



## The Impact Of Start-Up Founders And Islamic Financial Industry On Economic Increment In Indonesia

Bambang Hermantoro,<sup>1</sup> Andriani,<sup>2</sup>

<sup>1</sup> Mahasiswa Pascasarjana IAIN Kediri, <sup>2</sup> IAIN Kediri

<sup>1</sup> bambanghermantoro@gmail.com, <sup>2</sup> andriani@iainkediri.ac.id

### ABSTRACT :

High-tech-based companies have attracted many investors, especially with the support of faster 5G internet networks. The digital economy has provided concrete evidence of its impact, particularly during the COVID-19 economic crisis. In 2023, Indonesia ranked 5th globally in startup activity. With 84.35% of Indonesia's population being Muslim, the Islamic finance industry has seen rapid growth. During Ramadan, startup transactions skyrocketed, but the presence of the Islamic finance industry remained suboptimal. In 2023, e-commerce in Indonesia saw a significant increase, with 78% of the population—approximately 278.7 million people—engaging in online shopping. This qualitative research approach re-describes field data and clarifies findings from a literature review, sourced from various articles, books, and other scholarly works. The research highlights that interest in online shopping has steadily increased, with startups contributing 4% to Indonesia's GDP. The Islamic finance sector, with its Sharia principles, has the potential to drive economic recovery and reduce poverty. However, despite the fact that 87% of Indonesia's population is Muslim, startups remain largely reliant on conventional banks for capital, as they are not yet fully integrated into the Islamic finance system.

**Keywords:** *Startups, Financial Industry, Economy.*

## Introduction

A startup is a company founded by one or several individuals to develop a product or service that aligns with market trends. Startups emerged in the 1990s, closely tied to technology and information, with one notable example being Bubble Dot—a high-tech company in America that attracted significant investor interest. The rise of the internet marked a major turning point, signaling the future of business.<sup>1</sup> Startups focus on introducing products and services that gain the trust of consumers. The advent of 3G technology in mobile phones was revolutionary, enabling faster internet speeds and fostering the rapid growth of startups through innovations like video calls and live streaming. In Indonesia, the introduction of 5G is further accelerating internet speeds, strengthening the country's network infrastructure. This improvement in connectivity has driven the rapid growth of social media, which plays a central role in supporting startups. Social media serves as a powerful platform for branding and promoting startup products. With Indonesia's large population, social media has become a vital tool for startup

---

<sup>1</sup> Joonkyu Choi et al., "Founding Teams and Startup Performance," *SSRN Electronic Journal*, 2019, <https://doi.org/10.2139/ssrn.3481850>.

companies to reach a broad audience. It allows them to offer products that are more affordable and accessible, all through smartphones.<sup>2</sup>

The digital economy has provided tangible evidence of its impact, especially during the economic slowdown caused by COVID-19. During this time, startups gained recognition and trust, with many innovative businesses helping to address economic challenges. In 2023, Indonesian startups ranked 5th globally, with 2,346 active startups and a total valuation of \$1 billion, earning the status of unicorns.

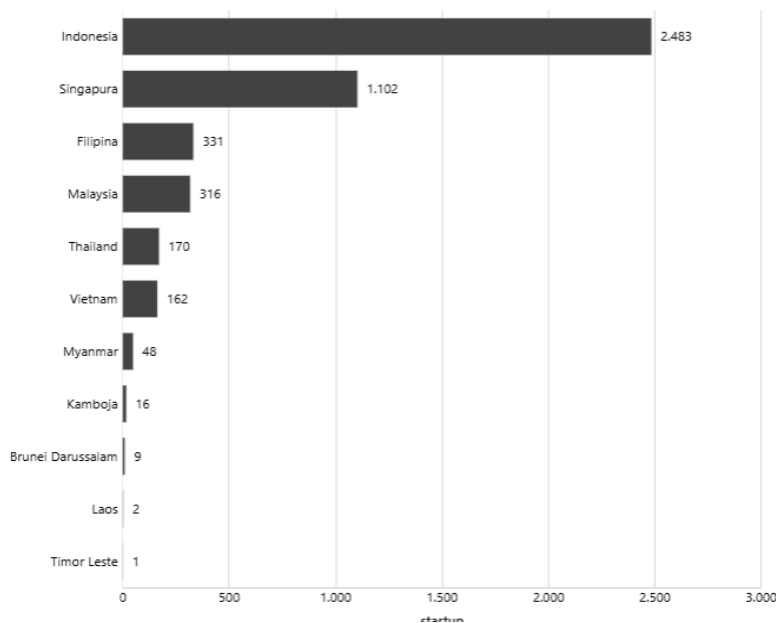


Figure 1. Rank Startup

According to Databox, Indonesia ranks first in Southeast Asia with 2,483 startups, followed by Singapore with 1,102. Globally, Indonesia ranks 5th, with the highest number of startups held by the United States, followed by India, the United Kingdom, Canada, and Australia.<sup>3</sup> The government has supported the growth of startups, particularly those based on high technology, which are predominantly digital. These startups are closely tied to internet penetration and the increasing use of digital platforms, making the internet an essential component of their operations.

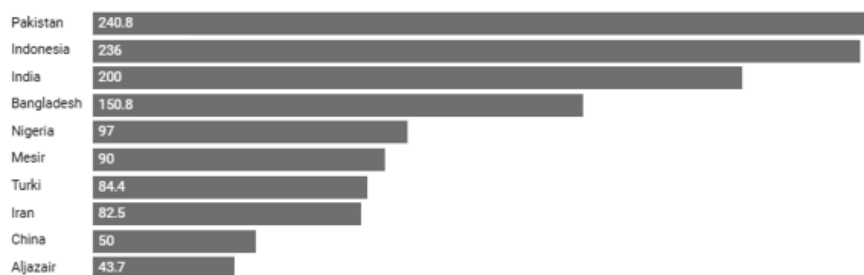


Figure 2. Religion Islamic

<sup>2</sup> Ryan Kristomuljono, "Perkembangan Startup Di Indonesia: Sejarah Serta Faktor Pendukungnya," toffeedev, 2024, <https://toffeedev.com/blog/business-and-marketing/perkembangan-startup-di-indonesia/>.

