



## Analysis of the Modern Era's Financial and Islamic Economic Importance

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**Received:**  
20/11/2022

**Revised**  
25/11/2022

**Accepted:**  
01/12/2022

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**Abstract** - Islamic finance is a system that originates from the Al-Quran and Sunnah, as well as from the interpretations of the scholars of these sources of revelation. In its various forms, the structure of Islamic finance has been a civilization that has remained unchanged for fourteen centuries. The public seems to be increasingly aware that the concept of Islamic economics has become more open, this is evidenced by the presence of non-Muslim customers who choose Islamic banks, even some conventional financial institution entrepreneurs are starting to look at Islamic banking and opening sharia businesses. The interaction of non-Muslims towards the sharia economy has more or less changed the mindset and unfounded suspicions towards Muslims as well as eroded the attitude of Islamophobia. With the emergence of a growing sharia economy, the paradigm of thinking of non-Muslims towards Islam is increasingly changing, becoming more open, and leading positively. In order to have a more significant impact on the economy, the Islamic financial system needs to have a more significant portion of total financial assets, namely at least 20 percent. Therefore, the government, central bank and economic agencies concerned with the Islamic financial system need to work harder.

**Keywords:** Modern Era, Financial, Islamic Economic

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## Introduction

A system arises because of human effort to meet their needs. Fulfillment of very varied human needs will bring up different systems. Basic human needs (food, clothing, shelter) will give rise to an economic system. Islamic economics is a social science that studies economic behavior in society, which is governed by Islamic law and according to the basis of religion, namely monotheism, the pillars of faith and the pillars of Islam. In line with the meaning above, there are also those who use the term Sharia Economics, as a science that studies social economic problems in society that are inspired by Islamic values (Mardani, 2011).

In Islamic teachings, working for a living or carrying out economic activities is an obligation ordered by Allah SWT, because nothing can be obtained directly without having to carry out activities. this is in line with the word of Allah in surah al-Taubah verse 105: "And say: "Work ye, then Allah and His Messenger and the believers will see your work, and you will be returned to [God] Who knows the unseen and the real, then He will inform you of what you have done." (Al-Tauba: 105).

The emphasis in the Qur'an for people to work is to make the economy better and more prosperous, as well as the prohibition to tyrannize other people's interests or take other people's property by force and shortcuts to get rich. Because, by working, Allah will give forgiveness to his



servant, this is what the Prophet Muhammad said: Whoever is tired from the work of his hands in the evening, then in that evening he will receive forgiveness. (Narrated by Thabrani and Baihaqi).

From the fragments of the verses of the Koran and hadith above, it can be observed that humans must try to fulfill their life needs by working in accordance with the scope of sharia, or doing work in accordance with Islamic rules.

## Literature Review

### Islamic Economics

The understanding of what and how Islamic economics is today is still much debated so that there are those who divide schools of Islamic economics into three, namely; the Baqir al-Sadr school, the mainstream school, and the critical-alternative school. However, the development of these three schools has not been very intense and is still in the basic conceptual order, except for the mainstream schools (Adiwarman Karim, 2002).

The debate regarding how Islamic economics continues to attract attention, some argue that Islamic economics is basically the same as conventional economics, only that it is added to Islam, some say that Islamic economics is an economy that is not at all different from other economies, minus capitalists and socialists. , as well as the addition of Islam. Another opinion says that Islamic economics adopts more from existing economic systems, by revealing the weaknesses of other systems to show that Islamic economics is substantially better. Nonetheless, all the criticisms from these economists are aimed at demanding that the supporters of Islamic economics be able to provide serious answers related to the concept of Islamic economics.

Experts try to define Islamic economics or sharia economics with several variations. Zainuddin Ali stated that Islamic economics is a collection of legal norms based on the Koran and hadith to regulate the economy in society (Mardani, 2006). According to Mardani, Islamic economics is a business or economic activity carried out by a person, or a group, or a legal or non-legal business entity, with commercial and non-commercial purposes and carried out in accordance with the teachings of Islam (Mardani, 2006). Hasanuzzaman stated that Islamic economics is the science and application of sharia guidelines and rules that prevent injustice in obtaining and using material resources in order to meet human needs, and in order to carry out their obligations to Allah and society.

