

# Bibliometric Mapping of Islamic Letter of Credit using VOSviewer

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This study aims to determine research trends regarding previous Islamic letters of credit, assess research collaboration relationships, and identify future research directions. Using 42 articles published between 2013-2020 on Islamic Letter of Credit. Using qualitative and quantitative approaches, namely Bibliometric and Systematic Literature Review (SLR) methods. This research uses Vos Viewers software. It is known that the three sub-themes that dominate research related to Islamic Letter of Credit are: Islamic Banking and Letter of Credit, Bank Regulation, and Business Financing. This study implies that there is still little research on Islamic Letters of Credit. It is hoped that Islamic Letters of Credit literature can adjust or find new methods that are suitable and accurate.

**Keywords: Islamic Letter of Credit; Bank Regulation; Business Financing**

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## INTRODUCTION

Letter of credit is the most reliable and popular type of payment for international trade (Kim, 2015; Puneri, 2021). Letter of credit is an international payment method that allows an exporter to receive payments directly without waiting for news from abroad and the payment will be received after (Central Bank of Indonesia, 2020). Moreover, Letter of credit is finance that is given to a customer to help them with their import or export business, and Islamic banks offer financing through letters of credit (L/C), specifically L/C financing for Islamic imports and exports. Letter of credit is a product of conventional and sharia banking. Letter of credit products in conventional banks are not sharia-compliant, because there is an element of interest in the product, so there is a sharia letter of credit using sharia-compliant contracts to be a solution to this problem (Khoiruddin, 2010).

Specific research on Islamic letters of credit recorded on Google Scholar began in 2010. Meanwhile, The metadata of the dimension shows that there are 42 studies discussing Islamic credit and researchers who have conducted research on it at most 2 times during 2013-2022. While, research on letters of credit reached 1606 studies. Seeing the data needed, literature mapping is needed.

This study applies bibliometric analysis to map visually. Bibliometric analysis is carried out by making visualizations in the form of Network, Overlay, and Density which aims to find out the bibliometric network between articles or online publication of downloaded metadata. The bibliometric network consists of nodes in the form of circles or circles that represent keywords, while the edges or nodes of the network represent the relationship between pairs of nodes (Donthu et al., 2021; Susanti et al., 2022). Bibliometric analysis in information science constitutes analysis that can reveal patterns of utilization documents, literature developments or sources information in a subject area (Donthu et al., 2021).

This study offers the main novelty, namely this research complements the limited literature review using a bibliometric approach to Islamic letters of credit. To our knowledge, research with bibliometrics approaches to mapping Islamic letters of credit is limited. Previous bibliometric studies focused on Islamic economics broadly such as research on Islamic banking and finance (Faizah et al., 2021), fintech (Alshater et al., 2022), waqf, zakat, etc. Among the previous research regarding the determinant of exporter's intention on sharia letter of credit, the average discussion about letters of credit is

about fraud in L/C, money laundry in L/C, and the law of L/C with the qualitative method (Alawamleh & Abu Helo, 2020; Chhina, 2016; Dolan, 2007).

The researcher wants to identify the main areas and current dynamics of Islamic letter of credit and suggest directions future research. The researcher therefore has the following three research questions (RQ) which are addressed in this study: • RQ1: What are the current trends in the publication of Islamic letters of credit (year, author, article, journal, and country)? • RQ2: What are the common research themes flowing among researchers in this field? • RQ3: What is the intellectual structure of the current research and research directions on Islamic letters of credit

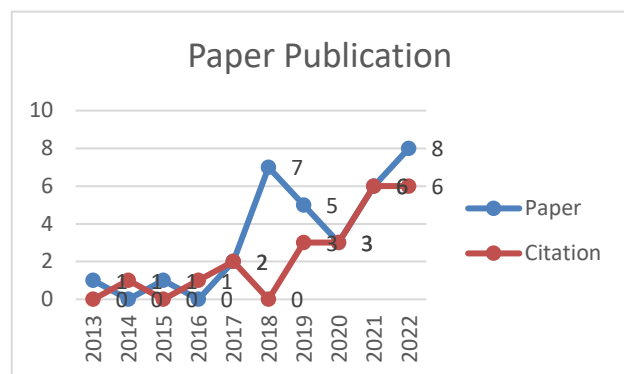
## METHOD

This study applies bibliometric analysis. Bibliometrics is the method used in which several articles on a particular topic are summarized into one. The search for research articles was carried out using the Dimension application. The keyword used is "Islamic Letter of credit". Research journal searches were carried out on the Google Scholar website, Elsevier, emerald. With a span of 12 years, found as many as 42 articles. In the process of studying this bibliometric analysis, we used several available tools to test the data, namely Microsoft Excel to view the results of metadata downloaded via Dimension and to add relevant observational charts and graphs, used VOSviewer to build and describe a bibliometric network. Other studies with bibliometrics related to Islamic economics and finance have been carried out by many researchers, for example As-Salafiyah et al., (2021), Rusydiana (2021), and also Antonio et al., (2021).