<sup>3</sup> Cindy Mutia Annur, "Kalahkan Singapura, Indonesia Rajai Jumlah Startup Di Asia Tenggara," databoks, 2023, <https://databoks.katadata.co.id/teknologi-telekomunikasi/statistik/c5b81940d2286c8/kalahkan-singapura-indonesia-rajai-jumlah-startup-di-asia-tenggara>.

According to data from CNBC Indonesia, Indonesia has a Muslim population of 84.35%, approximately 245,973,915 people, making it the second-largest Muslim population in the world, after Pakistan. This presents significant potential for the growth of startups, especially during Ramadan, when there is a surge in demand as people seek to fulfill their needs before the holidays.<sup>4</sup> Indonesia's majority Muslim population offers great opportunities for the development of Islamic finance. The Islamic financial industry has also demonstrated strong resilience during the economic crisis caused by the COVID-19 pandemic in 2020. This resilience should be further encouraged, especially considering that the deepening of Sharia financial inclusion in Indonesia remains suboptimal. Despite this, initiatives such as the Iconomics Syariah Award 2021, which are widely implemented, help strengthen the fundamentals of the Islamic economy.

In February 2024, the Sharia financial industry in Indonesia recorded 33 Islamic banks, including 14 Islamic Commercial Banks and 19 Islamic banks operating as Islamic Business Units (UUS), along with 165 Islamic Rural Banks (BPRs). In addition to banking, the industry also includes Islamic insurance, pawnshops, mutual funds, capital markets, and Baitul Maal wa Tamwil (BMT). The banking sector plays the largest role in Islamic financial services.<sup>5</sup> According to Infobank Research Bureau, Islamic finance continues to grow at a rate of 84.09%, while the insurance sector grows at 4.68%, and multifinance at 2.59%. The remainder of the growth comes from the fintech industry. In 2022, there were 7 Islamic fintech companies, which grew to 102 in the following year. Although the sector has not yet fully optimized its potential, this growth is still notable and worthy of recognition. The relationship between startup companies and the Islamic finance industry, which has seen rapid development in Indonesia, reveals that many startups prefer service cooperation with conventional banks. For example, startups with good reputations, such as Shopee and Tokopedia, have launched payment methods in collaboration with conventional banks. Shopee, for instance, cooperates only with Bank BSI (Bank Syariah Indonesia), while Tokopedia collaborates with both BSI and Bank Muamalat, alongside 16 conventional-based banks. Other methods, such as e-wallets, are also provided by conventional banks. This suggests that the level of trust in Islamic financial institutions among companies and the general public remains suboptimal. According to Databooks, Shopee, in 2023, received 237 million visitors, followed by Tokopedia with 88.9 million visitors. With Indonesia's population reaching 278.7 million in 2023, this means that approximately 85% of Shopee users and 17% of Tokopedia users are Indonesians. This data indicates that nearly all Indonesians are using startup services.

According to Mudo (2015), startup companies are newly established businesses that are typically in the early stages of operation. These companies are often characterized by their relatively short existence and their focus on identifying the right market opportunities. Marikxon (2018) notes that startups, which are still in their growth phase, are predominantly focused on internet and web technologies, encompassing a wide range

---

<sup>4</sup> Intan Rakhmayanti Dewi, "Ini 5 Startup Terbesar Di Dunia, Dari Garmen Hingga Roket," *cnbc indonesia*, 2023, <https://www.cnbcindonesia.com/tech/20230413122741-37-429595/ini-5-startup-terbesar-di-dunia-dari-garmen-hingga-roket>.

<sup>5</sup> Salmah Muslimah, "Data Dukcapil 2024: Islam Agama Mayoritas Di Indonesia, Dianut 245 Juta Jiwa," *kumparan.com*, 2024, <https://kumparan.com/kumparannews/data-dukcapil-2024-islam-agama-mayoritas-di-indonesia-dianut-245-juta-jiwa-23Hnnzxwyq8>.

of fields such as technology, products, services, and applications. These startups are able to operate independently without reliance on established, large corporations. Marikxon (2018) also categorizes startups into several sectors, including trade, information, e-commerce, games, and educational applications.<sup>6</sup> The relationship between startups and entrepreneurship is significant, as entrepreneurship plays a crucial role in the development of startups. Entrepreneurship is the process by which value is created and captured under uncertain conditions. In the context of startups, entrepreneurship involves individuals or teams (co-founders) who actively establish and lead new businesses, navigating the challenges of early-stage development.<sup>7</sup>

According to Viser, Islamic finance is a way of applying Islamic economic principles in practice. It is aligned with the teachings of the Quran and Islamic law (Sharia), and can be seen as an effort by Muslims to preserve or regain their identity. The financial industry consists of a range of companies, institutions, and service providers engaged in financial services. Chafia Kataf (2014) highlighted the significant role of Islamic sukuk and investment funds in the development of Islamic financial markets. Similarly, Saad Ibtisam (2016) emphasized that the Islamic finance industry contributes to revenue generation in Muslim-majority countries.<sup>8</sup> Additionally, Hambrick and Mason (1984) explained how top executives influence their organizations' decisions. They argued that the character of executives plays a crucial role in driving the success of an organization, as empirical evidence shows that executives filter, analyze, and interpret business issues based on their personal values.<sup>9</sup>