Meanwhile, Khurshid Ahmad explained that Islamic economics is a systematic effort to understand economic problems and human behavior related to these problems from an Islamic perspective. Nejatullah Siddiqi stated that Islamic economics is the response of Muslim thinkers to the economic challenges of their time. Where in this effort they are assisted by the Koran and Sunnah along with arguments and empirical experience. According to Akram Khan, Islamic economics is an effort that focuses on the study of human welfare which is achieved by organizing resources on earth on the basis of cooperation and participation. Meanwhile, Umar Chapra stated that Islamic economics is a branch of science that helps realize human welfare through the allocation and distribution of scarce resources in line with Islamic law without limiting individual creativity or creating a macroeconomic or ecological imbalance (Umer Chapra, 2001).

From the various definitions of Islamic economics experts above, it can be seen that an important element that is used as a reference in every Islamic economic activity is sourced from Divine revelation and hadith. The main source is then interpreted through ijtihad and using other arguments, which are directly and indirectly related to the main source, namely the word of Allah and the Sunnah of the Prophet Muhammad SAW.

Basically, Islamic economics is not much different from existing economics, because they both study people's behavior in economic activities in the form of production, distribution and consumption as well as the selection of scarce resources, then allocating these resources to meet human needs. However, in Islam all these activities are also based on faith in Allah, because every economic activity is human worship and servitude to its Creator. Islamic economics does not only pay attention to the

commercial aspects obtained by humans, but also the formation of systems in the behavior of economic life that are in accordance with the order of Islamic law.

There are also those who interpret that Islamic economics is a system that concerns the regulation of economic activity in a government or society by using certain methods. For example, Islamic banks can be referred to as one of the units of the operation of an Islamic economic system, which is in the macro and micro scope, which indoctrinates the prohibition of usury and has the characteristics of a profit-sharing system as a way out of economic crisis problems. In addition, there are also those who define Islamic economics as an economy that exists in the Islamic world or only for Muslims. So, what is learned is how the economy that occurred in Islamic times began to enter Arabic, namely at the time of the Prophet, Companions, Tabiin to the present day, then how to implement Islamic economics in Muslim countries such as Saudi Arabia, Egypt, Qatar, Iraq, Iran, Malaysia, Indonesia and so on.

Islamic economic thought in Indonesia, especially at this time, is still limited to the theme of banking or financial institutions. So that the idea of an Islamic bank first developed in an effort to apply the principles of Islamic economics. The lack of development of the concept of Islamic economics is still felt in terms of macro and microeconomics as well as systems in Islamic statistics and accounting, this is due to the lack of creativity in the development of the social sciences. A comprehensive discussion of the concept of Islamic economics is very necessary, in order to answer criticism from conventional economists, related to the existence of Islamic economics as a solution to solving problems that occur in economic problems in all parts of the world.

## Scope of Islamic Economics

Not much different from the definition of Islamic economics, there is also debate related to the scope of Islamic economics by some economists. Some experts assert that the scope of Islamic economics is the regulation of the economy of Muslim societies and Muslim countries themselves, but this is still very narrow. In fact, Islamic economics should be used as a guideline for other countries that wish to adopt this economic system in their state settings. In addition, the scope of Islamic economics is still limited, it seems that the administration lacks human resources in view of the ethical conception of welfare in Islam. Therefore, Islamic economics is not only about the material causes of welfare, but also about non-material things that are subject to Islamic prohibitions on consumption and production. This shows that the development of Islamic economics is still minimal and reaps a lot of debate.

