

CHAPTER I

INTRODUCTION

A. Research Background

Currently, halal tourism is a key focus for countries, particularly Indonesia, which serves as a locomotive for domestic and international economic development. As the country with the largest Muslim population in the world, Indonesia should prioritize halal tourism.¹

This phenomenon is supported by Indonesia's fourth place in the Global Islamic Economy Index (GIEI), scoring 68,5 points.²

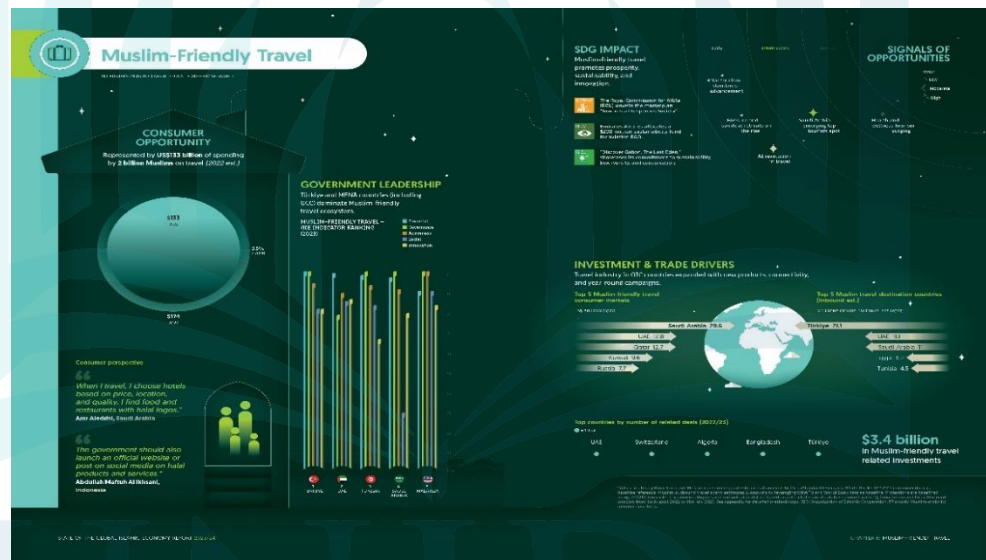


Figure 1. SGIE 2023: Muslim Friendly Travel

Source : SGIE Report 2023 (Salaam Gateway,2023)

In 2022, Muslim spending on travel reached \$133 billion, an increase of 17% from \$114 billion in 2021, and it is expected to rise to \$174 billion by 2027 with a CAGR of 55% from 2022 to 2027.

¹ Mukhtar Adinugroho et al., "Optimizing The Role Of Sharia Banking In Supporting Halal Tourism In Indonesia," *Jurnal Ilmiah Ekonomi Islam*, Vol 10, No. 1 (March 6, 2024) p. 96.

² GoodStats, *Top 10 Indeks Ekonomi Islam Global* at [07.30], ([Top 10 Indeks Ekonomi Islam Global - GoodStats](#)) Viewed on 21 April 2022.

Halal tourism is known as one of the most promising sectors in many countries, especially Indonesia. According to the Directorate General of General Governance of the Ministry of Home Affairs, published by the Indonesian Central Bureau of Statistics, Indonesia has 17,504 islands spread across 32 provinces.³

Indonesia's geographical richness and natural resources have made tourism a vital sector. The country's diverse natural and cultural wealth allows the government to showcase Indonesia's treasures to the world. Tourism is an essential bridge for the Indonesian government in promoting economic growth. Tourism is one of the fastest sectors to generate revenue for the country with relatively minimal investment. Law No. 10 of 2009 on tourism provides a legal framework for those engaged in the tourism sector.⁴