## Methods

This research is a qualitative approach, used to describe the data obtained in the field, from various relevant media sources that are still related to research problems, According to Maleong (2018) quantitative research is research that interprets the phenomena that occur in various methods used in the background. Data findings will be re-analyzed and explained in the form of various points of view of problems and previous research, the data includes the growth of start-up founders with the Islamic finance industry which still has a connection.<sup>10</sup> A literature review is conducted to strengthen the analysis of various points of view obtained from book sources, articles and previous studies obtained from journals and scientific papers. Which will answer related problems. Startups and Islamic Finance have the same goal of improving the economy in Indonesia.<sup>11</sup>

---

<sup>6</sup> Mitranti Anindya Ayu and Achmad Ghazali, "The Impact of Perceived Organizational Support on Employee Motivation in Indonesia Technology Startup Companies Post Pandemic Covid 19," *International Journal of Current Science Research and Review* 06, no. 05 (2023): 3069–79, <https://doi.org/10.47191/ijcsrr/v6-i5-48>.

<sup>7</sup> Dhimas Fachri Aziza and Fiona Niska Dinda Nadia, "Trust in Management, Change Resistance and Work Engagement on Startup Employees in Indonesia," *Jurnal Ilmiah Psikologi Terapan* 11, no. 2 (2023): 119–25, <https://doi.org/10.22219/jipt.v11i2.26074>.

<sup>8</sup> Fasiha, *Islamic Finance*, ed. Muh. Ruslan Abdullah, Pertama (Palopo: Laskar Perubahan, 2016).

<sup>9</sup> Bona Patrick Leonard and Aryana Satrya, "The Performance of Technology Industry Startup Employees In The Digital Era In Indonesia," *Dinasti International Journal of Digital Business Management* 4, no. 3 (2023): 437–47, <https://doi.org/10.31933/dijdbm.v4i3.1791>.

<sup>10</sup> I Nyoman Hendra Laksana and I Putu Hendika Permana, "Legal Challenges for Digital Startup Development in Indonesia," *Journal of Digital Law and Policy* 2, no. 2 (2023): 71–80, <https://doi.org/10.58982/jdlp.v2i2.312>.

<sup>11</sup> Unicorn Startups and Founders Backgrounds, "What Makes A Successful Unicorn Startup Founder Exploring Founders' Backgrounds," 2024, 1–20.

## Result

### A. Startup Indonesia

#### 1. The amount of startup growth in Indonesia

Startups in Indonesia are growing rapidly, thanks to the widespread availability of internet access. With a large number of internet users, there is a great opportunity for businesses to leverage startups and expand their reach throughout the country. Startup companies in Indonesia began to gain momentum in mid-2018, with 992 startups reported by the Information Technology Creative Industry Society (MIKTI). Of these, about half were located in Jakarta, Bogor, Depok, Tangerang, and Bekasi—around 522 startups. Other regions included Central Java with 30 startups, Yogyakarta with 54, West Java with 44, and East Java with 113. Outside Java, Bali and NTB had 32 startups, Kalimantan had 24, and 24 startups had no registered domicile. The majority of these startups have been incorporated as limited liability companies (PT), with a total of 504 such startups. MIKTI also noted that the startups primarily operate in sectors like e-commerce, financial technology, and other industries. Most of the founders belong to Generation Y, born between 1981 and 1994. While many startups have fewer than 50 employees, 1.9% employ over 500 people.<sup>12</sup> The founders of these startups are focused on providing convenience and excellent services for internet users, including services for buying and selling products.

#### 2. Startup Service

Startup services continue to grow alongside advancements in smartphone technology and improved internet networks, creating great opportunities for companies to launch startups that offer top-tier services. The development in Indonesia is progressing rapidly, with startups emerging in three key categories: Game Startups: These startups focus on the gaming industry, which is expanding worldwide. Enhanced internet connections allow for interconnected gaming experiences, making games more engaging and attracting a large number of enthusiasts. As a result, businesses are increasingly eyeing this opportunity. Educational Startups: Education startups are becoming essential as the education sector evolves with the use of electronic media and the internet. These innovations make learning more accessible, enabling people to study from anywhere without needing to meet face-to-face. E-commerce Startups: In today's world, people no longer need to leave their homes to shop. Thanks to technology and the internet, online shopping has become convenient, simplifying buying and selling transactions.<sup>13</sup>

#### 3. The startup founder advantage

The internet has progressed very rapidly, many start-ups have sprung up in Indonesia, start-up trust has begun to grow, and many transactions now prefer online over offline, as for the advantages of start-ups. Companies that have an age of approximately 3 years, the number of employees is only less than 20 people, the company

---

<sup>12</sup> Yusuf Wijanarko, "Jumlah Startup Di Indonesia Ratusan Atau Ribuan," komdigi, 2019, <https://www.komdigi.go.id/berita/pengumuman/detail/jumlah-startup-di-indonesia-ratusan-atau-ribuan>.

<sup>13</sup> Loso Judijanto, "Perkembangan Startup Digital Di Indonesia" 4, no. 5 (2024): 2011–32.

has sustainable development, all operational activities through websites, applications with technological support, and all products are digital.<sup>14</sup>

## **B. The Islamic financial industry**

### **1. Total Islamic financial industry in Indonesia**

The Islamic financial industry in Indonesia consists of both banks and non-bank financial institutions that operate based on Sharia principles. Islamic banks in Indonesia have been growing rapidly, alongside non-bank sectors such as Islamic insurance, Islamic pension funds, Islamic financing, Islamic bonds (sukuk), Islamic mutual funds, and other capital market activities. The rapid growth of the Islamic finance industry is expected to play a significant role in expanding the Islamic economy in Indonesia. The emergence of Islamic finance in Indonesia dates back to the founding of Bank Muamalat in 1991. The industry is supported by Islamic financial institutions (LKS) and is based on the Sharia principles outlined by the Indonesian MUI, including Mudharabah, Musyarakah, Wakalah, Mudharabah Musyarakah, and Kafalah.