To find out the scope of this Islamic economics, it is necessary to study the scope of the chapters and articles in the compilation of Islamic economic law, which contain various rules related to economic muamalah, namely trade, ethics, financial institutions, production and distribution, accounting and social welfare. For more details, the scope of Islamic economics includes economic aspects, namely; ba'i, sale and purchase contracts, syirkah, mudharabah, murabahah, muzara'ah and musaqah, khiyar, istisna, ijarah, kafalah, hawalah, rahn, wadi'ah, gashb and itlaf, wakalah, shulhu, waiver, ta'min, bonds, sharia mudharabah, capital market, sharia mutual funds, sharia bank Indonesia certification, multi-service financing, qardh, sharia checking account financing, sharia pension funds, zakat and grants, and sharia accounting

As a comparison, it can be referred to the Law on Religious Courts No. 7 of 1989, it can be seen that the scope of Islamic economics includes: Islamic banks, Islamic insurance, Islamic microfinance institutions, Islamic reinsurance, Islamic bonds, Islamic medium term papers, Islamic mutual funds, Islamic securities, Islamic pawnshops, Islamic financing, pension funds sharia financial institutions and sharia businesses.

From the explanation above, it is clear that Islamic economics studies all the behavior of economic activities that are macro and micro in nature, starting from buying and selling, trade regulations, business partnerships, assumptions of consumer rationality, contracts in trade, sharia investment, production and distribution, accounting, management, and rules and supervision in Islamic financial institutions



## Sources of Islamic Economic Law

Every time someone determines something, they often have different views, this of course gives different results. Factors that influence this view come from various thoughts, beliefs, and goals. Islam determines its views in accordance with the Koran. According to the belief of someone who is Muslim, the determination of the law that has been determined must be in accordance with the teachings of the Koran, because this is the best and will certainly provide blessings and prosperity for the people. However, each scholar has a different point of view according to the discipline and focus of his tendency so that every decision in Islamic law also differs between the opinions of one scholar and another.

In taking istinbath of Islamic economic law, the sources of Islamic economic law are essential for scholars to carry out ijtihad to determine different manhaj. Even though there are still differences of opinion among the scholars, the principles of each determination of the law are based on two things, namely the Koran and hadith. The following are sources of Islamic economic law (Naqvi, 2003):

### 1. The Qur'an

The Qur'an is the first and main source for Islamic economics, in which you can find matters relating to the economy and also to economic laws and laws for Islamic purposes, including the law forbidding usury, and the permissibility of buying and selling stated in the surah Al-Baqarah[2] verse 275: "Those who eat [take] usury cannot stand but are like the standing of a person possessed by a devil because of [the pressure] of madness. Their situation is like that, is because they say [opinion], actually buying and selling is the same as usury, even though Allah has made trading legal and usury forbidden. Those who have received a prohibition from their Lord, then stop [from taking usury], then for him is what he took before [before the prohibition came]; and his business [is up to] Allah. People who repeat [taking usury], then that person is the inhabitants of hell; they live in it". (Al-Baqarah[2]: 275)

### 2. Al-Sunnah al-Nabawiyah

Al-Sunnah is the second source in Islamic legislation. In it one can find treasures of Islamic economic rules. Among them, such as the reason for the hadith whose contents order to guard and protect property, both private and public property and not to take property that does not belong to him. "Indeed (shedding) your blood, (taking) your property, (disturbing) your honor is haraam as your current day, this month, in this country is haraam..." (HR Bukhari). Another example, for example, Al-Sunnah also explains the types of property that must be public property and for the public interest, stated in the hadith: "I went to war with the Prophet, there are three things that I heard from the Prophet: Muslims are in association ( both have a shepherd's place, water and fire" (Narrated by Abu Dawud).

