamalat Indonesia in 1992 as the first Islamic bank in Indonesia (Mu'allim A 2003). Although it has not been involved in Islamic finance for a long time, Indonesia is able to compete with Malaysia as a senior in terms of Islamic finance which began operating since 1983 (Chong BS and Liu MH 2009).

Broadly speaking, Islamic finance in Indonesia is divided into three subsectors, namely Islamic banking, the Sharia Non-Bank Financial Industry (IKNB), and the Islamic capital market (OJK 2020). Islamic banking consists of Islamic Commercial Banks (BUS), Islamic Business Units (UUS), and Islamic Rural Banks (BPRS). Then, Sharia IKNB consists of pension funds, Islamic microfinance institutions, insurance, finance companies, and special Islamic financial services institutions. Meanwhile, the Islamic capital market consists of corporate sukuk, state sukuk, and Islamic mutual funds. Meanwhile, according to the Financial Services Authority (2021), Islamic finance in Indonesia is divided into three subsectors, namely Islamic Banking, Islamic Capital Markets and the Sharia Non-Bank Financial Industry (IKNB).

The financial system has a very important function in an increasingly advanced and modern economy. The function of the financial system is as a provider of funds for financing, provider of payment mechanisms, maker of means of exchange (money), provider of savings mobilization facilities. According to Soemitra A (2009), in general the function of the financial system is divided into five namely: (a) Savings mobilization, meaning that it plays a role in making various instruments that can mobilize savings so that the financial system is more credible; (b) Resource allocation, meaning as a provider of information related to investment opportunities so that resources can be allocated more effectively and efficiently; (c) Monitoring and verification of investment developments and economic efficiency so as to minimize acts of irregularities by institutional management; (d) Providing trade facilities, diversification, hedging and risk pooling; (e) Providing efficient transaction facilities for goods and services at low costs so that economic productivity can be higher.

This study aims to determine and map research related to the development of Islamic Financial Stability research trends published by leading journals on Islamic financial economics. The data analyzed consists of 263 indexed research publications from 1997-2021. This data will be processed and analyzed using the VoS viewer application to find out the bibliometric map of research development related to Islamic Financial Stability.

RESEARCH METHOD

This study uses paper publication data sourced from various journals ranging from 1997-2021 with research on the theme of Islamic Financial Stability. Data collection was carried out through a search for articles indexed by the Google Scholar database, the search was carried out by typing the keyword 'Islamic Financial Stability', then selected papers that were relevant to the research theme of Islamic Financial Stability, for the criteria of journals that were filtered and processed in the software indexed by Google Scholar only journals equipped with DOI. From the search results, there are 263 articles published from 1997-2021. Data in the form of topics used in the publication of papers on the theme of Islamic Financial Stability and analyzed using Microsoft Excel 2010. The development trend of publications on the theme of Islamic Financial Stability was analyzed using VOSViewer software. The computer program introduced is called VOSviewer. VOSviewer is a program developed to create and view bibliometric maps. The program is freely available to the bibliometric research community (see www.vosviewer.com). VOSviewer can create maps or author journals based on cocitation data or create keyword maps based on co-occurrence data. The program offers a viewer that allows bibliometric maps to be examined in detail.

To build maps, VOSviewer uses the VOS mapping technique, where VOS stands for visualization similarity. For previous studies where the VOS mapping technique was used. VOSviewer can display maps built using the corresponding mapping technique. Therefore, this program can be used to display maps constructed using the VOS mapping technique and display maps constructed using the multidimensional scaling technique. VOSviewer runs on many hardware and operating system platforms and can be started directly from the internet. Other newest studies using bibliometric for the example can be found at [Nasution et al., \(2022\)](#), [Uula & Kassim \(2023\)](#), [Rusydiana & Ali \(2022\)](#), [Rahardjo \(2023\)](#), and also [Puspita \(2023\)](#).

RESULTS AND DISCUSSION

The following is a table showing the collection of documents used in research on the theme of *Islamic Financial Stability* in Islamic economic research. Of the total 263 documents used, it is divided into 8 types of documents, including journal articles (224 documents), anthology/book chapter (11 documents), Book (9 documents), Review (8 documents), Conference Paper (6 documents), Erratum (3 documents), Conference Review (1 document), Undefined (1 document).

