

Comparative Analysis of the Performance of the Sharia Stock Index (ISSI) and the Composite Stock Price Index (IHSG) Amid Economic Volatility 2020-2025

Rajab Ali La Ane^{1,*}, Sobar M Johari²

^{1,2}Departement of Sharia Economic, Universitas Muhammadiyah Yogyakarta, Indonesia

*Email: rajab.ali@fai.umy.ac.id

* Corresponding author

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ABSTRACT

This study aims to analyze and compare the performance of the Indonesia Sharia Stock Index (ISSI) and the Composite Stock Price Index (IHSG) in responding to economic volatility during the 2020–2025 period. This timeframe represents a phase of heightened economic uncertainty triggered by the COVID-19 pandemic, rising global inflation, monetary policy tightening, and international geopolitical instability, all of which exerted substantial pressure on Indonesia's capital market. In this context, understanding the comparative characteristics and resilience of sharia and conventional stock indices is essential for both academic development and sustainable investment decision-making. This research adopts a qualitative approach using a literature review method. Data were collected through a systematic examination of reputable national and international academic journals, as well as official reports published by the Indonesia Stock Exchange (IDX) and the Financial Services Authority (OJK). The analysis employs a descriptive-comparative framework by synthesizing empirical findings and theoretical perspectives related to stock index performance, market volatility, and the fundamental characteristics of sharia and conventional investments. The findings indicate that both ISSI and IHSG experienced significant fluctuations throughout the observation period, particularly during the early stage of the COVID-19 crisis. However, ISSI tended to exhibit relatively lower volatility compared to IHSG during periods of extreme economic pressure. This condition is associated with the sharia screening mechanism, which restricts interest-based leverage and speculative activities, resulting in a more defensive risk profile. Conversely, IHSG demonstrates greater sensitivity to macroeconomic changes and global investor sentiment, offering higher return potential under stable market conditions but accompanied by higher risk levels. The study concludes that ISSI shows stronger relative resilience during periods of high economic volatility, while IHSG performs more optimally in normal or expansionary market phases.

1. Introduction

The capital market plays a pivotal role in modern economic systems by functioning as a financial intermediary that channels surplus funds from investors to deficit units for productive investment activities. In emerging economies such as Indonesia, the capital market serves not only as a source of long-term financing but also as an instrument for enhancing capital allocation

efficiency, supporting economic growth, and strengthening financial system stability. Over the past two decades, Indonesia's capital market has experienced substantial expansion, reflected in the increasing number of investors, rising market capitalization, and diversification of financial instruments traded on the Indonesia Stock Exchange

As the primary benchmark of Indonesia's stock market performance, the Composite Stock Price Index (IHSG) represents the price movements of all listed shares on the IDX. IHSG is widely used by investors, policymakers, and academics to assess overall market conditions and to evaluate the impact of macroeconomic dynamics on capital market performance. Fluctuations in IHSG are commonly associated with changes in macroeconomic indicators, monetary policy adjustments, and shifts in both domestic and global investor sentiment¹. Consequently, IHSG is often regarded as a comprehensive indicator of systemic risk and market volatility in Indonesia's equity market.

Parallel to the development of the conventional capital market, Indonesia's Islamic capital market has grown significantly in response to increasing public awareness of Islamic financial principles. One of the most important indicators within this segment is the Indonesia Sharia Stock Index (ISSI), which comprises all sharia-compliant stocks listed on the IDX and included in the Sharia Securities List (DES) issued by the Financial Services Authority (OJK). ISSI functions as a benchmark for the performance of sharia-compliant equities and provides an alternative investment vehicle that emphasizes ethical values, transparency, and the prohibition of interest-based transactions and excessive speculation.

The fundamental distinction between IHSG and ISSI lies in the composition of their constituent stocks. While IHSG includes all listed shares regardless of their compliance with Islamic principles, ISSI is subject to a sharia screening process that restricts interest-based leverage, speculative activities, and non-halal business operations. These structural differences may lead to variations in risk exposure, return patterns, and volatility behavior, particularly during periods of heightened economic uncertainty². As a result, comparing the performance of sharia and conventional stock indices becomes increasingly relevant in assessing portfolio diversification and risk management strategies.