Despite the downturn caused by the COVID-19 pandemic, the 2023 Global Muslim Travel Index (GMTI) report by Mastercard and CrescentRating shows that in 2022, international Muslim arrivals reached 110 million, equating to 68% of the total Muslim arrivals in 2019 before the pandemic. This demonstrates strong recovery by Muslim travelers. The growth trend is expected to continue, with projections suggesting that by 2023, arrivals will reach 140 million, representing 87% of the 2019 figures. Full recovery is predicted by 2024, reaching numbers similar to those seen in 2019.⁵

Furthermore, based on the Global Muslim Travel Index, in 2023, Indonesia and Malaysia shared the top spot as the world's most Muslim-friendly tourist destinations, each scoring 73 points. The index evaluates 138 Muslim-friendly

³ Felia Maghfira, Muhammad Iqbal Fasa, and Suharto Suharto, "Analisis Pengaruh Halal Tourism Terhadap Pertumbuhan Ekonomi di Indonesia : Strategi dan Tantangan," *Jurnal Bina Bangsa Ekonomika*, Vol. 15, No. 1 (February 22, 2022) p. 76–86.

⁴ Veni Reza, "Pariwisata Halal Dalam Pengembangan Ekonomi Indonesia," *Jurnal An-Nahl*, Vol. 7, No. 2 (December 30, 2020) p. 106.

⁵ Goodstats, *Indeks Perjalanan Muslim Global 2023 Indonesia Peringkat Pertama Destinasi Ramah Muslim Dunia* at [12.12], ([Indeks Perjalanan Muslim Global 2023, Indonesia Peringkat Pertama Destinasi Ramah Muslim di Dunia - GoodStats](#)) Viewed on 12 Januari 2024.

tourist destinations, based on four main criteria: access, communication, environment, and services.

The performance of the Muslim-friendly tourism sector in 2023 grew significantly by 1,162% year-on-year, though not as strong as the 1,398% growth seen in the previous year. Presidential Decree No. 17 of 2023, which declared the end of the COVID-19 pandemic status, eased many restrictions and allowed people to resume normal activities, similar to pre-pandemic times. This has spurred domestic tourist mobility, thereby boosting the performance of Muslim-Friendly Tourism (PRM). On the other hand, the number of international tourists from OIC countries has also consistently increased since 2021, although the growth surge was not as strong as in 2022.⁶

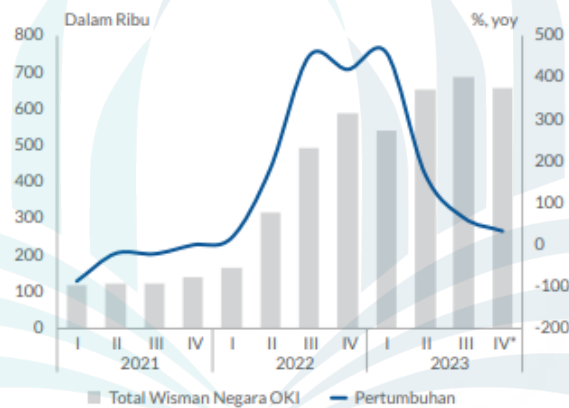


Figure 2. Foreign Tourist Visits from OIC Countries

Source: BPS, Bank Indonesia, Processed *Data until October

The Global Muslim Travel Index (GMTI) reported that in 2023, Indonesia, along with Malaysia, ranked first as the top global destination for Muslim-Friendly Tourism (PRM). However, areas that still need improvement are connectivity and attraction services.

⁶ Bank Indonesia, “Sinergi Ekonomi dan Keuangan Syariah Memperkuat Ketahanan dan Kebangkitan Ekonomi Nasional”, *Kajian Ekonomi dan Keuangan Syariah Indonesia*, 2023, p. 50.