The growth of the Islamic finance industry in Indonesia is largely driven by the country's majority Muslim population, which makes up 87.2% of the population. This creates significant potential for the development of Islamic finance and Islamic economics, contributing to the achievement of targets such as financial inclusion. Indonesia has risen in rankings from 5th to 4th place, following Malaysia, Saudi Arabia, and the UAE. Additionally, Islamic assets in Indonesia are ranked 7th globally, with total assets amounting to US\$99 billion. Currently, there are 13 Islamic banks, 20 Islamic Business Units (UUS), and 165 Islamic BPRS, all of which are expected to continue growing. In the non-bank sector, there are 102 Islamic fintech companies, and the industry continues to expand into other areas such as multifinance, Islamic insurance, Islamic life insurance, Islamic pawnshops, and more.<sup>15</sup>

### **2. Growth of the Islamic financial industry in Indonesia**

The Islamic finance industry continues to experience rapid growth, driven by Indonesia's majority Muslim population. Indonesia plays an active role in international Islamic financial activities, as evidenced by its ranking as the third-largest in the State of the Global Islamic Economics (SGIE) report for 2023, with a 5.5% year-on-year growth in sharia-based financing. This growth is expected to continue in the coming year, with an anticipated increase of 10% to 12% (yoy). This trend aligns with the implementation of various national strategic initiatives, including halal certification. The financial services sector remains firmly committed to avoiding usury (riba) and adhering to religious principles.<sup>16</sup>

---

<sup>14</sup> Judijanto.

<sup>15</sup> Haryo Limanseto, "Potensi Besar Ekonomi Berbasis Syariah Indonesia," Ekon.go.id, 2021, <https://www.ekon.go.id/publikasi/detail/2943/potensi-besar-ekonomi-berbasis-syariah->

<sup>16</sup> BPJPH, "Indonesia Masuk Tiga Besar SGIE Report 2023, BPJPH: Penguatan Ekosistem Halal Makin Menunjukkan Hasil Positif," halal.go.id, 2023, <https://bpjph.halal.go.id/detail/indonesia-masuk-tiga-besar-sgie-report-2023-bpjph-penguatan-ekosistem-halal-makin-menunjukkan-hasil-positif>.

- The advantages of Islamic financial industry over others  
 What distinguishes the Islamic financial industry from conventional finance lies in the principles they uphold. The Islamic financial industry prioritizes Islamic values, prohibiting interest (usury) and speculative or forbidden transactions. These principles are reflected in Islamic financing, Islamic savings, Islamic deposits, and Islamic credit cards. Instead of charging interest, the Islamic financial industry focuses on profit-sharing or margin-based models.<sup>17</sup>

## Discussion

### Relationship between Startups and the Islamic financial industry

- Startups in island nations  
 Indonesia is one of the largest archipelagic countries in the world, consisting of 17,508 islands and home to 360 ethnic groups. This geographic diversity makes it difficult for some residents to access basic needs and proper education due to the distance from schools, markets, and cities. For example, a distance of just 1.2 km may seem short, but it often requires passing through dense forests, steep valleys, and cliffside paths. To meet their household needs, residents must often travel long distances to reach the nearest city. Moreover, due to the vast expanse of the country and its many islands, some people prefer to avoid long journeys, making online shopping a more attractive option than offline shopping.<sup>18</sup> Startups are a breakthrough that answers everything.
- Indonesia's majority Islamic population

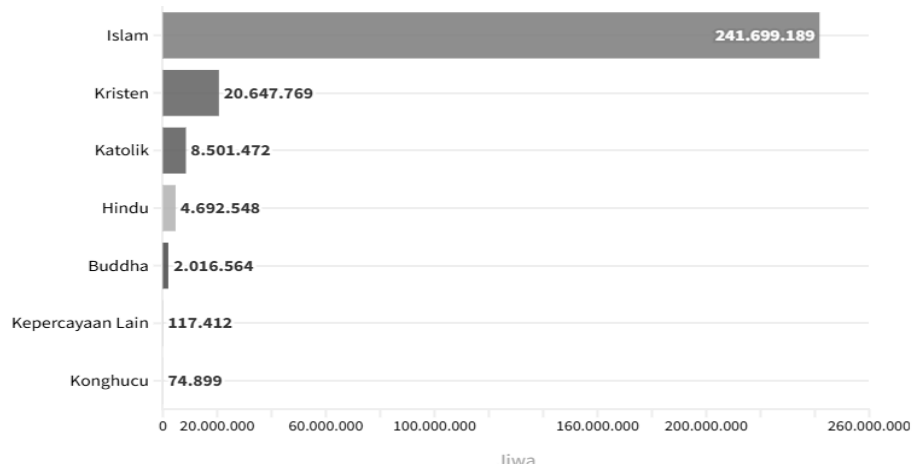


Figure 3. Religion Indonesia

According to data from dataindonesia.id, Islam is the largest religion in Indonesia, with 241,699,169 followers. This is a key factor driving the growth of the halal industry. As a result, Islamic finance has become one of the leading sectors in the country. In March 2024, the Islamic finance sector experienced a growth of 9.52%, with the capital market sector dominating 60% of the share. The sector is poised

<sup>17</sup> Rifqi Muhammad and Rima Lanaula, "Challenges of Islamic Supervisory in The Islamic Financial Technology Industry," *Economica: Jurnal Ekonomi Islam* 10, no. 2 (2019): 311–38, <https://doi.org/10.21580/economica.2019.10.2.3400>.