The period from 2020 to 2025 represents one of the most turbulent phases in recent economic history. The outbreak of the COVID-19 pandemic in early 2020 triggered a simultaneous global health and economic crisis, leading to economic contraction, supply chain disruptions, and unprecedented volatility in financial markets worldwide. Indonesia's capital market was not immune to these shocks, as evidenced by sharp declines in both IHSG and ISSI during the initial phase of the pandemic due to heightened uncertainty and negative investor sentiment.³

Beyond the pandemic, economic volatility during this period was further intensified by rising global inflation, aggressive monetary tightening by major central banks, and escalating geopolitical tensions. Interest rate hikes significantly affected capital costs and investment preferences, while exchange rate volatility particularly fluctuations of the Indonesian rupiah

¹ Fuad Fuad and Imamudin Yuliadi, 'Determinants of the Composite Stock Price Index (IHSG) on the Indonesia Stock Exchange', *Journal of Economics Research and Social Sciences*, 5.1 (2021), pp. 27–41, doi:10.18196/JERSS.V5I1.11002.

² Md Bokhtiar Hasan and others, 'Impact of COVID-19 Pandemic on Stock Markets: Conventional vs. Islamic Indices Using Wavelet-Based Multi-Timescales Analysis', *North American Journal of Economics and Finance*, 58 (2021), doi:10.1016/j.najef.2021.101504.

³ Muhammad Syaquy Alghifary, Dzuliyati Kadji, and Iffah Hafizah, 'Indonesian Stocks' Volatility during COVID-19 Waves: Comparison between IHSG and ISSI', *International Journal of Islamic Economics and Finance (IJIEF)*, 6.1 (2023), pp. 105–32, doi:10.18196/IJIEF.V6I1.14838.

against the US dollar added further pressure to the domestic equity market.⁴ These overlapping shocks created a complex environment in which market resilience and risk characteristics became critical considerations for investors and policymakers alike.

A growing body of literature suggests that sharia stock indices may exhibit distinct volatility characteristics compared to their conventional counterparts. Sharia-compliant equities are often perceived as more defensive due to their exclusion of highly leveraged firms and speculative sectors. Consequently, Islamic stock indices are frequently argued to demonstrate relatively greater stability during periods of financial stress or economic crises.⁵ This argument aligns with the theoretical foundation of Islamic finance, which emphasizes risk-sharing, asset-backed transactions, and real-sector orientation.

However, empirical findings on the comparative performance of Islamic and conventional stock indices remain inconclusive. Several studies report no statistically significant differences in returns or volatility between sharia and conventional indices, particularly during crisis periods, due to strong co-movement and high correlation within the same market.⁶ These findings suggest that macroeconomic factors and systemic shocks may dominate the influence of index-specific screening mechanisms.

Conversely, other empirical studies document lower volatility levels and stronger downside protection in Islamic stock indices during episodes of extreme market stress. This resilience is often attributed to the selective nature of sharia screening and the concentration of Islamic indices in less speculative, real-sector-oriented industries.⁷ Such evidence supports the view that Islamic stock indices can serve as a stabilizing investment alternative during periods of elevated uncertainty.

In the Indonesian context, comparative analysis between ISSI and IHSG has become increasingly relevant amid the rapid growth of retail investors and rising Islamic financial literacy. Investment decisions are no longer driven solely by return considerations but also by risk tolerance, stability, and ethical alignment with religious values. Accordingly, a comprehensive understanding of the relative performance and resilience of ISSI and IHSG is essential for informed and sustainable investment decision-making.⁸

From a regulatory perspective, examining the performance dynamics of Islamic and conventional stock indices provides valuable insights for designing inclusive and resilient capital market policies. Evidence on the relative stability of sharia indices during volatile periods can

⁴ Arie Sulistyawan, Muhamad Aji Purwanto, and Imam Mahmudi, 'Results and Comparison of Volatility Between Prices Between IHSG And ISSI: A Case Study of The Turmoil Period 2020-2021', *Bertuah Jurnal Syariah Dan Ekonomi Islam*, 4.1 (2023), pp. 14–30, doi:10.56633/JSIE.V4I1.510.

⁵ Dawood Ashraf and Nazeeruddin Mohammad, 'Matching Perception with the Reality—Performance of Islamic Equity Investments', *Pacific-Basin Finance Journal*, 28 (2014), pp. 175–89, doi:10.1016/J.PACFIN.2013.12.005.

⁶ Salsa Billa Novitasari, Kurniawati Meylianingrum, and Nur Asnawi, *Macroeconomic Influence on Indonesia's Sharia Stock Index with Gold Price as Intervening Variable*, 2023 <<http://conferences.uin-malang.ac.id/index.php/iconies/article/view/2293>> [accessed 3 December 2025].