### 3. Ulama's Ijtihad

The term ijtihad is devoting one's ability to produce syara' law from detailed syara' propositions that are operational in nature, by drawing legal conclusions (istimbat). Al-Amidi explained that in order to perform ijtihad, one must feel unable to seek additional abilities. According to Imam Al-Ghozali, the limit to feeling inadequate is part of the definition of perfect ijtihad (al ijtihad al-taam). Imam Shafi'i said that a mujtahid may not say "don't know" in a matter before he has seriously tried to research it, and may not say "I know" while mentioning the known law, before he devotes his ability and get the law. The existence of ijtihad as a law is stated in the Qur'an in surah al-Nisa [4] verse 83: "And when news comes to them about security or fear, they then broadcast it. and if they hand it over to the Apostle and ulil Amri among them, surely those who want to know the truth (will be able to) find out from them (Rasul and ulil Amri). were it not for the grace and mercy of Allah upon you, you would have followed satan, except for a small part (among you)"

### 4. Books of General and Special Jurisprudence





These books explain worship and muamalah, in which there is also a discussion of economics which is later known as al-Mu'amalah al-Maliyah, the contents of which are the results of the ijtihad of scholars, especially in issuing laws from the arguments authentic Quran and hadith. The discussions directly related to Islamic economics are: zakat, alms sunnah, fidyah, zakat fitrah, buying and selling, usury and buying and selling of money, and others. Of the four sources of Islamic economic law, it can be understood that the scholars in deciding cases related to matters of economic activity always prioritize all sources of law. In addition, the maslahah principle is also prioritized in the values of Islamic teachings, namely prioritizing the public interest over individual interests. Although, there are some scholars who use the principle of 'illat in determining other things that are more urgent and the impact will contribute to something bigger, even though they have to violate the provisions of the existing law. However, all of these decisions are made based on three main needs in life, namely basic needs (dharuriyah) and secondary needs (hajiyyah) as well as complementary needs or (tahsiniyah). So in Islam, every law that is taken must be based on one of the three elements of human needs, and all of them are proven to aim at realizing human welfare in this world and in the hereafter.

Apart from the sources of Islamic economic law above, there is a principle or basis of Islamic economic law that is used by the scholars in explaining the determination of the law that is carried out. There are at least three things that are the basis of the scholars in determining Islamic economic law, namely (Atang Abd Hakim, 2011):

1. Benefit Exchange Principle

The scholars use the basis of the principle of exchange of benefits, because every legal norm that is created for humans is for the use of humans themselves, everything that is created on earth provides mutual benefits. So, every individual has a responsibility to own what Allah has created, to protect it and to preserve it. Therefore, in the exchange of benefits, every economic action must be mutually beneficial, helping each other and not prioritizing individual interests. For example, companies must be responsible for preserving nature and must have a sense of responsibility towards ecology, there is a sense of mutual ownership and equal distribution to all people from all elements of society.

2. The principle of Equal Opportunity

The principle of equity is a form of applying the principle of justice in Islamic legal theory. Every community can have the same opportunity to do economic business, without monopoly and capitalism. This principle strongly opposes the accumulation of wealth which only exists for the rich, so every property is required to be used in business and it is forbidden to hoard it. In addition, Islam obliges property owners to issue zakat, infaq and alms to people who can't afford it, so as to alleviate poverty and reduce unemployment and social disparity. In addition, they are willing and willing to make sellers and buyers like each other, and there is no feeling of anxiety in their hearts when accepting and handing over assets in the form of muamalah. This is also useful for realizing clarity in muamalah transactions so that gharar does not occur, in the form of fraud or speculation.

3. The principle of kindness and piety

The principles of goodness and piety are the totality of all other muamalah principles, because in carrying out economic activities it must be based on faith and aimed at worship, then only included to meet the needs of oneself and others. This principle makes every human being the same, there is no difference between rich and poor, or class and race. Because all are equal in the eyes of Allah except for the level of people who are better (Muhsinin) and more pious (Muttaqin). The principle of goodness and piety is also a pillar of activity in Islamic banking, so that every effort made is in the context of fulfilling and implementing mutual assistance between human beings to achieve the degree of piety.

