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SYARIAH CAPITAL MARKET REACTION TO THE ANNOUNCEMENT OF INDONESIA DSN-MUI FATWA NO. 80 (EVENT STUDY ON STOCKS JII ON THE JSE)

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Abstract

Indonesian Capital Market consists of the Capital Market Conventional and Syariah Capital Markets. In general, Syariah Capital Market activity has no difference with conventional capital markets, but there are some special characteristics of Syariah Capital Market products and mechanisms, namely that the transaction does not conflict with Islamic principles. March 8, 2011, DSN-MUI has issued Fatwa No. 80 on the Application of Sharia in mechanisms Equity Trading in the Regular Stock Exchange. Study of events is the study of market reaction to an event and can be used to test the content of the information. Testing the content of information and testing semi strong form market efficiency are two different tests. Testing information content is meant to see the reaction of an event. If an announcement contains information, it is expected that the market will react when the announcement was welcomed by the market. Results obtained from this study indicate that the event announcement DSN-MUI Fatwa No. 80 In 2011, positive effect on the abnormal return and trading volume activity significantly in the current event window which means that contains information on market reaction. Further research that wants to examine can use the mean adjusted model and market model or use all three models then the results of the calculation of the three models can be compared to find out the impact on the research.

Keywords: Syariah Capital Market, Jakarta Islamic Index, Abnormal Return, Trading Volume Activity

INTRODUCTION

The development of the Indonesian Capital Market has increased from year to year, seen from the increase in the Composite Stock Price Index (CSPI) and the number of companies listing on the Indonesia Stock Exchange. With the increasingly complex Indonesian Capital Market, investors want to invest in products that they consider comfortable and safe.

The current development of the Sharia capital market has a considerable influence on the growth of the economic system. The development of the Sharia capital market is currently experiencing a rapid increase and is no longer a trend in Muslim countries alone but has been around the world. Increased growth reached 15% per year worldwide which led developed countries to become interested in the Sharia capital market (Antonio, MS 2013).

Empirical data shows that the development of the Sharia capital market has increased from year to year. Seen in Figure 1, the JII index shows an increase from 2011 amounting to 26.12%, from 527.96 to 665.84 in 2014.

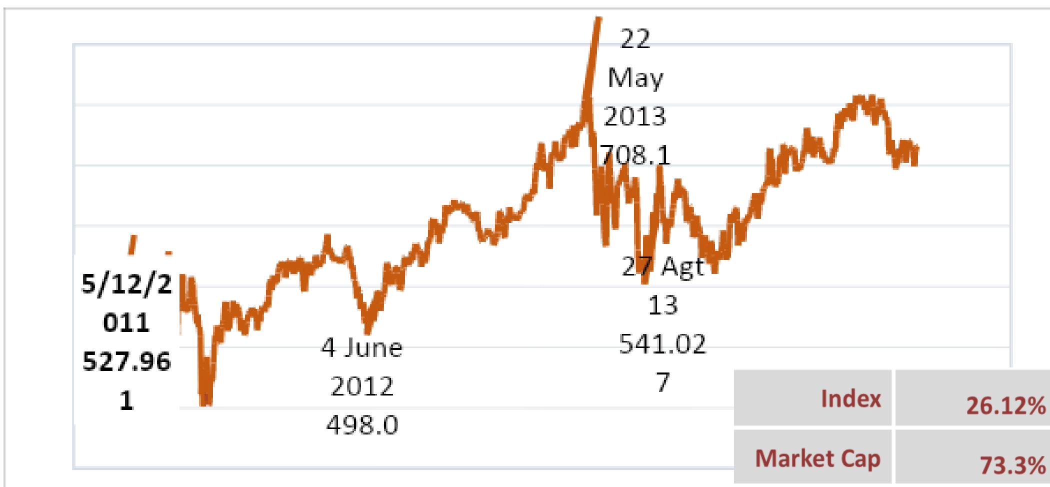

Figure 1. Movement of the Jakarta Islamic Index (JII) the period 20 11 - 2014

Source: Indonesia Stock Exchange (2014).

The Islamic Capital Market in Indonesia has increased quite dynamically, both seen from the published Islamic products, the Islamic index launched as well as the Fatwa of the National Sharia Council - the Indonesian Ulema Council (DSN-MUI) related to the capital market and the Financial Services Authority (FSA) regulations regarding Sharia Capital Market. The issuance of Islamic mutual funds by PT Danareksa Investment Management on July 3, 1997 was the first development of the sharia-based capital market in Indonesia. The launch of the Jakarta Islamic Index on July 3, 2000 by the Indonesia Stock Exchange in collaboration with PT. Danareksa Investment Management is a further development of the Islamic capital market.