⁷ Khaled Hussein 2018, *Ethical Investment: Empirical Evidence from FTSE Islamic Index by Khaled Hussein* :: SSRN, n.d. <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3164167> [accessed 21 December 2025].

⁸ Yenny Kornitasari and Amarissa Novianaputri Prasetya, 'The Effect Of Economic Crisis Indicators On The Performance Of Conventional And Islamic Capital Markets In Indonesia; A Comparative Analysis', *Jurnal Ilmiah Ekonomi Islam*, 8.3 (2022), pp. 3565–73, doi:10.29040/JIEI.V8I3.5588.

support policy initiatives aimed at strengthening the Islamic capital market as an integral component of Indonesia's financial system⁹

Despite the growing literature on Islamic and conventional stock market performance, most existing studies predominantly employ quantitative methods, such as volatility modeling, econometric analysis, and statistical testing. While these approaches offer robust numerical insights, they often focus on specific crisis episodes or short observation periods and may overlook broader structural and theoretical explanations underlying index performance differences.

Moreover, prior studies largely concentrate on the immediate impact of the COVID-19 pandemic, with limited attention to the post-pandemic recovery phase and subsequent global economic shocks extending beyond 2022. Research that comprehensively examines the 2020–2025 period encompassing pandemic, inflationary pressures, monetary tightening, and geopolitical uncertainty remains scarce, particularly within the Indonesian context.

Additionally, qualitative research that synthesizes empirical findings and theoretical perspectives to provide a holistic understanding of stock index resilience is still relatively underdeveloped. Existing studies rarely integrate insights from Islamic finance principles, market structure, and macroeconomic dynamics within a single analytical framework.

Therefore, this study addresses these gaps by conducting a qualitative, literature-based comparative analysis of ISSI and IHSG over the 2020–2025 period. By synthesizing empirical evidence and theoretical arguments, this research aims to provide a more comprehensive understanding of the relative performance and resilience of sharia and conventional stock indices amid prolonged economic volatility.

2. Research Method

2.1. Research Design

This study adopts a qualitative research approach employing a systematic literature review (SLR) to analyze and compare the performance of the Indonesia Sharia Stock Index (ISSI) and the Composite Stock Price Index (IHSG) under conditions of economic volatility during the 2020–2025 period. A qualitative design is appropriate because the study does not aim to statistically test hypotheses but rather to develop a conceptual and contextual understanding of stock index behavior by synthesizing existing empirical and theoretical findings.

The research design follows a descriptive–comparative qualitative framework, where the descriptive component explains the characteristics and dynamics of ISSI and IHSG, while the comparative component evaluates their relative resilience, volatility patterns, and responses to major economic shocks, including the COVID-19 pandemic, global inflationary pressures, monetary policy tightening, and geopolitical uncertainty.¹⁰

2.2. Data Sources and Selection Criteria

The study relies exclusively on secondary data obtained from:

⁹ Arifuat Marzuki, 'Analisis Hukum Ekonomi Syariah Dan Fiqh Muamalah Pasar Modal Syariah Di Indonesia', *J-CEKI : Jurnal Cendekia Ilmiah*, 4.4 (2025), pp. 89–103, doi:10.56799/JCEKI.V4I4.9593.

¹⁰ Alghifary, Kadji, and Hafizah, 'Indonesian Stocks' Volatility during COVID-19 Waves: Comparison between IHSG and ISSI'; Agung Budi, Hendra Galuh Febrianto, and Corresponding Author, 'Comparative Analysis of The Performance of The Composite Stock Price Index (IHSG) With the Indonesian Sharia Stock Index (ISSI) During The Covid-19 Pandemic', *International Journal of Management Science and Information Technology*, 3.1 (2023), pp. 93–100, doi:10.35870/IJMSIT.V3I1.1107.

1. Peer-reviewed academic journals indexed in Scopus and SINTA,
2. Official publications and statistical reports issued by the Indonesia Stock Exchange (IDX) and the Financial Services Authority (OJK), and
3. Relevant academic books and policy documents related to capital markets and Islamic finance.¹¹

The literature selection followed predefined inclusion criteria:

- (a) relevance to stock index performance, volatility, or Islamic capital markets;
- (b) publication between 2014 and 2025 to ensure conceptual depth and empirical relevance;
- (c) publication in peer-reviewed or officially recognized sources.