## The Purpose and Functions of Islamic Economics

1. Objectives of Islamic Economics

Islam is a religion of compassion for all inhabitants of the universe, brought by the Prophet through revelations from Allah SWT. The laws in Islam are of course very different from other laws made by human hands. Because the main goal of Islamic economics is to realize human welfare in the



world and in the hereafter, the goal of Islamic economics is in line with the goals of Islamic law itself, namely to achieve happiness in the world and be freed from the torment of hellfire in the afterlife. By carrying out the norms of a good and honorable life (hayyah thayyibah), falah goals can be achieved which include micro and macro aspects as well as crossing the time horizon in the world and in the hereafter (Center for Islamic Economic Studies and Development, 2012).

The application of the Islamic economic system is expected to be used as a guideline in state government, in building a prosperous society both materially and spiritually. In addition, Islamic economics is expected to be a solution to economic backwardness in Muslim countries, and to change the capitalist and communist systems that have been brought by the west to these countries. Islamic economics is believed to be able to save the people's morals from materialism-hedonism, and can unite Muslims under one banner of Islam and together achieve falah (prosperity) in general.

The values that exist in Islamic economics are not only for the life of Muslims, but can also be useful for all other people in various parts of the country, because Islamic economics has the goal of providing happiness in the world with a religious approach. Basically, every business activity in Islam is always based on sharia principles that originate from the Koran, Sunnah, Ijma' and qiyas. Based on these literature sources, it can be concluded that there are 7 objectives of Islamic economics, namely:

a. Balancing between the life of this world and the life of the hereafter.

In economic activity, every human being is required to fulfill his life needs in order to prosper. The purpose of carrying out these economic activities is to achieve prosperity in the world, but in Islamic economics, humans are also required not to the afterlife. This is because a Muslim believes that there will be eternal life in the hereafter, and to a high degree, the life of a servant in the hereafter is those who are able to increase their obedience to Allah who has created them.

b. Achieve a fair and equitable distribution of income and wealth.

The concept of Islamic economics is to create justice for every human being. In every economic activity, the bank and the customer get profits or benefits that are the same so that there is no discrimination. This is in line with what is stated in the word of Allah in Qs. Al-An'am verse 165, Al-Nahl verse 71, and Al-Zukhruf verse 32.

c. Avoid chaos and riots.

A good government is a government that listens to and accepts advice from its people because the ruler exists because of the existence of the people, without the people there is no country. In managing the economy in accordance with Islamic law, the government is prohibited from doing arbitrary things to the people, because it will result in economic oppression within them. For example, taking private companies owned by the community by force by the government, because these companies can have good potential in the future, or suppression of people's rights to give opinions or voices to the authorities, but instead, they are reciprocated by kidnapping and being accused cases and abused. For this reason, the sharia economy is to form a government that is able to regulate the economy properly, correctly, and fairly, from various fields, so that all people can feel justice, prosperity, and prosperity wherever they are.

d. Creating individual freedom in terms of social welfare.

Every individual is given the freedom to carry out economic activities, in the concept of sharia economics never forces individuals, as according to the verses of the Qur'an surah Ar-Ra'du verse 36 and sura Lukman verse 22.

e. Putting worship to Allah more than anything else.

The main objective of the economic concept is to seek the pleasure of Allah SWT, not solely to seek material gain. Doing an economic activity with the intention of worship will get more results than the intention to get wealth. By intending to worship, we will get two things at once, namely reward and wealth.

f. Reaching the economic goals ordered by Allah SWT.



Economic activity according to Islamic teachings is an activity or activity that is able to have a good impact on all people. It is hoped that with the existence of this sharia economic concept, it will be able to provide welfare and benefits for all mankind.

g. Forming a society with strong social norms that upholds a universal sense of brotherhood and justice.

One of the goals in Islamic economics is to form an unselfish private community, especially in social matters. Islam teaches humans to live socially, to love one another, to feel mutual help and to eliminate jealousy, arrogance, riya' and to prioritize personal or group interests. There is no difference in race, social strata in Islam, everyone has equal rights in carrying out economic activities, this is what distinguishes Islamic economics from man-made economics, because Islam supports justice in business and is applied in actions.