Table 1: Document Types

No.	Document Types	Number of Articles
1	Journal article	224
2	Book chapter	11
3	Book	9
4	Review	8
5	Conference Paper	6
6	Erratum	3
7	Conference Review	1
8	Undefined	1
	TOTAL	263

Based on the results of the document type grouping above, the type of document most widely used as a research subject with the theme of *Islamic Financial Stability* is a document in the form of a journal article with a percentage of 85.17% or 224 documents. Meanwhile, the least used documents are in the form of Conference Review and Undefined, each amounting to 0.38% or 1 document. This shows that the references used are quite valid because most of them come from documents in the form of scientific journals.

Bibliometric Graph Analysis

Bibliometrics is based on the calculation and statistical analysis of scientific output in the form of articles, publications, citations, patents, and other more complex indicators. It is an important tool in evaluating research activities, laboratories and scientists, as well as scientific specialization and country performance. The report, after setting out the background to the development of bibliometrics, presents the databases on which bibliometrics is built, as well as the main indicators used.

To explore the results of the meta-analysis, this section will present a visual mapping chart of 263 journals published in *Islamic Financial Stability*. The results

of the keyword mapping analysis form the basis for mapping together important or unique terms contained in a particular article. Mapping is a process that allows one to recognize knowledge elements and their configurations, dynamics, interdependencies, and interactions.

Related to bibliometrics, science mapping is a method of visualizing the field of science. This visualization is done by creating a landscape map that can display the topics of science ([Royani, et al., 2013](#)). The results of network visualization of 263 word map journals with the theme of *Islamic Financial Stability* can be seen:

Co-Authorship Analysis

Furthermore, bibliometric results will be displayed based on sub-themes, namely authors, organizations, and countries.

1. Co-authorship Authors

Using the VOSViewer software, we found the bibliometric mapping of the authors as shown below. The larger the shape and the brighter the color indicates that the author has published more papers related to *Islamic Financial Stability*.

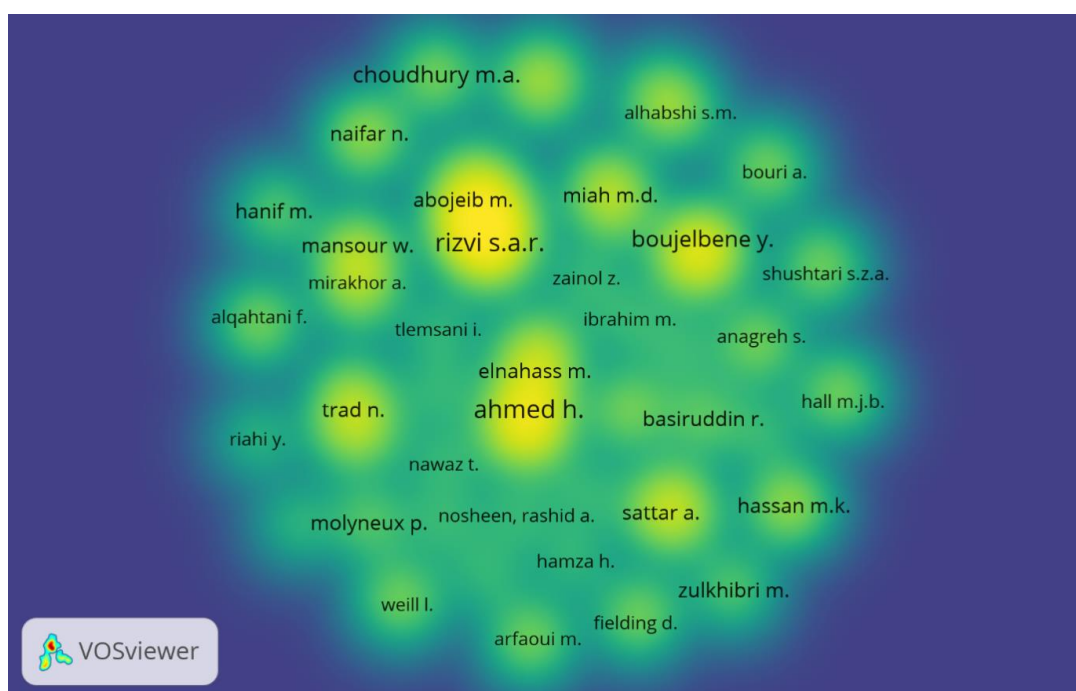


Figure 1. Co-authorship Authors

The cluster density display depends on the level of yellow light description. This identifies that the yellow color of the map depends on the number of items associated with other items. This section is useful to get an idea of the general structure of the bibliometric map by noting which parts of the light are considered important to analyze. From the map, it is possible to interpret the authors who published the most.