2.3. PRISMA-Style Literature Review Flow

The literature review process was structured following a PRISMA-inspired framework, adapted for qualitative synthesis:

1. Identification: An initial search yielded relevant studies from academic databases and institutional sources using keywords such as *Islamic stock index*, *ISSI*, *IHSG*, *market volatility*, and *economic crisis*.
2. Screening: Duplicate records and non-relevant publications were removed based on titles and abstracts.
3. Eligibility: Full-text articles were assessed for methodological rigor, relevance to the Indonesian context, and contribution to comparative analysis.
4. Inclusion: Selected studies were included in the final qualitative synthesis and comparative analysis.

2.4. Data Analysis Technique

Data analysis employed qualitative content analysis to identify recurring themes, patterns, and conceptual insights related to index performance, volatility behavior, macroeconomic sensitivity, and investor characteristics. Subsequently, a comparative qualitative analysis was conducted to contrast ISSI and IHSG across key dimensions such as resilience during crises, volatility intensity, and structural composition.

To enhance research credibility, source triangulation was applied by cross-examining findings from multiple peer-reviewed studies and official market reports. This methodological approach ensures analytical robustness and strengthens the validity of conclusions regarding the comparative performance of ISSI and IHSG in periods of heightened economic volatility.¹²

¹¹ 2024 Bursa Efek Indonesia [BEI], 'PT Bursa Efek Indonesia', n.d. <<https://www.idx.co.id/id/idx-syariah/indeks-saham-syariah/>> [accessed 21 December 2025]; Purwanto Widodo, 'Is the Volatility of the Islamic Stock Index Lower than the Conventional Stock Index during Covid-19 Pandemic? Empirical Evidence in Indonesia Stock Exchange', *Journal of Islamic Economics and Finance Studies*, 3.1 (2022), pp. 24–42, doi:10.47700/JIEFES.V3I1.4364.

¹² Widodo, 'Is the Volatility of the Islamic Stock Index Lower than the Conventional Stock Index during Covid-19 Pandemic? Empirical Evidence in Indonesia Stock Exchange'; Alghifary, Kadji, and Hafizah, 'Indonesian Stocks' Volatility during COVID-19 Waves: Comparison between IHSG and ISSI'; Muhammad Syauqy Alghifary, Marlina Ekawaty, and Vietha Devia Sagita Sumantri, 'The Volatility of Stock Market in Indonesia During Covid-19 Crisis: Evidence from Consumer Goods Industry', *Journal of International Conference Proceedings*, 6.1 (2023), pp. 313–23, doi:10.32535/JICP.V6I1.2306.

3. Results and Discussion

3.1. Overview of ISSI and IHSG Performance during 2020–2025

The 2020–2025 period represents an exceptional phase for Indonesia's capital market, characterized by heightened volatility affecting both the Composite Stock Price Index (IHSG) and the Indonesia Sharia Stock Index (ISSI). This volatility was driven by a sequence of global and domestic economic shocks, including the COVID-19 pandemic, global inflationary pressures, monetary tightening, and prolonged geopolitical uncertainty. The Indonesian stock market experienced a sharp contraction in early 2020 as pandemic-related uncertainty triggered investor panic and significant foreign capital outflows, followed by an uneven recovery phase during 2021–2022.¹³

Official reports from the Indonesia Stock Exchange indicate that IHSG recorded a substantial decline in the first quarter of 2020, reflecting market expectations of economic slowdown and heightened risk perceptions. Although ISSI was also affected, its movement displayed relatively distinct dynamics. International literature consistently suggests that Islamic stock indices tend to experience more moderate declines during periods of economic stress compared to conventional indices, due to their structural characteristics and screening mechanisms.¹⁴

The recovery phase in 2021–2022 was supported by expansive fiscal and monetary stimulus measures, which restored investor confidence and increased trading activity. However, differences in index composition resulted in varied responses to economic normalization. IHSG, as a broad market index, demonstrated greater sensitivity to interest rate movements, global capital flows, and commodity price fluctuations. In contrast, ISSI's sharia-based screening led to a distinct risk profile, excluding highly leveraged and speculative sectors.

During 2023–2025, renewed volatility emerged amid global inflation, aggressive monetary tightening, and geopolitical tensions. Recent studies indicate that while Islamic indices continue to experience significant fluctuations, they often exhibit relatively stronger resilience during periods of systemic stress.¹⁵ Overall, the performance of both indices reflects the interaction between macroeconomic shocks and index-specific structural features.