<sup>18</sup> Dedy Heriansyah, "Indonesia Negara Kepulauan, Bukan Negara Pulau Terbanyak," RRI, 2024, <https://rri.co.id/ipitek/703524/indonesia-negara-kepulauan-bukan-negara-pulau-terbanyak>.

to become a regional leader in Islamic finance, further strengthening the halal industry by expanding its business scale.<sup>19</sup>

3. Startup founder and financial industry linkage

A startup is a dynamic company that fully leverages cutting-edge technology and the internet. These companies are increasingly popular among recent graduates and students. Startups are often new and young, developing creative and unique products and services that are quickly embraced by the public. Their goal is to offer services that provide greater satisfaction to customers. Well-known startups, such as Shopee, Tokopedia, Airbnb, and Instagram, have become household names. These companies offer a wide range of services, including transportation, online learning, and more, etc.

The connection between startups and the financial industry lies in the fact that many financial services companies have adopted technology and high-speed internet, believing it can help maximize services and capture a larger market share. Bank Indonesia explained that the integration of financial services and technology has transformed the business model. What used to require face-to-face payments with physical cash can now be done remotely in a matter of seconds. This shift is known as fintech, which enables faster and more convenient transactions. Fintech plays a crucial role in boosting the economy by improving access to financial services for the community.<sup>20</sup>

Islamic fintech, financial services that use Sharia principles, and Sharia-based payments are promoted by MUI and OJK as the development of Islamic fintech in Indonesia.

Through the penetration of Islamic financial inclusion, Generation Z can have a significant influence, as this generation is closely connected to the digital world and the internet. There have been many shifts in the trend of financial institutions integrating digitally. This integration aims to rebuild customer loyalty, reduce risk management challenges, and further shape the banking ecosystem, providing long-term benefits. As a result, digital banking activities continue to rise, as they are seen as more practical and convenient.

4. The ability of Startup and Islamic financial industry to support economic improvement in Indonesia

The digital economy and startups have proven to have a significant impact on Indonesia's economy, as demonstrated during the COVID-19 economic crisis. Many businesses faced the risk of closure due to the Large-Scale Social Restrictions (PSBB) imposed by the government, which limited people's ability to shop outside their homes. However, with the presence of startups, people were still able to shop and meet their household needs online.<sup>21</sup> According to several researchers, companies play a major role in the development of the digital economy in

---

<sup>19</sup> databoks, "Jumlah Populasi Muslim Di Kawasan ASEAN (2023)," 2023, <https://databoks.katadata.co.id/datapublish/2023/03/28/ini-jumlah-populasi-muslim-di-kawasan-asean-indonesia-terbanyak#:~:text=Laporan The Royal Islamic Strategic,mencapai 237%2C55 juta jiwa.>

<sup>20</sup> Choi et al., "Founding Teams and Startup Performance."

<sup>21</sup> Artem Malinin, "Beyond the Pitch: Role of Founders' Characteristics in Startup Funding," *Journal of Accounting and Finance* 23, no. 5 (2023): 80–98, <https://doi.org/10.33423/jaf.v23i5.6563>.



Indonesia. Startup companies contribute significantly, accounting for 4% of the country's GDP. These startups, particularly in the e-commerce sector, are experiencing rapid growth and are driving the recovery of other economic sectors. Entrepreneurs have leveraged this growth as a catalyst for the digital economy's development in Indonesia, marking a major breakthrough in economic expansion. In 2023, Indonesia became the fifth-largest startup hub in the world, with 2,346 startups, and the growth of startups continues to accelerate year after year. An increasing number of startups have reached a valuation of US\$1 billion, elevating Indonesia's status as a hub for unicorns, and several startups have even reached valuations of US\$10 billion, earning them the title of decacorns.

The Annual Islamic Finance Conference (AIFC) highlighted the significant role of Islamic finance in national economic recovery. Islamic finance has proven to be a key driver in helping economies recover during crises like the COVID-19 pandemic. As one of the fastest-growing sectors of the global economy, Islamic finance saw asset growth of 15.65% year-on-year in 2021, reaching IDR 598.2 trillion. Additionally, the growth of Islamic capital market investors rose by 9.3%. These figures demonstrate that Islamic finance can play a vital role in economic recovery programs and poverty alleviation by empowering businesses and communities. The principles of justice and sincerity are fundamental to Islamic finance, which incorporates social elements like zakat, waqf, and infaq in its fair-risk financing models.

5. The relationship between startups and the Islamic financial industry

Startups in Indonesia are experiencing rapid growth. As of January 2024, there are 2,562 startups in the country, spanning various sectors such as services, e-commerce, transportation, travel, health, and more. Many startups are focusing on high-tech services, creating applications built in-house. Additionally, there is a growing trend of educational startups offering app-based solutions. Below are some examples of startup categories:

Table 1. Startup

No	Category	Startup
1	e-commerce	Shopee, Tokopedia, bibli.com, Lazada, Bukalapak, Aku laku, JD.id dll
2	Apps/Games	Agate studio, Touchen game, Own Game, Toge Production dll
3	Heath-tech	Halodoc, Alodokter, KlikDokter, Good Doctor dll
4	Training and Education	Ruangguru, IndonesiaX, HarukaEdu, Arkademy, Zenius, Quipper dll
5	Transport and Hotels	Tiket.com, Traveloka, dll
6	e-wallet	Shopee Pay, Ovo, Dana, Link aja, Gopay dll
7	Digital Bank	Bank jago, Sea bank, Bumi Artha, Allo Bank, Bank Binis dll
8	Labour distributor	Job Street, Karir, Link,id, Glints, Loker.id
9	Property/invests	Mami kos, bibit
10	Agriculture	Tanihub, I-grow

According to Databoks, e-commerce startups are leading in the field, with almost everyone using e-commerce platforms to meet both primary and secondary

needs. These platforms have become a dependency for many. E-commerce helps reduce transportation costs to cities and markets, eliminating the need to visit multiple stores to compare product prices, thus saving valuable time. With startups, consumers can visit dozens of stores within an hour. Below is data on the growth of e-commerce in Indonesia in 2023.