In general, each researcher has different tendencies. Some write indexed as a single author, others write together with other researchers so that several clusters appear which are indicated by different densities. However, authors whose density is quite large show that they publish more research on the theme of

Islamic Financial Stability compared to those with lower density, so these results can be used as a reference for future researchers.

Based on these results, the bigger and brighter the author's name, the more papers he published. The author who publishes the most publications related to the theme of *Islamic Financial Stability* based on bibliometric mapping, namely Ahmed H.

2. Institutional Co-authorship (Co-citation)

In bibliometric analysis, the author's institution can be seen from which institution they come from. Through this result, we can interpret the institution that wrote the most publications.



Figure 2. Institutional Co-authorship (Co-citation)

Based on the following figure, the clusters of institutions seen with glowing circles indicate how productive the institutions are in contributing to publishing papers on the theme of *Islamic Financial Stability*. The largest number of institutions is calculated from the number of publications and the number of links to other institutions, where an author can write many papers in different journals.

The most popular institutions are calculated based on the number of publications and the number of links to other institutions, where a paper author may write multiple papers in different journals. The most

well-known institution ranking indicated by the bibliometric mapping results is the International Center for Education in Islamic Finance (INCEIF), from Malaysia.

3. Co-authorship Country

Furthermore, the visualization of journal publisher mapping is depicted in the bibliometric image of journal sources below. Based on this figure, we can see several country clusters that appear to publish the most articles with the theme *Islamic Financial Stability*.



Figure 3. Co-authorship Country

Based on the figure above, the larger the circle of the issuing country, the more papers the country publishes. It can be seen that Malaysia has the brightest light. This means that Malaysia publishes the most *Islamic Financial Stability* themed papers compared to other countries.

Co-occurrence Analysis

Furthermore, bibliometric results will be displayed and also analyzed based on sub-themes,

namely all keywords, author keywords, and index keywords.

1. Co-occurrence of All Key Word

VOSviewer can also find bibliometric mapping of the most used keywords in the theme of *Islamic Financial Stability* related to Islamic economics. The bibliometric mapping of the keywords used can be seen in the figure below. Keywords that have a larger shape indicate that the word is more widely used in journals related to *Islamic Financial Stability*.