The development of the Sharia capital market in Indonesia must be followed by regulations to regulate Sharia capital market activities. A fairly dynamic development must be followed by regulations relating to the DSN-MUI Fatwa or OJK regulations. These regulations will provide direction and explanation regarding both sharia issues and related to other activities.

The potential for Sharia Capital Market development in Indonesia is very large in terms of the financial and economic sectors as well as from the investor side. In terms of the financial and economic sectors, Indonesia has strong and stable economic growth. Investors who are one of the top middle class Muslim communities in Indonesia currently have increasing growth.

Fatwas relating to the emerging capital market have provided an impetus to develop alternative sources of financing while simultaneously adding alternative halal investment instruments. The fatwa issued by the DSN-MUI has a lot of influence on investors regarding understanding in terms of beliefs or adherents of Muslim faith. Fatwa is not the same as positive law which has binding power for all citizens, but fatwas can have binding powers after being transformed into legislation. The fatwa issued by the DSN-MUI (National Sharia Council of the Indonesian Ulema Council) is approximately 107 fatwas and has made a positive contribution to the regulation of the Islamic economic legal system. The fatwa of the DSN-MUI is an important part of the legal system of the Republic of Indonesia which is based on the first Pancasila precept is the One and Only God and one of the basic Laws is Islamic Law.

Fatwa in addition to providing solutions to the questions raised also serves as a tool in responding to the development of problems that occur in the present or contemporary. In this case the fatwa can provide certainty in giving legal status to a problem that arises. Without a fatwa, a problem may be insoluble which ultimately makes the people experience confusion. Fatwa as an instrument for establishing a law is very important in its position to legitimize the legality of all things, including economic transactions. This happens because the fatwa, which is one of the alternatives in breaking the ice of the development of Islamic law, can be used as an instrument to answer any new event that has not been in the narration of syar'i or in the opinions of previous scholars.

Event study is a study that studies the market reaction to an event (event) and can be used to test information content. Testing information content is intended to see the reaction of an event. If the announcement contains information (information content), it is expected that the market will react when the announcement is received by the market. Market reaction is indicated by a change in prices of the securities concerned (Jogiyanto, 2013).

The content of the information in an event on the capital market reaction can be measured using returns as the value of changes in prices or by using abnormal return is the difference between the actual return with the expected return by investors. Besides using abnormal returns, the market reaction to information can also be seen through the parameters of trading volume activity movements in the market (Trading Volume Activity) (Jogiyanto, 2013).

Ball and Brawn (1968), were the first people to study market reactions due to accounting information. The study used the annual financial statements of 261 companies in 1945-1965. The study classified its income to increase relatively and companies whose income dropped relatively. The conclusion obtained is that the market is in the form of half-strong, which means that there is a speed of the market response to accounting information. When the financial statements are published, all price increases that adjust to the bad news have taken place.

Next the stock market reaction is not the same for all types of businesses. The results of research conducted by Dita, RP (2012) entitled "Stock Market Reaction to Announcement of ISSI Launching on the Indonesia Stock Exchange", showed the calculation of abnormal data return does not find a significant positive value. The calculation results show a negative abnormal return value but not significant after going through the t-test. Testing with the Paired Sample-T test shows that there are no significant differences in abnormal returns before and after the announcement. The calculation of trading volume activity also does not find a significant value during the window period. Testing with the Paired Sample-T test cannot find a significant difference in trading volume activity before and after the announcement. Based on these results it was concluded that the announcement of the ISSI launch had little effect on investors' investment decision making and there were indications that investors still doubted the halal investment in the capital market.

The results of the next study by Lasmasigi (2002) that capital markets can react positively and negatively to a political event. Positive capital market reaction to political events against the Republic of Indonesia President's Substitution event on July 23 2001 and the results showed that on three trading days, there were abnormal returns that were positive and significant. Rahayu's research (2007) states that the reaction of the capital market to the United Indonesia Cabinet reshuffle in 2005 and proves that at that time the market reacted positively to events, indicated by the emergence of positive and significant average abnormal returns around the announcement of the cabinet reshuffle. Case Study conducted by Dita, RP (2013) shows that there is no significant difference between abnormal returns before and after the announcement of the Indonesian Syariah Stock Index, so it can be said that the announcement does not have a strong influence on making market participants decide to invest in stocks get a high return.

In addition, the event study also analyzes the volume of stock trading. The volume of stock trading is also an indication of market strength or weakness. This concept assumes that the increase or decrease in stock market movements accompanied by a large stock trading volume is a sign of market strength and if it is not accompanied by relatively large volumes it is a weak market sign.