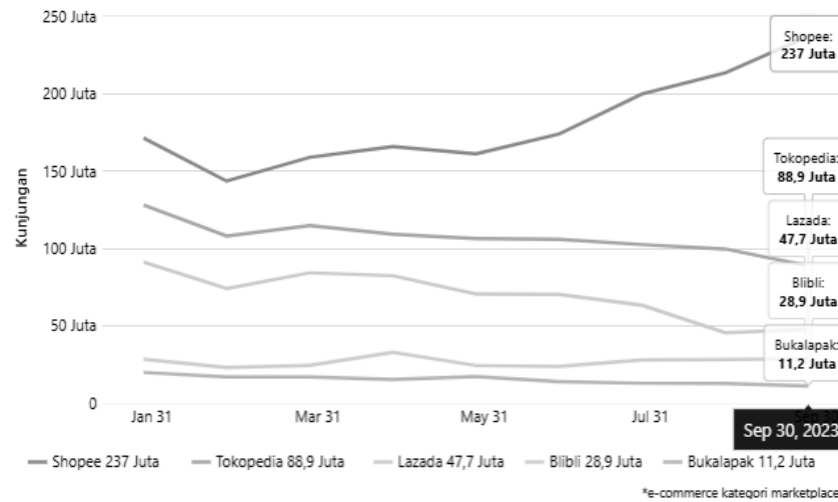


Figure 4. E-Commerce

In 2023, Indonesia's population is 277.5 million. According to Databoks on e-commerce, the platform with the highest number of visitors is Shopee, with 217 million visitors, followed by Lazada with 88.9 million, Bukalapak with 47.7 million, Bilibli with 28.9 million, and Bukalapak with 11.2 million visitors. With Shopee taking the top spot, it is estimated that 78% of the Indonesian population has indirectly engaged with startups through these platforms. Start-up service transactions are closely linked to digital payments, which play a key role in supporting the growth of the financial industry by acting as a bridge for these transactions. The table below highlights several e-commerce startups that have partnered with the financial industry.<sup>22</sup>

Table 2. Financial Industry

No	e-commerce	Financial Industry		Total
		Conventional	Islamic	
1	Shopee	10	1	11
2	Tokopedia	20	2	22
3	Lazada	6	-	6
4	Bibli	13	2	15
5	Bukalapak	9	1	10

Startup companies are closely intertwined with the financial industry, as financial institutions serve as a crucial bridge for payments. Without the trust and

<sup>22</sup> Nafisah Maulidia Chusma et al., "Implementasi Etika Bisnis Islam Dalam Transaksi Jual Beli Online Pada E-Commerce Populer Di Indonesia," *Jurnal Perbankan Syariah Darussalam (JPSDa)* 1, no. 2 (2021): 166–81, <https://doi.org/https://doi.org/10.30739/jpsda.v1i2.998>.

support of these institutions, startup businesses cannot thrive. Startups also rely heavily on the digital financial sector for their operations. Observations of several startups show that conventional financial institutions dominate the sector more than Islamic finance, with Bank BSI and Bank Muamalat leading in the Islamic finance space, particularly with Link Syariah e-wallet. The startup business holds great promise for the future, driven by technological advancements and the growing internet economy. Many financial industries are actively contributing and collaborating to improve services, ensuring that startup users and customers feel secure while also reinforcing trust in the banking sector. Startups do not only rely on financial institutions for transaction and payment services; many also seek capital to scale rapidly and compete on a global level. As such, cooperation between startups and the financial industry is essential for growth and innovation.

PT Bank Negara Indonesia (BNI) has launched the BNI Venture program, a startup business platform in collaboration with its subsidiary cooperation unit. This partnership further strengthens the connection between banking and technology. Mact Arc is an innovation designed to address business challenges by leveraging cutting-edge AI technology solutions. This initiative fosters strategic partnerships with startups, providing a platform for learning and collaboration. Rather than overshadowing startups, it offers valuable opportunities to enrich the innovation ecosystem.<sup>23</sup> The Vice President of BCA Bank is committed to continuing the study of fintech and startup dynamics by investing in startup companies, including both fintech and non-fintech startups that offer financial products such as edu-tech, health-tech, and MSME digitization solutions. This approach helps create a positive impact on the ecosystem and generates reinvestment opportunities in the digital sector. Currently, BCA Bank has funded 30 startups.<sup>24</sup> Mandiri Capital Indonesia (MCI) is a program initiated by Bank Mandiri to connect startup companies with 23 businesses across various sectors, including e-wallets, healthcare, e-commerce, open banking, agritech, and more. This initiative serves as a bridge between Bank Mandiri and startups, offering not only venture capital but also ongoing partnership support. MCI remains active in helping startups achieve profitability and continues to seek new opportunities to provide funding and assistance to emerging ventures in Indonesia.<sup>25</sup> Bank BTN is also actively contributing to the development of the digital ecosystem in Indonesia. The bank collaborates with Plug and Play to identify startup companies that could become strategic partners. The financial industry must remain open to technology and flexible in creating opportunities for cooperation with startups and fintech, aiming to enhance services. BTN continues to partner with e-commerce platforms, as e-commerce transactions are projected to increase sharply. According to research by Google and Temasek Holdings, e-commerce in Indonesia is expected to reach USD 100 billion by 2025. Startups should be embraced, as they offer

---

<sup>23</sup> Siaran Pers, "BNI Ventures Jembatani Startup Dan Perbankan Melalui Program Match Arc," BNI, 2024, <https://www.bni.co.id/id-id/beranda/kabar-bni/berita/articleid/23899>.