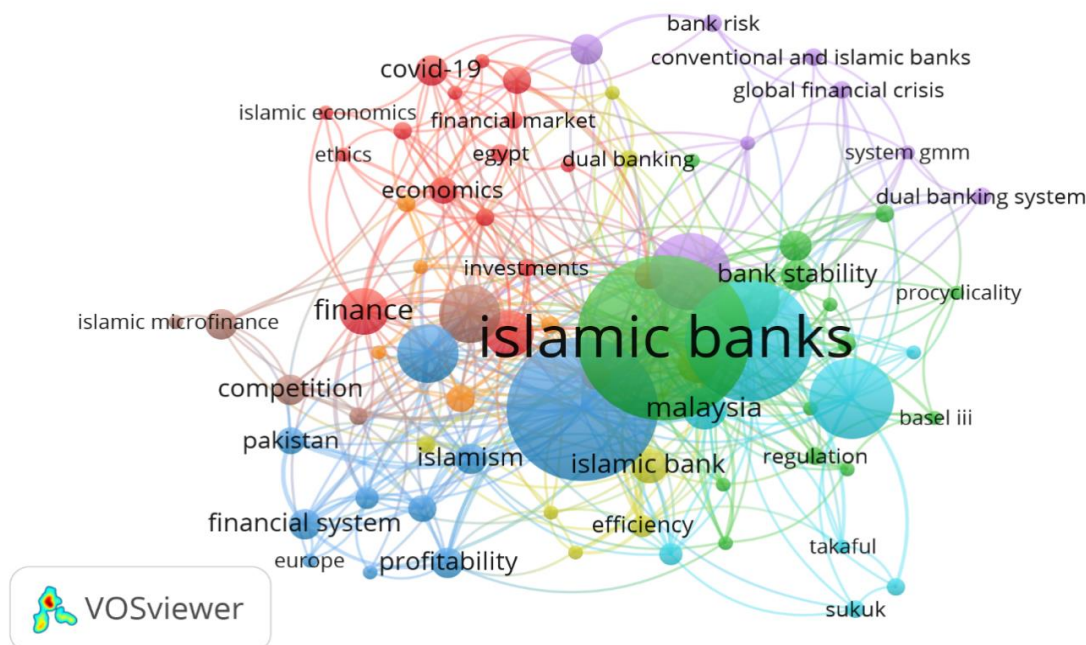


Figure 4. Co-occurrence of All Key Word

This data can be used to determine the trend of keywords in recent times. Bibliometric analysis shows some keywords that are widely used in the papers that are the object of research. The more keywords that appear, the wider the indication of the most circles. While the line relationship between keywords shows how much they are related to other keywords.

Based on the results of analysis using VOSviewer on keywords with the theme of *Islamic Financial Stability*, there are many clusters and interrelated with other keywords. Keywords that have the same color indicate a very close relationship. The most widely

used keyword in *Islamic Financial Stability* themed journals is *Islamic Banks*.

2. Co-occurrence Authors Key Word

VOSViewer can also find bibliometric mapping of keywords most used by authors in the theme of *Islamic Financial Stability* related to Islamic economics. The bibliometric mapping of the keywords used can be seen in the figure below. Keywords that have a larger shape indicate that the word is more widely used by authors in journals related to *Islamic Financial Stability*.

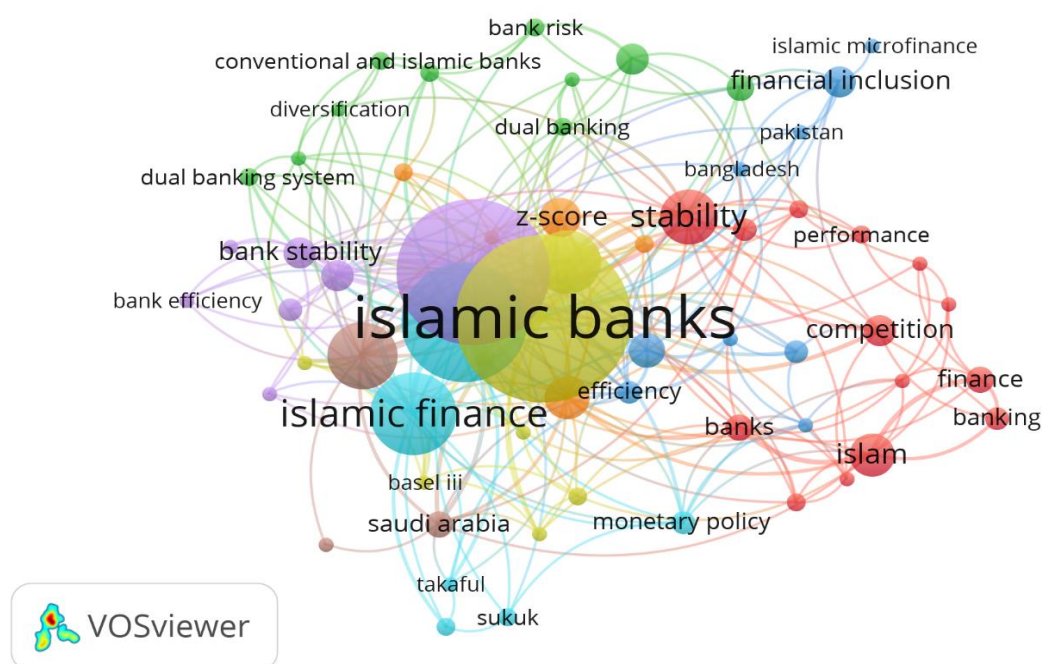


Figure 5. Co-occurrence of Authors Key Word

Based on the results of the analysis using VOSviewer on keywords that are widely used by authors in journals with the theme of *Islamic Financial Stability*, there are many clusters and are interrelated with other keywords. Keywords that have the same color indicate a very close relationship. The keyword most widely used by authors is *Islamic Banks*.

3. Co-occurrence Index

Then, this research also gets results in the form of indexes that are often used by the author and are interrelated in the theme of *Islamic Financial Stability* related to Islamic economics as shown in the figure below. Indexes that have the same color indicate a very close relationship.