The last event regarding the provisions in the implementation of the Sharia Capital Market is those issued by the National Sharia Council under the Indonesian Ulema Council, namely the Implementation of Sharia Principles in the Equity Securities Trading Mechanism in the Stock Exchange Regular Market on March 8, 2011. This fatwa was issued because there are still questions from the general public regarding the suitability of Sharia for the mechanism of equity securities trading in the capital market.

LITERATURE REVIEW

Market Efficiency

Efficient capital markets are capital markets whose stock prices reflect information on the market and can adjust quickly to new information. Market efficiency is a market where the price of all traded securities reflects all information currently available relevant to publicly available (Eduardus, 2010). Market efficiency is also a quick adjustment of securities prices to the arrival of relevant new information and current securities prices fully reflect the information available about these securities (Reilly and Brown, 2006). Sharpe, et al. (1995) revealed that "the market is called efficient by paying attention to a certain set of information, if it is not possible through these markets to obtain abnormal profits (except by chance) by utilizing that information to make a buying or selling decision".

The market will utilize announcements that have information content as a material for consideration in making investment decisions. Many studies have been carried out on the announcement. Announcement of changes in the composition of Korea Composite Stock Price Index 200 (KOSPI 200) conducted by Jooyoung and Tong (2010) shows that information on the entry of shares into an index is responded positively by the market. Research conducted by Munawarah (2009) showed similar results regarding the announcement of the IDX suspend which was also responded positively by the market. Furthermore, the stock split announcement by Luciana and Emanuel (2005) shows that the announcement of the stock split has information content that is negatively responded by the market. Research on the announcement of the opening of the New York Stock Exchange (NYSE) by Dimpfl (2011), shows a significant abnormal return before the announcement, but not after the announcement which means the market only reacts before the announcement.

Study of Events

Event study (event study) is a study using statistics to measure the impact of an event on the value of the company. Event studies are part of the efficient market hypothesis concept which is a form of study to test semi-strong market efficiency In addition to the form of half-strong market efficiency (Fama, 1970) also classifies the typology of weak market efficiency (weak form) and with a strong form (Portfolio and Investment, 2010).

The purpose of the event study is a study to measure the existence of a relationship between an event that affects the securities and returns of these securities (Kritzman, 1994). In addition, event studies can also be used to measure the impact of an event or economic information on the value of a company in the capital market (MacKinlay, 1997). Furthermore, the event study was developed to analyze the market reaction to an event whose information was published (Lamasigi, 2002).

Fatwa of DSN-MUI No. 80

The Fatwa of the National Sharia Council - Indonesian Ulema Council No.80 contains the Implementation of Sharia Principles in the Mechanism of Trading Equity-Type Securities in the Regular Market of the Stock Exchange, among others (Book on Sharia Capital Market Regulations):

1) Explanation in the Qur'an and Hadith regarding the trading process which is based on the Buying and Selling Agreement and the product that is traded does not contain interest (riba) , does not contain fake offers (najsy), does not contain excessive uncertainty (gharar), and does not contain gambling (maisir).
2) The opinions of the scholars regarding the mechanism of buying and selling trading in Sharia principles.
3) The decision of the National Sharia Board which consists of:
    a. General Provisions
    b. Rule of law
    c. Special Provisions

Fatwa of DSN-MUI No. 80 in broad outline provides a legal basis syar'i that products that are in the Sharia Capital Market are in accordance with the rules that are in the Qur'an and Hadith. The fatwa also provides an explanation to the wider community and answers doubts to carry out investment activities with the belief that the implementation of halal investment in terms of sharia and remains within the corridor of Islamic teachings.

Jakarta Iskamic Index

The Jakarta Islamic Index (JII) is one of the composite stock indices on the Jakarta Stock Exchange which consists of 30 Sharia-based companies in Indonesia. The establishment of JII aims to increase investor confidence in investing in Sharia-based shares and provide benefits for investors running Islamic Sharia in investing. JII is also expected to support the transparency and accountability process of sharia-based shares in Indonesia (https://id.wikipedia.org/wiki/Jakarta_Islamic_Index).