## RESULTS AND DISCUSSION

This section describes the data used in this study. According to our dataset, the first publication related to Islamic L/C was in 2010. Since then, 42 articles have been published by 35 publishing journals. In addition, 39 authors have worked on articles related to Islamic L/C. Collaboration index of 0.60 points. Figure 1 reflects the annual trend of Islamic L/C publications and citations between 2010 to 2022. In terms of citation performance, the trend is downward in 2018, 42 articles on Islamic L/C have been cited 25 times. Among the previous research regarding the determinant of exporter's intention on sharia letter of credit, the average discussion about letters of credit is about fraud in L/C, money laundry in L/C, and the law of L/C with the

qualitative method (Alawamleh & Abu Helo, 2020; Chhina, 2016; Dolan, 2007).



**Figure 1.** Distribution of the distribution of research years and citations

#### Author

The most prolific writer is Uzaimah Ibrahim from International Islamic University Malaysia. With a total publication of 2 articles related to zakat in reputable journals. Then in terms of quality, it shows that one article has been cited 3 times. Another author with the highest number of citations is Umar Aimhanosi Oseni from Istanbul Sabahattin Zaim University - Istanbul, Turkey with a total publication of 1 article related to zakat in a reputable journal. Then in terms of quality the article has been cited 11 times. This can be seen in Table 1.

**Table 1.** The Most Productive Authors

No	Authors	Intitution	Country	TP	TC
1	Uzaimah Ibrahim	International Islamic University Malaysia, Malaysia	Malaysia	2	3
2	Umar Aimhanosi Oseni	Istanbul Sabahattin Zaim University, Turkey	Turkey	1	11
3	Mohd Fuad Sawari	International Islamic University Malaysia, Malaysia	Malaysia	1	3
4	Sharifah Faigah Syed Alwi	Universiti Teknologi MARA, Malaysia	Malaysia	1	3
5	Sungadi	Islamic University of Indonesia, Indonesia	Indonesia	1	2

Notes: TP=total number of publications, TC=total citations

#### Top Contributing Journal

**Table 2.** Top Contributing Journal

No	Journal	TP	TC	Publisher
1	Journal of International Trade Law and Policy,	1	11	Emerald
2	Procedia Economics and Finance	1	3	Elsevier
3	Airlangga International Journal of Islamic Economics and Finance	1	1	Airlangga University

Table 2 shows that the Journal of International Trade Law and Policy, and Procedia Economics and Finance published by Emerald and Elsevier have the highest citations 11 and 3.

#### Country

**Table 3.** Top the most Publishing Country

No	Country	TP	TC
1	Malaysia	13	10
2	Indonesia	12	3
3	Turkey	1	11
4	Jordan	1	0
5	Russian	1	0

Table 3 shows the country with the highest number of publications is Malaysia with a total of 13 articles with a total of 10 citations, ranking 2nd followed by Indonesia with a total of 12 publications with a total of 3 citations. Next is Turkey with the 1st number of publications with the most 11 citations.

#### Intellectual Structure of Current Research and The Future Research Directions

The following is the result of a data visualization called Network Visualization using VOS, from the following visualization it can be seen the relationship between the variables in the article used by the researcher, the following image is divided into 3 clusters