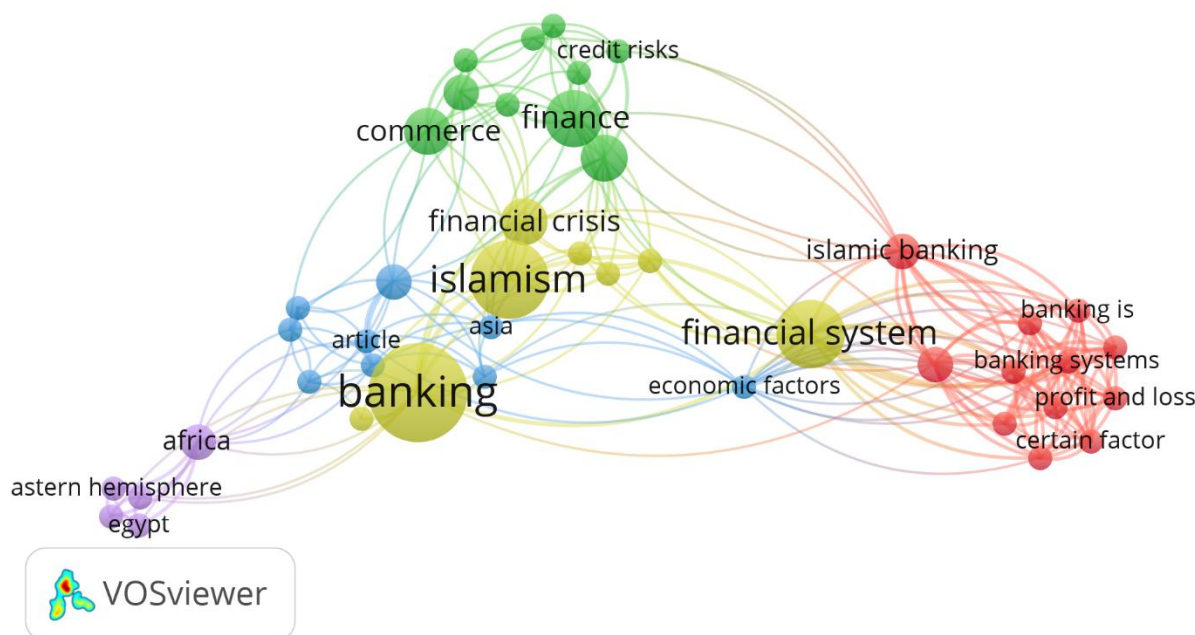


Figure 6. Co-occurrence Index

Based on the results obtained, the lighter the color indicates the more recent the index is used. In the word index of *Islamic Financial Stability* themed papers related to Islamic economics, there are several words that are most widely used, namely *Banking*.

Islamic banking has a significant role in the development of Islamic financial assets in Indonesia. This is indicated by the increase in total assets in 2020, mostly dominated by the Islamic banking sector with an increase of US\$10 billion. This condition illustrates that the Indonesian people are increasingly interested in the products offered by Islamic banks. According to [Arif and Nurhikmah \(2017\)](#), Islamic financial institutions have different characteristics from conventional financial institutions. There are five principles that distinguish the characteristics of Islamic finance from conventional finance, namely the principle of profit sharing, prohibition of usury, prohibition of gharar, prohibition of financing for non-halal sectors, and the principle that all economic activities must be supported by real transactions involving physical assets ([Beck T et al. 2013](#)). According to [Cihak M and Hesse H \(2010\)](#), Islamic financial services are characterized by a prohibition on the payment and receipt of interest that

is *fixed from the start*. In contrast, Islamic finance is characterized by the principle of *Profit Loss Sharing (PLS)*. The PLS system does not require a fixed rate of return like interest but is based on the sharing of risk and profit according to the ratio agreed upon at the time of the contract. According to [Dar HA and Presley JR \(2000\)](#) PLS is one of the contracts agreed between two or more parties who transact to run a project using the concept of sharing profits and losses. This PLS concept is one of the reasons that shows the stability and resilience of Islamic finance in facing the monetary crisis compared to conventional finance ([Pratikto H and Sugianto I 2011](#)).