Determination of criteria in the selection of shares in JII involves the PT DIM Syariah Supervisory Board. Shares that will enter JII must go through a sharia filter first. Based on the direction of the PT DIM Sharia Supervisory Board, there are 4 conditions that must be fulfilled so that these shares can enter JII:

1) Issuers do not run gambling businesses and games that are classified as gambling or trade that are prohibited
2) Not a conventional financial institution that applies the usury system, including conventional banking and insurance
3) Businesses that are carried out are not producing, distributing, and trading illicit food / beverages
4) Do not run a business producing, distributing, and providing goods / services that are morally damaging and harmful

The review will be conducted every 6 (six) months by determining the index component in the beginning of January and July each year. Whereas changes to the issuer's main business types will be monitored continuously based on available public data. Companies that change their business lines to be inconsistent with sharia principles will be excluded from the index. While the issuer's shares issued will be replaced by shares of other issuers. All of these procedures aim to eliminate speculative stocks that are quite liquid. Some speculative stocks have a high level of liquidity, the average value of regular trade and a low level of market capitalization.

Abnormal Return

The study analyzes the event of abnormal returns (abnormal returns) of capital market or securities that may occur around the announcement of an event. No return normal or excess return is the excess of the actual return that occurs to the normal return or return expected by the investor (expectant return). Thus to calculate the abnormal return is the difference in actual returns that occur with normal returns :

$RTN_{i,t} = R_{i,t} - E [R_{i,t}$

Where: $RTN_{i,t}$ = abnormal return on the value of the i-stock in the period of the t-event.

$R_{i,t}$ = return realization that occurs for the ith stock in the period of the t-event.
$E[R_{i,t}]$ = expected return of the ith stock for the period of the t-event.

The real return is a return that occurs at the t time, while a normal return is a return that must be estimated. Estimates of normal or expected return merurut Jogiyanto (2013) can use the mean-adjusted model, market models and marked-adjusted models. The estimation model is explained as follows:

Mean-adjusted model: calculation of expected return constant value which is considered equal to the average return of previous realization during the estimation period with the following calculations:

$$E[R_{i,t}] = \frac{\sum_{j=t1}^{t2} R_{i,j}}{T}$$

Where:

$E[R_{i,t}]$ = expected return of the i stock for the period of the t-event.
$R_{i,j}$ = return on realization of stock i in the jth estimation period.
T = duration of estimation period, which is from t1 to t2.

Market model: calculation of expected returns with the market model done in two stages. First form the expectation model using realization data during the estimation period and second by using the expectation model to estimate the expected return in the window period. This model is formed using OLS (Ordinary Least Square) regression techniques:

$R_{i,j} = \alpha_i + \beta_i \,.\, R_{Mj} + \varepsilon_{i,j}$

Market- adjusted model: for market suitability models assume that the best estimator for estimating the return of a stock value is to look at the market index return at that time. Then it is not necessary to use the estimation period to form an estimation model, because it is the same as the market index return.

Trading Volume Activity

Trading volume activity (TVA) shows the activity or volume of stock trading and reflects how active and liquid a stock is traded in the capital market. According to Foster (1986) TVA calculation is done by comparing the number of company shares traded with the total number of outstanding shares of the company during the study period.