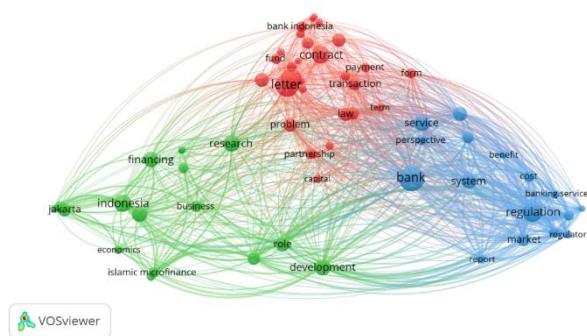


Figure 2. Network Visualization

Table 4. Cluster

Clusters	Word Extraction	Sub Themes
Red (31 item)	Bank Indonesia, capital, contract, conventional bank, credit, documentary credit, fee, form, fund, international trade, islamic bank, islamic financial institute, kafalah contract, LC, law, letter, muslims, partnership, payment, person, problem, product, profit, rule, settlement, sharia bank sharia certificate source, term, transaction, ucp	Islamic banking and Letter of credit
Green (17 item)	Business, development, economics, finance, financing Indonesia, islamic banking institutions, islamic microfinance, Jakarta, Malaysia, management, muslim, entrepreneur, otoritas jasa keuangan, poverty alleviation, research, role, statistik perbankan syariah	Business Financing
Blue (16 item)	Bank, banking sector, banking service benefit, Cost, customer, implementation, market perspective, publication, regulation, regulator, report, risk management, service, System	Bank Regulation

### Cluster 1: Islamic banking and Letter of credit

Cluster 1 discusses Islamic Banking and letters of credit. Based on (Kim, 2015; Puneri, 2021) The most reliable and popular type of payment for international trade is a letter of credit. The purpose of a letter of credit is to facilitate efficient payment by acting as a trustworthy paymaster for advance payment through the bank. The buyer does not have to pay until all of the documents have been provided in compliance; the seller will automatically receive payment after he has sent the bank documents that strictly conform with the credit conditions. An LC is helpful when a foreign buyer's credit information is hard to come by but the exporter is confident in the buyer's foreign bank's creditworthiness. A LC also safeguards the buyer because there is no financial commitment until the items are delivered as promised (Puneri, 2021).

The UCP 600 applies to letters of credit that are generally accepted. Islamic financial institutions are now attempting to change the UCP by changing the non-shariah compliant items within UCP 600 and making it Shariah compliant (Puneri, 2021). One of the following contracts may be used for letters of credit in Islamic banks: al wakalah bil ujr, al murabahah lil 'mir bi al syira' contracts, musyarakah contracts, or mudharabah contracts (Kholik, 2017). Based on the interviews with many bankers from their respective Islamic banks in Malaysia, there are only two Shariah contracts used for LC at the moment, namely wakalah (agency) or Murabaha (cost-plus) (Syed Alwi et al., 2022). However, Alwi et al., (2013) discovered that several of the UCP 600's Articles, which serve as the LC Wakalah and LC Murabahah's governing principles, are in conflict with Shari'ah law. Some Islamic banks have designated a third party, an agent, or the customer himself to inspect and verify on the condition of the items and whether they are actually according to documented specifications in order to ensure that LC-i operations conform with Shari'ah criteria.

### Cluster 2 : Bank Regulation

Cluster 2 discusses bank regulations regarding letters of credit. Both conventional LCs and LC-i are governed by international regulations known as Uniform Customs and Practice for Documentary Credits (UCP). The UCP was introduced by the International Chamber of Commerce (ICC), a world business organization based in Paris. UCP has clearly outlined and identified the responsibilities of each party involved in a LC transaction, making UCP globally acceptable. and the operation of a LC-i is very similar to the operation of a conventional Letter of Credit (LC) but



the difference lies in the underlying contract complying with sharia requirements (Alwi et al., 2013).

There is a difference between domestic and international trade. Domestic trade is not subject to state interference or even direct orders according to the Islamic world view. In order to force people to follow sharia law in their trade, the state only provides broad directives. Traders who violate sharia law will face the same penalties as those who violate other mu'amalah transaction laws, according to the authorities (Triyawan & Novitasari, 2020).

### Cluster 3 : Business Financing

The 3rd cluster discussed bank financing regarding letters of credit. Letter of credit is finance that is given to a customer to help them with their import or export business, and Islamic banks offer financing through letters of credit (L/C), specifically L/C financing for Islamic imports and exports (Karim, 2008). L/C is not only a service, L/C can also be turned into a financing product, namely ordinary credit. L/C in Islamic banks includes financing services and products, namely import or export Letter of Credit (L/C) sharia financing (Khoiruddin, 2010).

According to the results of research by Triyawan & Novitasari, (2020) Islamic Commercial Bank Letter of Credit (L/C) Financing affects exports of 10% and 90% is influenced by other variables. Exchange rates have an effect of 2% and 98% are affected by other variables. Financing Letter of Credit (L/C) for Islamic Commercial Banks and foreign exchange rates together can explain the effect on export value by 21% while the remaining 79% is influenced by other variables. And research by (Sohrabi & Rahimi, 2019) found that financial facilities have the highest priority among the factors that influence customer preferences in choosing a bank to issue letters of credit with foreign documents.