3.2. Comparative Resilience of ISSI and IHSG to Economic Volatility

The literature-based analysis reveals fundamental differences in how ISSI and IHSG respond to economic volatility. Market resilience refers to an index's capacity to absorb shocks and stabilize during periods of financial stress. Numerous international studies report that

¹³ OJK Otoritas Jasa Keuangan, 'Id Kanal Syariah Data-Dan-Statistik Daftar-Efek-Syariah Default - Ojk-Go', n.d. <https://ojk.go.id/id/kanal/syariah/data-dan-statistik/daftar-efek-syariah/default.aspx?utm_source=chatgpt.com> [accessed 24 December 2025]; Otoritas Jasa Keuangan. (2020)., /-2020, n.d. <www.ojk.go.id> [accessed 24 December 2025]; Santy Sitohang, 'GAMBARAN PERGERAKAN INDEKS SEKTORAL DAN IHSG DI BURSA EFEK INDONESIA PADA MASA PANDEMI COVID-19 (Periode Februari 2020-Februari 2021)', *JAKPI - Jurnal Akuntansi, Keuangan & Perpajakan Indonesia*, 9.1 (2021), pp. 115–26, doi:10.24114/JAKPI.V9I1.25712.

¹⁴ Naji Mansour Nomran and Razali Haron, 'The Impact of COVID-19 Pandemic on Islamic versus Conventional Stock Markets: International Evidence from Financial Markets', *Future Business Journal* 2021 7:1, 7.1 (2021), pp. 33-, doi:10.1186/S43093-021-00078-5.

¹⁵ Ahmad Abu-Alkheil, Walayet A. Khan, and Bhavik Parikh, 'Risk-Reward Trade-Off and Volatility Performance of Islamic Versus Conventional Stock Indices: Global Evidence', *Review of Pacific Basin Financial Markets and Policies*, 23.1 (2020), doi:10.1142/S0219091520500022; Nomran and Haron, 'The Impact of COVID-19 Pandemic on Islamic versus Conventional Stock Markets: International Evidence from Financial Markets'.

Islamic stock indices tend to exhibit lower volatility during crises, primarily due to sharia screening that restricts excessive leverage and speculative activities.¹⁶

Empirical evidence from Indonesia aligns with this perspective, although the magnitude of differences is context-dependent. Studies employing volatility models such as GARCH demonstrate that both ISSI and IHSG experienced elevated volatility during the COVID-19 shock, with no extreme divergence in volatility levels, indicating the dominant role of macroeconomic fundamentals such as exchange rates, global oil prices, and interest rates.¹⁷ This suggests that sharia compliance does not entirely insulate Islamic indices from large-scale systemic shocks.

Nevertheless, several international studies employing advanced analytical approaches, including wavelet and multi-timescale analysis, conclude that Islamic indices often display stronger relative resilience during turbulent periods. In the Indonesian context, ISSI showed a comparatively more moderate decline during the initial pandemic shock, supporting the argument that sharia screening contributes to a more defensive risk structure.

Conversely, IHSG demonstrates higher responsiveness during bullish market conditions. Its broader sectoral composition enables higher return potential during economic expansion, albeit accompanied by increased risk exposure.¹⁸ This highlights a trade-off between stability and return, where ISSI offers relative resilience during crises, while IHSG performs more optimally during stable or expansionary phases.

3.3. Determinants of Performance Differences and Similarities between ISSI and IHSG

The similarities and differences in ISSI and IHSG performance are shaped by a combination of macroeconomic, structural, regulatory, and behavioral factors. Macroeconomic variables such as inflation, interest rates, exchange rates, and economic growth exert significant influence on both indices. Empirical studies confirm the existence of long-run relationships between macroeconomic indicators and stock market returns.¹⁹

ISSI, however, exhibits lower sensitivity to interest rate fluctuations due to sharia restrictions on debt-based financing. This characteristic became particularly relevant during post-pandemic monetary tightening, which exerted stronger pressure on IHSG.²⁰ Structurally, IHSG includes sectors such as finance, energy, and commodities, making it more responsive to global economic cycles. In contrast, ISSI is more concentrated in real-sector industries, contributing to its defensive behavior during crises.²¹

Regulatory support also plays a role. Continuous efforts by OJK and BEI to strengthen the Islamic capital market through the Sharia Securities List (DES) and investor education initiatives

¹⁶ Nomran and Haron, 'The Impact of COVID-19 Pandemic on Islamic versus Conventional Stock Markets: International Evidence from Financial Markets'.

¹⁷ Alghifary, Kadji, and Hafizah, 'Indonesian Stocks' Volatility during COVID-19 Waves: Comparison between IHSG and ISSI'; Alghifary, Ekawaty, and Sumantri, 'The Volatility of Stock Market in Indonesia During Covid-19 Crisis : Evidence from Consumer Goods Industry'.