GMTI 2023 Rank	Change vs 2022	Destination	GMTI 2023 Scores
1	1	Indonesia	73
1	0	Malaysia	73
3	-1	Arab Saudi	72
4	1	United Arab Emirates (UAE)	71
5	-3	Turki	70
6	0	Qatar	69
7	0	Iran	66
7	0	Jordan	66
9	0	Bahrain	65
9	3	Mesir	65
11	1	Kuwait	64
11	-2	Singapura	64

Figure 3. Top Ten Muslim Tourist Destinations Worldwide

Source: Global Muslim Travel Index (GMTI) 2023, Crescent Rating

The acceleration of Indonesia's halal industry development plays a strategic role in inclusive and sustainable economic and financial growth, especially in the halal tourism sector. BI Deputy Governor, Doni P. Joewono, emphasized that Indonesia has the potential to become a leading player in the halal industry, supported by the significant future potential of this sector. According to him, the halal industry is not just a sector but a gateway to economic empowerment, job creation, and sustainable development.⁷

With the right strategy, Indonesia has great potential to become a global leader in the halal industry and contribute positively to the country's economy and the welfare of its people. The development of the Sharia economy and the halal lifestyle has increasingly gained attention from many countries worldwide.⁸ This is due to the high growth potential and contributions it can make to sustainable economic development. Data from the 2022 State of the Global Islamic Economy Report

⁷ Bank Indonesia, Percepatan Industri Halal Kunci Menuju Eksyar Inklusif dan Berkelanjutan, ([Percepatan Industri Halal Kunci Menuju Eksyar Inklusif dan Berkelanjutan \(bi.go.id\)](https://www.bi.go.id)) Viewed on 27 Oktober 2023.

⁸ Muhammad Alfian Rumasukun and Alivia Maharani, "The Effect of Islamic Financial Inclusion and Literacy on the Productivity of MSMEs: Case Study in Probolinggo," *Islamic Economics Journal*, Vol. 10, No. 1 (June 1, 2024) p. 88–102, <https://doi.org/10.21111/iej.v10i1.11608>.

(SGIER) shows that global Muslim spending in this sector is projected to grow by 9.1% annually, excluding the Islamic finance sector.

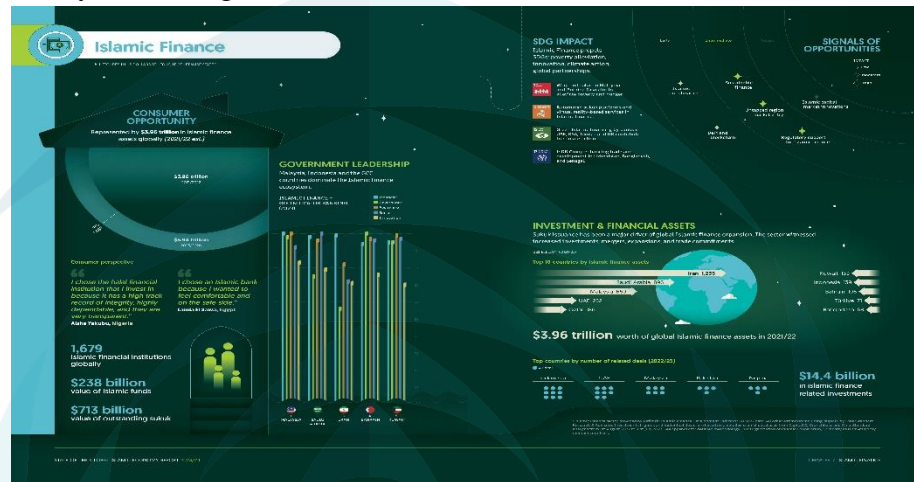


Figure 4. SGIE 2023: Islamic Finance

Source : SGIE Report 2023 (Salaam Gateway,2023)

Islamic financial assets were valued at \$3.96 trillion in 2022/2023, up 17% from a valuation of \$3.3 trillion in 2020/2021, and are expected to reach \$5.94 trillion by 2025/2026, with a CAGR of 9%.⁹

This growth is evidenced by the increasing interest among Muslim consumers in choosing products and services that comply with Sharia and halal principles. Sectors such as halal food and beverages, fashion, tourism, cosmetics, and halal entertainment are key focuses in driving the Sharia economy and halal lifestyle. More than a quarter of the global Muslim population recognizes the economic potential of the Muslim market.

