Al Urwah: Sharia Economics Journal
https://journal.takaza.id/index.php/alurwah
Vol. 03, No. 02, 2025, pp. 23-27
E-ISSN: 3025-9398
E-mail:alurwah@takaza.id

Risk Management Analysis and Business Opportunity Identification in Sharia Investment Development

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Article History:
Received: 19-12-2025
Revised: 09-01-2026
Accepted: 11-01-2026

Keywords: *Business Opportunities, Risk Management; Sharia Investment*

Abstract: *This article explores the role of risk management and business opportunity mapping in enhancing the development of Sharia-compliant investments, drawing on recent studies discussing Islamic investment concepts, risk control mechanisms, investor behavior, and the evolution of the halal industry. Sharia-based investments possess distinct characteristics due to their obligation to comply with Islamic principles, including the prohibition of riba, gharar, and maysir. As a result, the risks involved extend beyond financial aspects to include Sharia compliance risks. Based on a comprehensive literature review of nationally indexed journals, this study identifies various types of risks such as market, liquidity, operational, credit, and Sharia compliance risks, along with management strategies including prudential assessment, portfolio diversification, strengthened Sharia governance, and the use of digital technologies. The article also highlights emerging business opportunities within the Islamic investment landscape, particularly in the halal industry, Islamic fintech, sukuk instruments, Sharia mutual funds, and Sharia-based financing schemes. The findings indicate that strengthening risk mitigation strategies while optimizing business opportunities can support sustainable growth in Sharia investment. This study contributes academically to the understanding of Islamic investment dynamics and serves as a practical reference for investors and Islamic financial institutions.*

How to Cite: Ahmad Muhajir, Pani Akhiruddin Siregar, Ahmad Afandi Surbakti. (2025). Risk Management Analysis and Business Opportunity Identification in Sharia Investment Development. *3*(2). pp. 23-27 https://doi.org/10.61536/alurwah.v3i2.1340

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Introduction

Sharia investment is a rapidly growing sector, driven by increasing public understanding of the importance of economic practices aligned with Islamic values. Within the framework of Sharia economics, investment is not solely oriented toward achieving material gain but also serves as an instrument for achieving blessings and welfare through transactions free from usury, gharar, and maysir. Contemporary thinking on Sharia investment emphasizes the integration of ethical, spiritual, and economic aspects, thus ensuring that Sharia financial instruments are gaining increasing attention in the modern financial system.(Al-mustafa, 2023).

The growth of the Islamic finance industry has been accompanied by the emergence of various investment instruments such as sukuk, Islamic mutual funds, Islamic stocks, and various contract-based financing products. This variety of instruments demands comprehensive risk management, considering that risks in Islamic finance encompass not only market, operational, liquidity, and credit risks, but also Sharia compliance risks, which are a distinguishing factor from conventional systems. Non-compliance with Sharia principles has the potential to undermine the legitimacy of transactions and impact public trust, thus ensuring the critical role of Sharia governance mechanisms.(Kamila & Widad, 2025)In various studies, strengthening governance, implementing the precautionary principle, and improving the quality of risk analysis are the main strategies for risk mitigation in Islamic financial institutions.(Kharisah, 2022)This is evident, for example, in contract-based financing such as murabahah, which requires a structured risk mitigation approach from the analysis stage to monitoring (Marbun, 2022). Even for small and medium-sized businesses, risk management is crucial given the high market and operational risks inherent in running a business (Aulia, 2023).

Beyond risks, business opportunities in sharia-compliant investments are also expanding. The strengthening of the halal industry, the growing interest of the younger generation in the sharia-compliant capital market, and the emergence of sharia-compliant fintech innovations are opening up significant opportunities for the development of more varied and adaptive investment products. Digital transformation has also facilitated easier access to information and investment instruments, thus encouraging broader public participation in the sharia-compliant financial ecosystem.(Togatorop & Baidhowi, 2025). In fact, research results show that the financial behavior of the younger generation has a positive tendency towards sharia investment, thus creating significant opportunities for sharia financial institutions to develop more attractive and relevant instruments.(Faizah et al., 2025).

Although the development of Islamic investment shows a positive trend, there are still research gaps that require further study. The majority of existing studies still discuss risks and opportunities separately, resulting in few studies integrating both aspects within a comprehensive framework. Furthermore, studies on investor interest, particularly among the younger generation, often focus on behavioral aspects without linking them to strategic implications for the development of Islamic investment instruments. Based on these conditions, this study was conducted to provide a more comprehensive understanding of risk management and business opportunity identification within the framework of Islamic

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investment development. This research is expected to provide academic contributions and serve as a practical reference for investors, Islamic financial institutions, and regulators in formulating strategies to strengthen sustainable Islamic investment.

Research Methods

This research employs a literature review method, examining various relevant scientific sources to assess risk management and business opportunities in Islamic investment. This approach was chosen because the topic discussed relies heavily on theoretical foundations and empirical findings developed in previous research. Furthermore, Islamic investment itself is a concept built on normative principles such as the prohibition of usury (riba), gharar (gharar), and maysir (gambling), making a literature review an appropriate step to gain a comprehensive understanding of the concept, implementation, and dynamics of its development (Al-Mustafa, 2023).