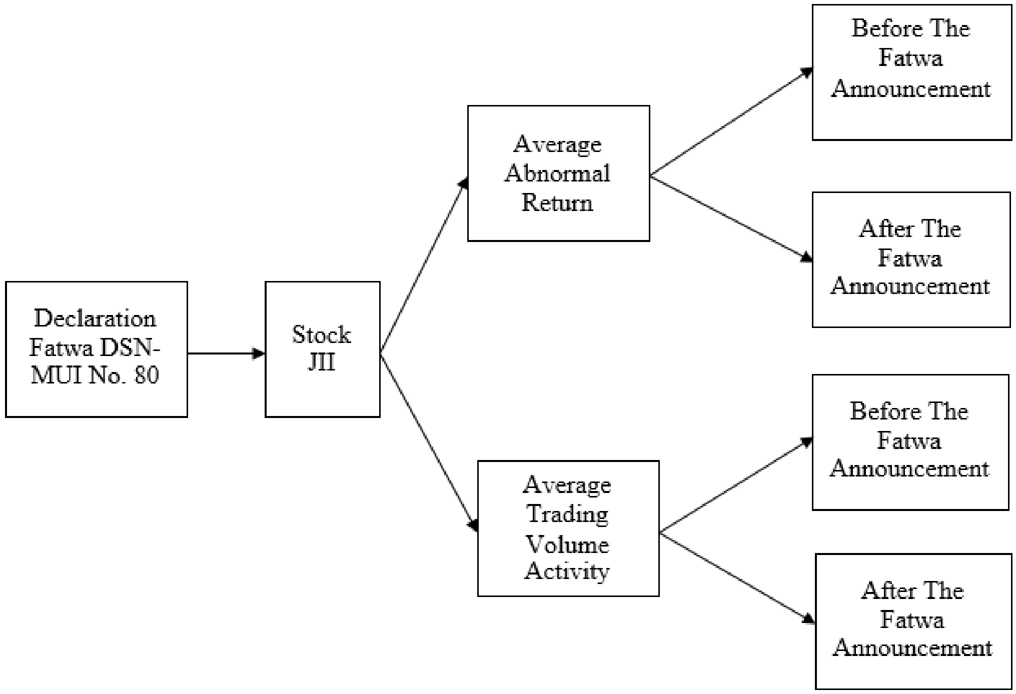

Figure 2. Conceptual Model

$$TVA_t = (\sum saham\ perusahaan\ i\ yang\ diperdagangkan\ pada\ hari\ t) / (\sum\ saham\ perusahaan\ i\ yang\ tercatat\ di\ BEI\ pada\ hari\ t)$$

Information published as an announcement will provide a signal for investors in making investment decisions. If the announcement contains a positive value, it is expected that the market will react when the announcement is received by the market. The market reaction is indicated by a change in the volume of stock trading. When the information is announced and all market participants have received the information, market participants first interpret and analyze the information as a good signal or bad news according to Jogiyanto (2013).

The results of this information interpretation will later affect the demand and supply of investors. If many investors are pessimistic because of bad news from the information received, then he will reduce the number of purchases that occur and will add to the offer in the market so that prices will be pushed down. Conversely, if investors view optimism as a result of good news from information received, then he will increase the number of purchases that occur and will reduce the supply on the market so that prices will be pushed up (Sharpe, Alexander and Bailey, 2005).

The capital market reaction to the information content in an event can be measured by using a return as a price change value or by using an abnormal return which is the difference between the actual return and the return expected by investors (Jogiyanto, 2013). In addition to using abnormal returns, the market reaction to information can also be seen through the parameters of trading volume activity movements in the market (Trading Volume Activity). Suryawijaya and Setiawan (Wardani, 2004) state that an increase in trading volume in the capital market as a form of capital market reaction to an event, can have two meanings. If the increased trading volume is caused by an increase in demand, it indicates that the event is good news for market participants, whereas if the increase in trading volume is a result of increase in sales, it can be interpreted that the event is bad news.

Based on the background of the incident and the theoretical framework above, the research hypothesis can be formulated as follows:

1) H1: there is abnormal return significant positive around the date of occurrence per Tiwa announcement is the National Sharia Board Fatwa No. 80.
2) H2: there is an average difference abnormal r e turn shares in the pre-event period announcement of Fatwa National Sharia Council No. 80.
3) H3: there is an average difference abnormal r e turn shares in the period of after events announcement of Fatwa National Sharia Council No. 80.
4) H4: there is an average difference abnormal r e turn shares in the after-event period announcement of Fatwa National Sharia Council No. 80.
5) H5: there is an average difference trading volume activity shares in the pre-event period announcement of Fatwa National Sharia Council No. 80.
6) H6: there is an average difference trading volume activity shares in the period of after events announcement of Fatwa National Sharia Council No. 80.
7) H7: there is an average difference trading volume activity shares in the after-event period announcement of Fatwa National Sharia Council No. 80.

RESEARCH METHODS

This research is a study of events (event study). This research includes population research using stocks incorporated in the Jakarta Islamic Index (JII) for the period 2010 - 2011. The Jakarta Islamic Index is a Sharia stock index consisting of 30 of the most liquid stocks listed on the Indonesia Stock Exchange. Review of Sharia shares in JII is conducted twice a year, namely in May and November. JII is one of the BEI's flagship indices because the process of selecting 30 stocks included in this index takes into account the factors of liquidity, market capitalization, fundamental performance, and has the highest average daily transaction value in the regular market.

Research variable

1. Quantitative data used in this study are stock prices, stock trading volume and joint stock price index during the period of events taken from shares incorporated in the Jakarta Islamic Index during the event period. The event period used in this study is 11 trading days, 5 days before the event, 1 day at the event, and 5 days after the event. The announcement of the DSM-MUI Fatwa no. 80 occurred on March 8, 2011. Thus, the research period was March 1, 2011 to March 15, 2011.
2. This data is in the form of stock data of companies that carry out trading activities on the JII exchange, historical data about the price and volume of daily stock trading and historical data about the Jakarta Islamic Index (JII) during the observation period. The data is obtained from the Indonesian Capital Market Directory (ICMD) and accesses the website www.idx.co.id, www.finance.yahoo.com, and www.duniainharga.com.