### Overlay Visualization

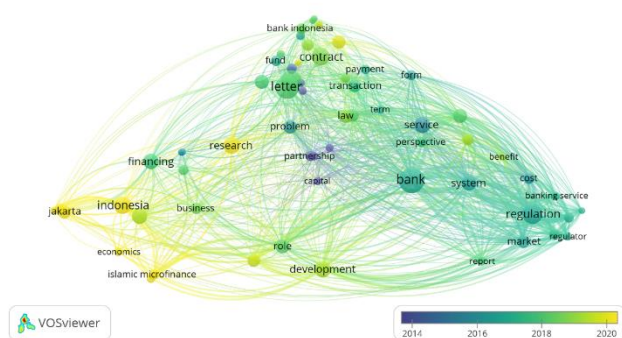


Figure 3. Overlay Visualization

The Overlay Visualization describes the year variation of the articles used by researchers, where the farthest distance from the main opportunity is the biggest opportunity in research. From the figure it can be seen that the green line is more dominant, this indicates that research on Islamic letters of credit has increased in the number of publications in 2018. Meanwhile, the yellow line looks rare, indicating that Islamic research in the last 3 years must be increased.

### Density Visualization

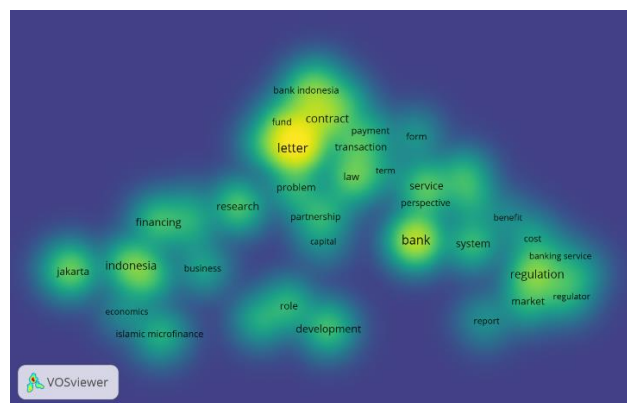


Figure 4. Density Visualization

Lastly is Density Visualization which is the final visualization of the VOSViewer system. It is illustrated that the brighter the color that appears on a variable, the more often the variable is examined as shown in the following image of words that appear such as bank Indonesia, capital, contract, cost, form, term, fund, international trade, islamic bank, islamic financial institute, kafalah contract, LC, law, letter, muslims, partnership, payment, person, problem, product, profit, rule, settlement, sharia bank sharia certificate, source, term, transaction, ucp, service, system, regulation, development, business, Islamic microfinance, financing, Indonesia, Jakarta. The brightest is Letter of credit, then followed by banks, contracts and funds, so that it can also be a suggestion for further research in selecting research variables.

### Challenges of Islamic Letter of Credit and future research directions

Based on the results of the SLR with content analysis in the literature, several challenges were found in this area which will form the basis for determining the direction of further research:

- Dominant research objects occur in Malaysia and Indonesia. Research on Islamic Letters of credit is expected to broaden the object of research.

- Most of the research is dominated by qualitative research, as many as 13 articles. Bibliographical qualitative research methods are dominated by literature studies, observation, in-depth interviews, or phenomenology. A small part consists of quantitative. It is hoped that Islamic Letter of credit literature can adjust or find new methods that are suitable and accurate.
- Bibliometric and SLR studies related to Islamic Letters of Credit have not been found.
- Several researchers tend to conduct research on the theme of comparing conventional letters of credit with sharia, L/C contracts, L/C regulations in a country, fraud in L/C, money laundry in L/C, and the law of L/C with the qualitative method (Alawamleh & Abu Helo, 2020; Chhina, 2016; Dolan, 2007). Therefore, more research is needed regarding Islamic letters of credit and their dynamics.

## CONCLUSION

The literature study in this study provides an overview of Islamic Letters of Credit. This research takes articles on Islamic Letters of Credit for the period 2013 – 2022. The sample in this study is 42 published articles. The most publications about Islamic Letters of Credit, namely in 2022 there are 8 articles and the country that has published the most articles about Islamic Letters of Credit is Malaysia with 13 articles. This research uses VOSViewer which is used to build and describe a bibliometric network.

The results of the keyword analysis found 3 clusters that dominate, namely: Islamic Banking and Letter of Credit, Bank Regulation, and Business Financing. With this research, it is hoped that it can add interesting insights and recommendations for further researchers and can provide recommendations for further research. Suggestions for further research, can expand the object of research, find new methods that are suitable and accurate.

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