In the opinion of Muhammad Abu Zahrah as quoted by Rahman said that there are three targets of Islamic law which can provide the view that Islam is a religion that was revealed to be a mercy to the universe, and contributes to maintaining justice and welfare of social life, while the three goals are as follows (Afzalur Rahman, 1995):

- a. Purification of the soul so that every Muslim can be a source of goodness for society and the environment.
- b. The upholding of justice in society. Justice in question includes aspects of life in the field of law and muamalah.
- c. The achievement of maslahah (is the peak). Scholars agree that maslahah which is the peak of the target above includes five basic guarantees, namely: safety of religious beliefs (al-din), safety of the soul (al-nafs), safety of the mind (al-aql), safety of family and offspring (al- nasl) and safety of property (al mal).

Thus, it can be concluded that Islamic economics is at the same time an answer to social problems that occur in society, every Islamic economic activity is even very likely to adapt to social changes, the adaptations made are still based on the principles of Islamic law which are solid and universal. This also proves that Islam is a religion that can always adapt to changing times and is appropriate in every place.

## 2. Functions of Islamic Economics

Humans as caliphs on earth are given by God the right to manage and regulate the order of life and life, including in managing the economy in the world, so that life in society becomes prosperous and can meet the needs of production and consumption. Islamic economics functions as a guide or guide for all human beings in order to achieve goals in the world and in the hereafter and not go astray. In other words, Islamic Economics also brings human life so that they can live more orderly, orderly and peaceful lives without harming others and establishing good relations with the creators of hablum minallah, good relations with fellow human beings hablum minannas, and relations with the natural environment hablum minal Alam. Thus, Islamic economics strongly supports three main principles, namely:

- a. Place (environment/place), meaning that humans must preserve the environment, any economic activity carried out must not cause damage to nature, as well as harm other people and the next generation. This is contrary to conventional economics which allows fines against natural polluters, on the contrary, Islamic economics actually prioritizes preventive actions or prevents damage rather than allowing businesses that pollute the environment and can result in greater risks, such as flooding, poisoning, the emergence of germs and global warming.
- b. People (people). In the Islamic economy, everyone is formed to carry out economic business activities and be grateful for the results of his work by praying to Allah. Because humans can only plan, but only Allah is the Almighty and determines the results of the plans made. This is what makes a Muslim more confident, because he has faith in what he is doing, namely the belief that all his behavior is considered worship, namely mahdhoh worship which directly gets rewards from Allah.



- c. System (Shari'a). Economic activities carried out on earth must be in accordance with the system that has been created by Allah, that is, humans must bear the mandate not to do injustice and do stupid things, in short, to create a ma'rufat (good) life and realize justice, rights as stated Allah in QS Al-Ahzab [33] verse 33: "And you should remain in your house and do not decorate and behave like the former Jahiliyah people and establish prayer, pay zakat and obey Allah and His Messenger. Indeed, Allah intends to remove sins from you, O Ahlul bait and cleanse you as cleanly as possible.

The function of implementing Islamic economics in economic activities is more directed at how to realize a solid economy, by involving all components of society so as to avoid fraud and support and practice Islamic economics in a comprehensive manner that is free from elements of usury. According to Mufid, the application of Islamic economics in economic activity has three functions, namely (Mofid, 2017):

- a. Realizing economic growth by involving all components of society.
- b. Create a proactive economic development plan and eliminate all forms of abuse.
- c. Creating economic unity for the entire Islamic world in order to unite Muslim countries.

From this explanation, it can be concluded that in practice Islamic economics is still limited to the basic order, namely to realize a sharia-based economy by running the economy together in a fair manner, monitoring the government so that there are no irregularities, and uniting Muslims so that there is no disparity. between Muslim countries, so that rich countries can help Muslim countries that are trying to advance their economies. However, the practical concept of Islamic economics is still minimally explored, this makes many Islamic countries still carry out a dual economic system, namely a combination of conventional and Islamic economic systems, an economy that adheres to this dual system is certainly not free from elements of usury. The challenge for academics and practitioners is how to develop the concept of Islamic economics so that it is more detailed and comprehensive so that it can be used as a reference by the state in running the economy.