Population and research sample

The population in this study comprised of companies registered in the Jakarta Islamic Index totaling 30 companies that have been trading before and after the announcement. The data used in this study are companies listed on JII that trade in the announcement period. This method of selecting data is used to fit the research designed, namely quantitative research. The criteria used are data of selected shares actively traded from 2010 - 2011 and never experienced delisting.

Method of Collecting Data

This study looks at market reactions shown by the existence of abnormal stock returns and trading volume activity around the date of the announcement of the DSN-MUI Fatwa No. 80 of 2011 on companies incorporated in the Jakarta Islamic Index, starting from March 1, 2011 to March 15, 2011 which is the period of events. The object of research is for companies that enter the Jakarta Islamic Index where only 30 companies are constituents. The object of research takes the companies that are included in the JII from 2007 to 2011 (source: https://www.idx.co.id/Portals/0/StaticData/MarketInformation/ListOfSecurities/IndexConstituent/JII). The results of the research object of the company that always entered the Jakarta Islamic Index and were not delisted during the above period were obtained by 7 companies, namely: AALI (Argo Astra Lestari Tbk), ANTM (Aneka Tambang (Persero) Tbk), INCO (International Nickel Indonesia Tbk), INTP (Indocement Tunggal Perkasa Tbk), KLBF (Kalbe Farma Tbk), PTBA (Bukit Asam Coal Mine (Persero) Tbk), TLKM (Telekomunikasi Indonesia (Persero) Tbk).

Analysis Method

1) Analysis technique. The analysis was carried out using event study analysis techniques to process and discuss the data obtained
2) Observation Period
3) Abnormal Return Calculation Method
4) Trading Volume Activity (TVA) Method
5) Hypothesis testing

ANALYSIS AND RESULTS

Analysis Results of Abnormal Return

Table 1. Descriptive Statistics Abnormal Stock Returns 11 Days around Events

Period	Mean	Standard Deviation
Before	-0,0013	0.0046
Moment	-0.0032	0.0192
After	-0,0014	0.0065

Based on Table 1, it can be said that the average stock abnormal return during the period before, during and after the event is entirely negative. The average abnormal return has decreased by 0.0019 at the time of the event and returns again to increase by 0.0018, then with the standard deviation value which is inversely proportional to the movement of abnormal return.

Table 2. Calculation Results Average Abnormal Daily Returns During the Research Period

Period	Average Abnormal Stock Returns
t-5	-0,0007
t-4	0.0031
t-3	-0.0025
t-2	-0.0055
t-1	-0,0012
t0	-0.0032
t + 1	-0.0065
t + 2	-0,0031
t + 3	0.0064
t + 4	0.0031
t + 5	-0.0068

The results of the average calculation of stock abnormal returns on a daily basis during the study period indicate that the value of abnormal returns is mostly negative. Abnormal returns that are positive occur only three times, namely at t-4, t + 3 and t + 4. The highest abnormal return value occurs in the period of three days after the event (t + 3) which is equal to 0.0064, while the lowest abnormal return value occurs at t + 5 which is equal to -0.0068.

Results of Volume Activity Trading Data Analysis

Table 3. Descriptive Statistics Average Trading Volume Activity Shares
11 Days Around the Event

Period	Mean	Standard Deviation
Before	0.0022	0.0019
Moment	0.0037	0.0049
After	0.0055	0.0064

Based on the results of calculations in Table 3, it can be seen that trading volume activity during the study period has increased. This is indicated by the average value of TVA in the period before the event is 0.0022 which subsequently increases to 0.0037 and after the event returns to increase by 0.0018 to 0.0055.

Table 4. Daily Stock Calculation Results for TVA Daily During Event Period

Period	Average TVA Shares
t-5	0.0028
t-4	0.0023
t-3	0.0017
t-2	0.0027
t-1	0.0015
t0	0.0037
t + 1	0.0054
t + 2	0.0076
t + 3	0.0053
t + 4	0.0046
t + 5	0.0047

Based on the data in Table 4, it can be seen that the movement of TVA values during the 11 days of the event period is quite fluctuating where movements before events tend to be lower than after the event. The average value of TVA before the event is still below 0.0030 and continues to decline by 0.0015 in the t-1 period. Furthermore, the value of TVA moves up after the event begins at the time of the event or the t0 period TVA value is 0.0037, t + 1 TVA value is 0.0054 and the highest TVA value for the period of 11 days is in the period t + 2 with a value of 0.0076. The lowest TVA value is at period t-1 with TVA value at 0.0015 level.