<sup>24</sup> Pratama, "Rating 154 Institusi Keuangan Syariah 2023."

<sup>25</sup> Mandiri Capital, "Mengenal Ekosistem Startup Di Indonesia," mandiri, 2023, <https://mandiri-capital.co.id/mengenal-ekosistem-startup-di-indonesia/>.

significant benefits to both the financial industry and consumers, who seek better access to essential services.<sup>26</sup>

Bank Indonesia continues to work on merging the financial industry with technology. What initially required face-to-face payments can now be done remotely and in seconds. The rise of fintech and startups has increased the circulation of money within the community, playing a crucial role in improving the economy of Indonesia.<sup>27</sup>

In light of the findings above, it is clear that the financial industry and startups are deeply interconnected and rely on each other. Startups cannot operate effectively without the financial industry, and the financial industry cannot ignore the role of startups. Startups offer more convenient services to their customers, which in turn increases the circulation of money and positively impacts other sectors, contributing to overall economic growth. Indonesia is a predominantly Muslim country, with 87% of the population adhering to Islam. One prominent startup, Shopee, has 78% of its users or visitors coming from Indonesia. However, despite the growing role of startups, more startup services still rely on conventional finance for transactions between sellers and buyers, rather than Islamic finance. This indicates that, even though the majority of Indonesians are Muslim, the Islamic financial industry has not yet become the primary means of payment for many Indonesians.

## Conclusion

The growth of the Islamic finance industry is accelerating, with 87.2% of the population in Indonesia being Muslim, which represents a significant potential market for Islamic finance. Indonesia is an archipelago consisting of 17,508 islands and over 360 tribes, and due to the vast distances between cities, online shopping has become more attractive than offline shopping. Startups have emerged as the best choice for many, especially as they link with the financial industry. Many financial institutions are transitioning to digital platforms, and fintech solutions are increasingly faster and more practical. Both startups and the Islamic finance industry play a key role in supporting economic improvement. Even during the economic downturn caused by the COVID-19 crisis, they were able to meet essential needs. In particular, e-commerce startups have made a substantial contribution to the national economy, accounting for 4% of Indonesia's GDP. The principles of Islamic finance have also proven effective in aiding economic recovery and addressing poverty through mechanisms like zakat, waqf, and infaq. There are currently 2,562 startups in Indonesia, spanning sectors such as e-commerce, apps/games, health tech, education, transportation, agriculture, and e-wallets. E-commerce startup users alone now account for 78% of the population. However, startups cannot operate independently of the financial industry. Many still rely on conventional finance methods for payments, which highlights the need for greater collaboration in terms

---

<sup>26</sup> BPR Nusamba, "Strategi Perbankan Gandeng Startup Percepat Penyaluran Kredit," BPR Nusamba, 2018, <https://www.bprnusamba-adiwarna.co.id/berita/detail/strategi-perbankan-gandeng-startup-percepat-penyaluran-kredit>.

<sup>27</sup> Erwin Haryono, "Pertumbuhan Ekonomi Indonesia Tetap Kuat," *Bank Indonesia*, 2023, [https://www.bi.go.id/id/publikasi/ruang-media/news-release/Pages/sp\\_2511423.aspx](https://www.bi.go.id/id/publikasi/ruang-media/news-release/Pages/sp_2511423.aspx).

of startup capital. Given that 87% of Indonesia's population is Muslim, the Islamic finance industry has yet to reach its full potential in the country.