#### Implementation of Islamic Economics in Modern Financial Transactions

Discourse about Islamic economics is starting to rise not only in Islamic society but also in the world, this enthusiasm for a sharia-based economy is expected to be an answer to the long-standing capitalist and socialist theories that have existed for decades which have caused injustice between countries, social strata, and the arrogance of the bourgeoisie. In the midst of the global economic crisis in 2008, Islamic banking showed a performance that was resistant to the storms of the financial crisis, and even got a fertile place in non-Muslim countries such as England, Luxembourg, Hong Kong and Singapore. The growing proliferation of Islamic financial institutions shows the level of public interest and high expectations of the Islamic economy as a solution to overcoming crises and as a substitute for a capitalist and socialist economy.

Not everyone is optimistic about Islamic economics, there are also some economists who criticize the concept of Islamic economics because they feel it is still very far from being developed, this is due to the limited creativity of Islamic economics experts in developing the concept of Islamic economics which has a theory of mathematical calculations in analyzing the system as a whole. theoretical and applicable. Because, the existing concepts still take references from previous scholars which in their application may not be relevant to today's times. Therefore, the existing Islamic economic theory is expected to continue to be developed not only in theoretical terms but also implemented in the practical world by society in general. Therefore, the emergence of Islamic economics is significant in contributing to business activities in society, in the field of muamalat/transactions to respond to changes in life according to changing times (Mardani, 2011).

Before understanding the significance of Islamic Economics in business transactions in the modern era, it is necessary to first understand the difference between economics and muamalat fiqh from an axiological aspect. Economics studies how to be able to fulfill the necessities of life, while fiqh muamalah is more towards norms or laws both social and commercial. Practically speaking, economics explains the methods or ways of doing business transactions and getting material benefits, while fiqh muamalah determines the legal status of halal or haram business transactions (Mardani, 2011).



Because, it is not certain that certain economic transactions are legal in the view of fiqh muamalah, for example, someone who carries out a transaction selling garden products who have not yet seen the total amount of the harvest, in economics this is permissible as long as the seller and buyer both agree, however not necessarily permissible in fiqh muamalah, because it contains things that are gharar due to uncertainty and the possibility of the object being sold, besides that there is no contract determined by both parties.

It can be concluded that Islamic economics is a combination of economics and muamalat fiqh, which studies all economic activities based on the principles of fiqh and in accordance with the Islamic religious teachings. The significance of Islamic economics in the field of muamalah is as follows:

1. Islamic economics builds the integrity of Muslims who run the economy in accordance with Islamic teachings, by adhering to the privileges of Islamic economics, namely avoiding all forms of activity that contain elements of usury that can cause harm to others.

2. Making people accustomed to carrying out worship activities in muamalah, because these economic activities are mahdhoh worship which are valued as a reward in the eyes of Allah, so that without realizing it, producers and consumers have carried out worship transactions that are worth worship. For example, someone who uses facilities at Islamic financial institutions such as Sharia Banks, Sharia Pawnshops, Baitul Mal Wattamwil, Sharia Mutual Funds has directly distanced himself from acts of adultery (adultery), gharar, usury and maysir. This means, the transaction is worth worship because it has practiced and supports the Shari'a of Allah SWT.

3. Support efforts to empower the Muslim economy and develop Muslim businesses. Islamic economics does not allow interest and accumulation of assets, so that all finances must be empowered into the real sector, which makes the wheels of the economy not stagnant. Islam prohibits ihtikar (hoarding), so any property that is immovable and not used for economic activities must be subject to a higher tax, this is useful to make these assets more useful. Islam also gives everyone the right to do business, without being limited by capital and rules. This is what distinguishes Islam from the capitalist system where the rich will get richer because in capitalist theory, novice entrepreneurs will be excluded from the market and there will be no sense of help and compassion. Whereas in Islam, Muslims believe that sustenance comes from Allah, there is no need to try to get rid of other people in doing business, because every human being has determined his rights and sustenance according to the level of his efforts.