Significance Test Results

T-Test Results Significance Abnormal Return

From Table 5. it can be explained that there is an average abnormal return which is negatively insignificant. Period t + 4 which has a significant positive value. The value of the t-calculated average abnormal return at t + 4 is 2.091 is a significant value at the level of 10%, because the value of t-count is greater than the t-table value of 1.440. Whereas for periods t-4 and t + 3 are positive but still smaller than the value of t-table namely t-4 as much as 0.822 and t + 3 at 1.071. The average negative abnormal return with a negative t-count occurs on the 8-day event period. Thus, H1 cannot be accepted so that it can be concluded that the emergence of a negative average abnormal return is not significant around the date of the announcement of the National Sharia Council Fatwa No. 80 does not have information content that is considered good news.

Table 5. Results of Calculation of Significance of Abnormal Return on Event Period

Period Event	**Average Abnormal Stock Returns**	**t-count**	**Information**
t-5	-0,0007	-0.159	Not Signif fish
t-4	0.0031	0.822	Not significant
t-3	-0.0025	-1.009	Not significant
t-2	-0.0055	-0,956	Not significant
t-1	-0,0012	-0.366	Not significant
t0	-0.0032	-0.444	Not significant
t + 1	-0.0065	-0,930	Not significant
t + 2	-0,0031	-0.344	Not significant
t + 3	0.0064	1,071	Not significant
t + 4	0.0031	2,091	Significant*
t + 5	-0.0068	-1,374	Not significant

* = significant at the level of 10% (t> 1,440)

Test Results Different Average Abnormal Return

Table 6. Wilcoxon Test Results Abnormal Average Data Signed Rank Test Stock Return During Event Period

Hypothesis	Variable	Asymptotic sig.	Information
H2	AAR Before	0.818	Not significant
H3	AAR After-Time	0.768	Not significant
H4	AAR Before	0.994	Not significant

From Table 6, it is known that for the pre-event period, asymptotic sig. indicates a value of 0.818, or is above alpha 5%. Thus H2 is rejected and it is concluded that there is no significant difference between the average stock abnormal return in the period prior to the announcement of the National Sharia Council Fatwa No. 80. In the after-and-after period, asymptotic sig . shows values of 0.768 and 0.994, indicating that it is above alpha 5%, then H3 and H4 are rejected and it can be concluded that there is no significant difference between the average abnormal return shares in the period prior to the announcement of the Fatwa of the National Sharia Council No. 80.

Test Results Different Trading Volume Average Activity

Table 7. Wilcoxon Test Results Signed Rank Test Data for Average TVA Shares during the Event Period

Hypothesis	Variable	Asymptotic sig.	Information
H5	ATVA Before	0.500	Not significant
H6	ATVA After-Time	0.397	Not significant
H7	ATVA Before	0.046	Significant

Table 7 presents the results of the TVA stock average difference test using the Wilcoxon Signed Rank Test at a 5% significance level. From the results listed in the table, it can be seen that for the period before the event, asymptotic sig. shows a value of 0.500, far above alpha 5%. Thus H5 is rejected which means that there is no significant difference between the average TVA of shares in the period before and during the event. Announcement of the Fatwa of the National Sharia Council No. 80. In the period after the event, the asymptotic value sig. the average TVA is 0.397 or still above the alpha significance level of 5%. Thus, H6 is unacceptable, meaning that there is no significant difference between the average TVA share in the period during and after the event. Announcement of the National Sharia Council Fatwa no. 80. The period before the occurrence of events, asymptotic sig. the average TVA is 0.046 below the alpha significance level of 5% so that means H7 is accepted which means that there is a significant difference between the average TVA stock in the period before and after the occurrence of the Announcement of Fatwa National Sharia Council No. 80.

DISCUSSION

The results of the H1 hypothesis testing state that there are no positive abnormal returns around the date of the occurrence of the Announcement of the Fatwa of the National Sharia Council No. 80 with a t-count below or less than t-table 1.440. Positive t-count value and value greater than t-table at t + 4 period. The existence of the announcement of the National Sharia Council Fatwa no. 80 in general does not give rise to market reaction significance so it can be concluded that the announcement is not good news for market participants. The announcement does not contain information expected by market participants. In the period t + 4 the value of abnormal return significant positive occurs, this can be interpreted that the announcement was late socialization for market participants so that market participants were slow to react to the announcement of the National Sharia Council Fatwa no. 80 which is a fatwa that is very meaningful for adherents of Muslims to obtain Sharia legal certainty on stocks in the capital market in general and into the Jakarta Islamic Index in particular. Response to this information even though it is valid for 1 day observation period but is very meaningful. The capital market reaction in the t + 4 period can also be concluded that investors respond positively to this event, marked by the existence of an abnormal return of significant positive value. This means that investors welcomed the announcement of the Fatwa of the National Sharia Council No. 80.