¹⁸ Suryadi SURYADI, Endri ENDRI, and Mukhamad YASID, 'Risk and Return of Islamic and Conventional Indices on the Indonesia Stock Exchange', *The Journal of Asian Finance, Economics and Business*, 8.3 (2021), pp. 23–30, doi:10.13106/JAFEB.2021.VOL8.NO3.0023.

¹⁹ Md Fazlul, Huq Khan, and Md Masum Billah, *Macroeconomic Factors and Stock Exchange Return: A Statistical Analysis*, 3 May 2023 <<https://arxiv.org/pdf/2305.02229>> [accessed 24 December 2025].

²⁰ Nomran and Haron, 'The Impact of COVID-19 Pandemic on Islamic versus Conventional Stock Markets: International Evidence from Financial Markets'.

²¹ Mehmet Asutay, Yumeng Wang, and Alija Avdukic, 'Examining the Performance of Islamic and Conventional Stock Indices: A Comparative Analysis', *Asia-Pacific Financial Markets* 2021 29:2, 29.2 (2021), pp. 327–55, doi:10.1007/S10690-021-09351-7.

have enhanced the credibility and stability of ISSI. Investor behavior further differentiates the indices, as sharia investors tend to adopt longer-term, less speculative strategies, contributing to lower volatility levels.

Despite these differences, long-term convergence between ISSI and IHSG persists due to financial market integration and shared exposure to global economic conditions. Thus, performance differences remain relative and context-dependent rather than absolute.

3.4. Integration with Previous Studies

The findings of this study are consistent with prior research indicating that Islamic indices tend to exhibit lower volatility during crisis periods but do not consistently outperform conventional indices under normal market conditions. National studies also confirm that both ISSI and IHSG were significantly affected by the COVID-19 shock, with differences in volatility being present but not always statistically substantial.²²

This study contributes to the literature by adopting a qualitative, synthesis-based approach, enabling deeper examination of non-quantitative factors such as index structure, regulatory frameworks, and investor behavior. Consequently, it complements existing quantitative studies by providing broader conceptual insights into the comparative dynamics of Islamic and conventional stock indices.

3.5. Theoretical and Practical Implications

Theoretically, this study reinforces the view that sharia principles can enhance market stability during periods of heightened uncertainty, contributing to the discourse on Islamic finance as a resilient and sustainable financial system. Practically, the findings offer valuable insights for investors in portfolio diversification strategies. Risk-averse investors may consider ISSI for its relative stability, while return-oriented investors may prefer IHSG during favorable market conditions. For regulators, the results support policies aimed at strengthening the Islamic capital market as an integral component of Indonesia's financial system.

4. Conclusion

This study examines and compares the performance of the Indonesia Sharia Stock Index (ISSI) and the Composite Stock Price Index (IHSG) in the context of heightened economic volatility during the 2020–2025 period using a qualitative, literature-based approach. The selected period reflects a phase of substantial macroeconomic uncertainty driven by the COVID-19 pandemic, global inflationary pressures, monetary policy tightening, and geopolitical instability, all of which significantly affected Indonesia's capital market dynamics. The synthesis of prior empirical and theoretical studies indicates that both ISSI and IHSG experienced pronounced volatility, particularly during the early stages of the COVID-19 crisis, followed by a gradual recovery as economic conditions improved. However, the findings consistently suggest that ISSI exhibits relatively lower volatility and stronger resilience during periods of extreme economic stress compared to IHSG. This characteristic is closely associated with Islamic stock screening mechanisms that limit excessive leverage and speculative activities, resulting in a more defensive risk profile.

In contrast, IHSG demonstrates higher sensitivity to macroeconomic fluctuations and global investor sentiment due to its broader sectoral composition. While this increases volatility, it also allows IHSG to generate higher returns during stable or expansionary market conditions. Despite these differences, both indices remain strongly interconnected, reflecting their

²² Alghifary, Kadji, and Hafizah, 'Indonesian Stocks' Volatility during COVID-19 Waves: Comparison between IHSG and ISSI'.

integration within Indonesia's national capital market framework. Overall, this study concludes that ISSI represents a relatively stable investment alternative under high-volatility conditions, whereas IHSG offers higher return potential accompanied by greater risk. These findings contribute to the comparative literature on Islamic and conventional capital markets and provide practical implications for investors and policymakers in designing risk-adjusted investment strategies and fostering a resilient and sustainable capital market ecosystem.

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