The data collection phase involved selecting articles covering related issues, ranging from risk management models in Islamic financial institutions, investor behavior in Islamic capital markets, contract-based financing risks, to investment opportunities in the halal sector and Islamic digital financial services. The literature included research on market, operational, liquidity, and compliance risks in Islamic financial institutions, which require effective mitigation mechanisms.(Kamila & Widad, 2025). In addition, other sources provide explanations about how credit risk in murabahah financing can arise and strategies for resolving it(Marbun & Jannah, 2022), as well as studies on operational and market risks faced by SMEs (Aulia, 2023). Research on investor interest, particularly among the younger generation, in sharia instruments is also an important part of the analysis, given their increasing participation in sharia-compliant investments.(Faizah et al., 2025).

All literature is then analyzed in depth to examine how concepts, risks, and opportunities in Islamic investment are interrelated. Studies on Islamic governance and risk regulation provide insight into the importance of Islamic compliance in maintaining investment stability (Rolianah, 2021; Sari, 2023). Meanwhile, studies on Islamic capital markets, the halal industry, and the development of digital finance provide insight into the increasingly wide-ranging opportunities for investment growth in the modern context.(Togatorop & Baidhowi, 2025).

Through this literature analysis process, this research builds a comprehensive picture of the dynamics of risks and opportunities in Islamic investment. The literature study approach allows researchers to combine various academic findings into a unified understanding, explaining how risks can be minimized and business opportunities optimized to support the sustainable development of Islamic investment.

Results and Discussion

A literature review shows that Islamic investment is dynamic, involving both risk challenges and business opportunities that continually evolve in response to societal needs. Analysis of various studies demonstrates that proper risk management enables Islamic financial institutions to maximize available opportunities, while emerging opportunities can only be optimally utilized if risks are properly managed. Therefore, Islamic investment needs

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to be understood through the holistic relationship between the two.

The risk characteristics of Islamic investments indicate that financial institutions face not only market, credit, and liquidity risks, but also Sharia compliance risks, a key difference from conventional financial systems. Compliance risks arise when transactions do not comply with Sharia principles, and this can impact the institution's reputation and credibility. Research confirms that commitment to Sharia principles is a fundamental factor in maintaining investment sustainability.(Kamila & Widad, 2025)

Financing risks are also a concern, particularly in murabahah contracts, which frequently face payment issues. Inaccurate feasibility analyses, weak monitoring, and unstable economic conditions often lead to problematic financing. To minimize these risks, Islamic financial institutions need to ensure consistent and structured evaluation and monitoring processes.(Marbun & Jannah, 2022)This shows that the quality of risk management directly affects the effectiveness of financing.

Studies on small and medium enterprises (SMEs) show that they face significant operational and market risks. For example, limited resources and managerial capabilities make them more vulnerable to business instability. This is particularly relevant because SMEs are one of the main sectors financed by Islamic financial institutions. Therefore, risk mitigation strategies need to be tailored to the characteristics of SMEs, including through business education and mentoring.(Aulia, 2023).

Beyond risks, literature shows that opportunities in Islamic investment are increasingly wide open. The growth of the halal industry in various sectors, such as tourism, beauty, and lifestyle, provides space for Islamic financial institutions to develop innovative financing products. Simultaneously, technological developments and the emergence of Islamic fintech provide easier and faster access for the public to invest. Digitalization is a significant factor driving the participation of new investors, especially the younger generation, who are increasingly interested in the Islamic capital market. Research shows that the younger generation has a positive disposition toward Islamic investment and is more responsive to digital platforms.(Faizah et al., 2025).

Sharia governance also plays a crucial role in creating a healthy investment environment. Sharia supervision and audits help ensure that financial institutions operate in accordance with Sharia principles, thereby enhancing investor confidence. Several studies emphasize that good governance not only reduces risk but also strengthens opportunities for investment expansion by increasing public trust.(Rolianah et al., 2021);(Sari, 2023).

Overall, the literature analysis shows that the success of Islamic investment depends on the ability of financial institutions to balance risk mitigation and opportunity utilization. Significant business opportunities stemming from the growth of the halal industry, the preferences of young investors, and technological innovation will have maximum impact if supported by strong risk management. Therefore, integrating these two aspects is key to the sustainable development of Islamic investment.

Conclusion and Recommendation

Literature analysis shows the great potential of sharia investment, despite being hampered by market and credit risks.operational, liquidity, and Sharia compliance. Effective

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risk management is crucial for the stability of financing contracts such as murabahah, the Islamic capital market, and the SME sector. Opportunities grow along with public awareness of Sharia products, the expansion of the halal industry, financial digitalization, and the interest of the younger generation. Balancing risk mitigation and opportunity development is key to sustainable growth.

Islamic financial institutions need to strengthen risk management from assessment tocontrolSharia-compliant financing to minimize problem financing; increase SME empowerment through managerial training and financial literacy; develop innovative products tailored to the preferences of the younger generation; and optimize digital technology for accessibility, efficiency, and transparency. These steps ensure stable, inclusive sharia investment and contribute to a sustainable economy.

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