Several countries have started to implement policies and regulations that support the growth of the halal and Sharia industries to encourage investment, innovation, and sustainable economic growth. Therefore, the Sharia economy and halal lifestyle have become a key element in the economic development strategies

⁹ Imam Ali Liaqat , State Global Islamic Economic Report 2023, (Dinarstandard.com) Viewed on December 2023.

of several countries, which are expected to make a significant contribution to global economic growth and improve the welfare of humanity as a whole.¹⁰

According to the consulting firm Dinar Standard, Indonesia's consumption of halal products is projected to reach \$281.6 billion, or IDR 4,033 trillion, by 2025, with an exchange rate of IDR 14,300. The institution estimates that Indonesia's consumption of halal products will grow by an average of 14.96% per year over five years from 2020-2025. In 2020, Indonesia's halal product consumption reached \$184 billion. The halal product industry, which includes food, clothing, pharmaceuticals, cosmetics, media, and tourism, saw most of its consumption contract during the 2020 pandemic but is expected to grow positively from 2020-2025, particularly in the tourism sector.

The halal tourism sector contracted by 70% in 2020, amounting to \$337 billion. However, it is projected to grow the strongest among the five sectors, with an annual growth rate of 18.96% by 2025.¹¹

Therefore, Indonesia has a great potential for halal tourism. However, despite the significant potential in the halal tourism sector, the level of Islamic financial inclusion remains relatively low, and the adoption of Islamic financial products by tourists and industry players is limited. As a result, the growth of Islamic financial institutions faces various challenges. Factors such as a lack of public understanding, inadequate infrastructure, and the limited availability of innovative Islamic financial products and services can be obstacles to the development of this sector. The Sharia economy is striving to grow further in Indonesia and is beginning to

¹⁰ Rihfenti Ernayani and Firman Firman, "Transformasi Industri Halal: Keberlanjutan dan Inovasi dalam Perekonomian Syariah," *Jesya*, Vol. 7, No. 1 (January 9, 2024) p. 10–20.

¹¹ Katadata.co.id, *Konsumsi Produk Halal Indonesia Ditaksir Capai Rp 4.033 T pada tahun 2025 at [16.15]*, ([Konsumsi Produk Halal Indonesia Ditaksir Capai Rp 4.033 T pada 2025 - Makro Katadata.co.id](https://www.katadata.co.id)) Viewed on 14 Maret 2022.

penetrate various halal sectors, especially halal tourism, to strengthen and promote sustainable Sharia finance.¹²

Based on the background described above, the author is interested in conducting further research on the factors driving the halal tourism sector through a study entitled "The Influence of the Halal Tourism Sector on Increasing Islamic Financial Inclusion in Indonesia in 2021-2023."

B. Research Question

Based on the background above, the problem to be addressed in this research is

1. What is the level of influence the halal tourism sector to increase in Islamic financial inclusion in Indonesia from 2021 to 2023?

C. Research Objectives

In line with the problem formulation above, the objective of this research is:

1. To empirically test and analyze the influence of the halal tourism sector on increasing Islamic financial inclusion in Indonesia in 2021-2023.

D. Research Benefits

This research is expected to provide benefits for the development of knowledge both academically and practically. The benefits of conducting this research are:

1. Academic Benefits

This research is expected to expand knowledge and literature on the development of the tourism sector through Islamic finance and can serve as a reference for future research.

¹² Indaniaty Hasanah sari et al, "Strategi Pengembangan Pariwisata Halal di Indonesia", *Jurnal review Pendidikan dan Pengajaran*, Vol. 7, No 3 (2024) p. 9282.

2. Practical Benefits

This research is expected to provide accurate information and insights on the extent to which the halal tourism sector influences the increase in Islamic financial inclusion in Indonesia.