## Bibliography

- Anindya Ayu, Mitranti, and Achmad Ghazali. "The Impact of Perceived Organizational Support on Employee Motivation in Indonesia Technology Startup Companies Post Pandemic Covid 19." *International Journal of Current Science Research and Review* 06, no. 05 (2023): 3069–79. <https://doi.org/10.47191/ijcsrr/v6-i5-48>.
- Annur, Cindy Mutia. "Kalahkan Singapura, Indonesia Rajai Jumlah Startup Di Asia Tenggara." *databoks*, 2023. <https://databoks.katadata.co.id/teknologi-telekomunikasi/statistik/c5b81940d2286c8/kalahkan-singapura-indonesia-rajai-jumlah-startup-di-asia-tenggara>.
- Aziza, Dhimas Fachri, and Fiona Niska Dinda Nadia. "Trust in Management, Change Resistance and Work Engagement on Startup Employees in Indonesia." *Jurnal Ilmiah Psikologi Terapan* 11, no. 2 (2023): 119–25. <https://doi.org/10.22219/jipt.v11i2.26074>.
- BPJPH. "Indonesia Masuk Tiga Besar SGIE Report 2023, BPJPH: Penguatan Ekosistem Halal Makin Menunjukkan Hasil Positif." *halal.go.id*, 2023. <https://bpjph.halal.go.id/detail/indonesia-masuk-tiga-besar-sgie-report-2023-bpjph-penguatan-ekosistem-halal-makin-menunjukkan-hasil-positif>.
- Capital, Mandiri. "Mengenal Ekosistem Startup Di Indonesia." *mandiri*, 2023. <https://mandiri-capital.co.id/mengenal-ekosistem-startup-di-indonesia/>.
- Choi, Joonkyu, Nathan Goldschlag, John C. Haltiwanger, and J. Daniel Kim. "Founding Teams and Startup Performance." *SSRN Electronic Journal*, 2019. <https://doi.org/10.2139/ssrn.3481850>.
- Chusma, Nafisah Maulidia, Cindy Nurul Aulia, Fitri Nur Latifah, Universitas Muhammadiyah Sidoarjo, and Jual Beli Online. "Implementasi Etika Bisnis Islam Dalam Transaksi Jual Beli Online Pada E-Commerce Populer Di Indonesia." *Jurnal Perbankan Syariah Darussalam (JPSDa)* 1, no. 2 (2021): 166–81. <https://doi.org/https://doi.org/10.30739/jpsda.v1i2.998>.
- databoks. "Jumlah Populasi Muslim Di Kawasan ASEAN (2023)," 2023. <https://databoks.katadata.co.id/datapublish/2023/03/28/ini-jumlah-populasi-muslim-di-kawasan-asean-indonesia-terbanyak#:~:text=Laporan The Royal Islamic Strategic,mencapai 237%2C55 juta jiwa>.
- Dewi, Intan Rakhmayanti. "Ini 5 Startup Terbesar Di Dunia, Dari Garmen Hingga Raket." *cnbc indonesia*, 2023. <https://www.cnbcindonesia.com/tech/20230413122741-37-429595/ini-5-startup-terbesar-di-dunia-dari-garmen-hingga-roket>.
- Fasiha. *Islamic Finance*. Edited by Muh. Ruslan Abdullah. Pertama. Palopo: Laskar Perubahan, 2016.
- Haryo Limanseto. "Potensi Besar Ekonomi Berbasis Syariah Indonesia." *Ekon.go.id*, 2021. <https://www.ekon.go.id/publikasi/detail/2943/potensi-besar-ekonomi-berbasis-syariah->
- Haryono, Erwin. "Pertumbuhan Ekonomi Indonesia Tetap Kuat." *Bank Indonesia*, 2023. [https://www.bi.go.id/id/publikasi/ruang-media/news-release/Pages/sp\\_2511423.aspx](https://www.bi.go.id/id/publikasi/ruang-media/news-release/Pages/sp_2511423.aspx).
- Heriansyah, Dedy. "Indonesia Negara Kepulauan, Bukan Negara Pulau Terbanyak." *RRI*, 2024. <https://rri.co.id/ipitek/703524/indonesia-negara-kepulauan-bukan-negara-pulau-terbanyak>.
- Judijanto, Loso. "Perkembangan Startup Digital Di Indonesia" 4, no. 5 (2024): 2011–32.
- Kristomuljono, Ryan. "Perkembangan Startup Di Indonesia: Sejarah Serta Faktor Pendukungnya." *toffeedevev*, 2024. <https://toffeedevev.com/blog/business-and-marketing/perkembangan-startup-di-indonesia/>.
- Laksmana, I Nyoman Hendra, and I Putu Hendika Permana. "Legal Challenges for Digital Startup Development in Indonesia." *Journal of Digital Law and Policy* 2, no. 2 (2023): 71–80. <https://doi.org/10.58982/jdlp.v2i2.312>.
- Leonard, Bona Patrick, and Aryana Satrya. "The Performance of Technology Industry Startup Employees In The Digital Era In Indonesia." *Dinasti International Journal of Digital Business Management* 4, no. 3 (2023): 437–47. <https://doi.org/10.31933/dijdbm.v4i3.1791>.
- Malinin, Artem. "Beyond the Pitch: Role of Founders' Characteristics in Startup Funding." *Journal*

- of Accounting and Finance* 23, no. 5 (2023): 80–98. <https://doi.org/10.33423/jaf.v23i5.6563>.
- Muhammad, Rifqi, and Rima Lanaula. “Challenges of Islamic Supervisory in The Islamic Financial Technology Industry.” *Economica: Jurnal Ekonomi Islam* 10, no. 2 (2019): 311–38. <https://doi.org/10.21580/economica.2019.10.2.3400>.
- Muslimah, Salmah. “Data Dukcapil 2024: Islam Agama Mayoritas Di Indonesia, Dianut 245 Juta Jiwa.” *kumparan.com*, 2024. <https://kumparan.com/kumparannews/data-dukcapil-2024-islam-agama-mayoritas-di-indonesia-dianut-245-juta-jiwa-23Hnnzxwyq8>.
- Nusamba, BPR. “Strategi Perbankan Gandeng Startup Percepat Penyaluran Kredit.” BPR Nusamba, 2018. <https://www.bprnusamba-adiwarna.co.id/berita/detail/strategi-perbankan-gandeng-startup-percepat-penyaluran-kredit>.
- Pers, Siaran. “BNI Ventures Jembatani Startup Dan Perbankan Melalui Program Match Arc.” BNI, 2024. <https://www.bni.co.id/id-id/beranda/kabar-bni/berita/articleid/23899>.
- Pratama, Galih. “Rating 154 Institusi Keuangan Syariah 2023.” *infobanknews*, 2023. <https://infobanknews.com/rating-154-institusi-keuangan-syariah-2023-setelah-beleid-spin-off-terselip-kata-dan-atau/>.
- Startups, Unicorn, and Founders Backgrounds. “What Makes A Successful Unicorn Startup Founder Exploring Founders’ Backgrounds,” 2024, 1–20.
- Wijanarko, Yusuf. “Jumlah Startup Di Indonesia Ratusan Atau Ribuan.” *komdigi*, 2019. <https://www.komdigi.go.id/berita/pengumuman/detail/jumlah-startup-di-indonesia-ratusan-atau-ribuan>.