The global economic crisis in 1997 showed that Islamic finance is more stable than conventional finance. The economic crisis almost collapsed the national financial system. This was shown by the remaining 73 private banks that were able to survive after the crisis and without government assistance from 240 banks that existed before the Indonesian crisis ([Mu'allim A 2003](#)). According to [Bourkhis K and Nabi MS \(2013\)](#), the financial crisis in 2008 was a good experiment in testing the differences between the two banking models. Islamic finance especially Islamic banks have

contributed to financial and economic stability during the crisis. The global crisis has proven as well as increased the world's attention regarding Islamic banks and began to doubt the conventional banking system (Beck T at al. 2013). According to Cihak M and Hesse H (2010), Islamic banks operating on a small scale are relatively more stable than Islamic banks with a large scale. This is because large-scale Islamic banks have higher complexity to adjust the system in monitoring credit risk. However, some studies reveal that Islamic financial institutions, especially Islamic banks, are less stable than conventional banks. According to Beck T at al. (2013), PLS may increase the overall risk on the balance sheet of Islamic banks as it reserves its equity in addition to debt risk. It is considered to undermine bank stability as it reduces market discipline.

The difference between Islamic finance and conventional finance is the principle of profit sharing (PLS), mark up (margin), and ujah (rent). According to Cihak M and Hesse H (2010), in the principle of profit sharing, the rate of return is not determined before the contract. Instead, it is agreed at the time of the contract, but it is not the rate of return that is determined but the

ratio that needs to be agreed upon. This is because in the profit-sharing principle, both profits and losses must be shared by both parties. This principle is what makes Islamic finance superior to conventional. The superiority in question means that Islamic finance can be more stable in the face of a crisis because there is a concept of risk sharing in its business operations. The stability of Islamic banks is still a pro and con among the public and is still an interesting debate among researchers. Research by Cihak M and Hesse H (2010), Islamic banks that operate on a large scale are less stable than conventional commercial banks that also operate on a large scale. This is because Islamic banks operating on a small scale are relatively more stable than Islamic banks with a large scale. However, several studies have found that Islamic finance, especially Islamic banks, is less stable than conventional banks. According to Beck T at al. (2013), PLS can increase the overall risk on the balance sheet of Islamic banks because it reserves its equity in addition to debt risk. This condition is considered to reduce and even damage the stability of Islamic finance.

Table 2. Result Summary

Rank	Keywords by Occurrence	Authors with the Highest Publication	Institutions with the Highest Publication
1.	Islamic Banks	Ahmed H.	International Center for Education in Islamic Finance (INCEIF), Malaysia
2.	Islamic Banking	Rizvi S.A.R	Durham University, United Kingdom
3.	Financial Stability	Boujelbene Y.	School of Graduation Studies, International Center for Education in Islamic Finance (INCEIF), Malaysia
4.	Islamic Finance	Louati S.	Fuculty of Economics amd Management, University of Sfax, Sfax, Tunisia
5.	Financial Crisis	Ibrahim M.H,	Center for the Study of African Economies, University of Oxford, Oxford, United Kingdom
6.	Conventional Banks	Choundhury M.A.	College of Business Administration, University of Sharjah
7.	Stability	Abojeib M.	Department of Accounting, College of Administrative and Financial Sciences
8.	Malaysia	Khattak M.A.	Department of Finance and Banking, Faculty of Business and Accountacy
9.	Islam	Manzoor M.M.	International Islamic University Malaysia, Kuala Lumpur, Malaysia
10.	z-score	Sattar A.	School of Government and International Affairs, Durham University, United Kingdom

CONCLUSION

The focus of this research is trying to find out the extent of the development of Islamic finance to find out how many journals are written on the theme of Islamic Financial Stability. The results show that there has been an increase in the number of articles published on the theme of Islamic Financial Stability since 1997. Islamic Financial Stability research has been conducted in many countries. The increase in the Islamic Financial Stability score in a country will be positively related to economic

growth in the country which makes economists do a lot of research related to Islamic Financial Stability. Based on research using the bibliometric method, it was found that Ahmed H. wrote the most about Islamic Financial Stability. The institution that publishes the most papers related to Islamic Financial Stability is the International Center for Education in Islamic Finance (INCEIF), Malaysia. And the country that published the most papers related to Islamic Financial Stability is Malaysia. For all keywords, the most used keyword related to Islamic Financial Stability is Islamic Banks. The most

used keyword by authors in Islamic Financial Stability themed journals is Islamic Banks. And the word Banking is the most used word in the index paper on the theme of Islamic Financial Stability. For further comprehensive analysis, bibliometric study can use the Biblioshiny-R application (Antonio et al., 2020; Marlina et al., 2021; Srisusilawati et al., 2021).

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