The results of the H2 hypothesis testing in the period before the occurrence of the event there were no significant differences in the average abnormal return, and also above the significant level of 0.05. In the period before the event there was a negative value for the average abnormal return, meaning investors already knew of any information about the announcement of the Fatwa of the National Sharia Board No. 80 so investors tend to be fair or do not react to these events, because if the information content or event has meaning or good information it can be seen from the abnormal return. An announcement that has information content will provide abnormal return to the market (Jogiyanto, 2010).

The results of testing the H3 hypothesis in the period after the event, did not prove a significant difference in the average stock abnormal return. This happens because the average value of a high abnormal return occurs at t + 3, while in the period from t-3 to t + 2 the average abnormal return is negative. The new market reacted after 3 days of the announcement event, proving that the market did not know in full and definite about the contents of the announcement of the National Sharia Council Fatwa No. 80 which the contents explain that shares traded and entered into Sharia criteria in sharia law are halal or can be traded. Investors who have an Islamic or Muslim background want Sharia legal certainty regarding stock trading. The announcement of this fatwa has caused market players or investors to have a legal basis and form from the side of Islam. The slow reaction of the market is probably also the absence of socialization from the Indonesian Ulema Councilor also from the Financial Services Authority Agency.

The results of testing the H4 hypothesis in the period before the occurrence of the event also prove that there is no significant difference in the average stock abnormal return. These results indicate that for a longer period, the announcement of the Fatwa of the National Sharia Council No. 80 this does not contain a strong content of information, resulting in the market no longer responding, indicated by the average value of abnormal returns that do not differ significantly between the period before and after the event. The absence of a market response is also supported by information in Table 5. where in the period after the event, namely t + 1, t + 2 and t + 5, the average abnormal stock return is dominated by insignificant values.

The results of testing the hypothesis H5 prove that in the period before the event the Announcement of the Fatwa of the National Sharia Council No. 80, there is no significant difference in the average value of stock TVA. This means that the announcement of the Fatwa of the National Sharia Council No. 80 does not have an information content on the reaction of the capital market which does not affect changes in stock trading volume activities. Table 4 shows the increase in trading volume before the event Announcement of the Fatwa of the National Sharia Council-MUI No. 80 which identifies that information about the announcement is already known to investors so that it is close to the time the event occurs trading volume increases.

The results of testing the H6 hypothesis prove that the average value of stock TVA has no significant difference in the period during and after the event of the Announcement of the Fatwa of the National Sharia Council No. 80. This occurs because the increase in trade volume is not significant. The increase in trading volume in the period with the period after the announcement is categorized as not significantly increasing because it is based on asymptotic sig results. still above the alpha significance level of 5%. The increase in the average value of TVA in the start-after period tends to increase compared to the average value of the TVA in the prior period. This is because there is no certainty in the detailed explanation regarding the Announcement of the Fatwa of the National Sharia Council No. 80 both regarding the contents and detailed explanation contained in the Fatwa.

In contrast to the period before and after the event, the results of the hypothesis H7 test in the pre-after period prove that the average value of TVA is significantly different. This is because in the period after the event there was an outreach or explanation from the Indonesian Ulema Council regarding the Fatwa issued by the National Sharia Council. This is evidenced by the increase in the average TVA from the period before the period after the event, namely at t-5 with the average TVA value of 0.0028 to 0.0047 in the t + 5 period. The information contained in the event can also be absorbed slowly by investors, if the information is a provision or legal basis that applies to the implementation of stock trading activities. Announcement of Fatwa of National Sharia Council - Indonesian Ulema Council No.80 this contains the statements of the scholars regarding Sharia trading so that market participants or investors need time to see and study the contents of the announcement which results in the effects of information or events not being felt immediately when the event occurs. The movement of the average value of TVA before and after the announcement proves that market participants need time to react to an event that occurs. The movement of the average value of TVA before and after the announcement proves that market participants need time to react to an event that occurs. The movement of the average value of TVA before and after the announcement proves that market participants need time to react to an event that occurs.

SUGGESTIONS FOR FURTHER RESEARCH

This study uses the market adjusted model in estimating the expected rate of return. Therefore, for further research it is recommended to try to use the mean adjusted model and market model or use all three models then the results of the calculation of the three models can be compared to find out the impact on the research. In addition, for further research it is recommended to be able to develop indicators of measuring other market reactions in addition to using these two main variables, for example by using the frequency of stock trading to enrich the results of the study.

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