4. Practicing sharia economics or Islamic economics means supporting the amar ma'ruf nahi munkar movement, because the funds collected may only be used for halal businesses or projects. Every Islamic economic activity is only allowed to be used in businesses that are in accordance with Islamic Shari'a, it is not permissible to carry out activities that are contrary to it, such as liquor manufacturing businesses, drug and narcotics businesses, gambling businesses, hotels used for immorality or entertainment venues with unlawful nuances. like discotheques and so on. The application of Islamic economics can increase the morale of society, and improve the economy so that it is more orderly, prosperous and safe from wrongdoing so as to achieve baldatun thoyyibatun wa rabbun ghafur A country that is safe, peaceful and secure and gets the blessing and forgiveness of the Almighty.

Fair sharia banking practices, which are based on profit sharing, apart from being profitable, have also succeeded in attracting customers with indications of very rapid growth. In addition, the practice of the Islamic financial sector is always in accordance with the real sector, where the main actors are the lower middle class. The larger the portion of the Islamic financial sector that operates, the greater the real sector that operates so that there is no imbalance between the real sector and the monetary sector and the narrower the gap between the rich and the poor. With the growth of the real sector, economic growth can be felt by society in a more just and equitable manner (Mannan, 1993).

In addition, the sharia sector that cannot be underestimated is the socio-economic role of Islam through its instruments, such as zakat, infaq/alms, and endowments. Through optimal management,

zakat, infaq, and waqf have great potential to overcome various national problems, both economic and social.

The significance of Islamic economics in muamalah activities can also be felt in the positive role of Islamic banks and non-bank Islamic financial institutions which encourage the development of the real sector, this can be seen from the increasing portion of the mudharabah and musyarakah profit-sharing contracts in Islamic banks even though murabahah contracts still dominate in Islamic banking (Adiwarman Karim, 2007). Real sector entrepreneurs are also starting to be inspired by the Islamic economy and using Islamic contracts and regulations in their business, for example Sharia Hotels and Sharia MLM, as well as a strong push to use halal certified products by consumers and producers. The number of muzakki has also increased, according to the Public Interest Research and Advocacy Center (PIRAC) in 2007 around 55% of the Muslim community who were respondents to the PIRAC survey admitted that they were obliged to pay zakat, which of course the results of collecting zakat would be able to increase the standard of living of the community.

The significance of sharia-based Islamic economics is also felt in its implementation in the business of sharia banks, which have more and more potential to offer services compared to conventional banks. 10 of 1998, concerning banking: Law 21 of 2008, concerning Islamic banks and Indonesian bank regulations provide opportunities for Islamic banks to be able to offer more diverse or more services compared to conventional banks (Neni Sri Imaniyati, 2017). In fact, according to Farida and Nur Zulaini (2017), the implementation of sharia in economic performance can increase new skills and public awareness in the existence of sharia entities<sup>16</sup>. All of this shows that the existence of Islamic economics in society is always relevant to the demands of an increasingly complex and varied era, and can resolve the turbulence of conflicts that occur in Islamic economic and financial practices.

## Conclusion

Islamic finance is a system that originates from the Al-Quran and Sunnah, as well as from the interpretations of the scholars of these sources of revelation. In its various forms, the structure of Islamic finance has been a civilization that has remained unchanged for fourteen centuries. The public seems to be increasingly aware that the concept of Islamic economics has become more open, this is evidenced by the presence of non-Muslim customers who choose Islamic banks, even some conventional financial institution entrepreneurs are starting to look at Islamic banking and opening sharia businesses. The interaction of non-Muslims towards the sharia economy has more or less changed the mindset and unfounded suspicions towards Muslims as well as eroded the attitude of Islamophobia. With the emergence of a growing sharia economy, the paradigm of thinking of non-Muslims towards Islam is increasingly changing, more open, and in a positive direction. In order to have a more significant impact on the economy, the Islamic financial system needs to have a more significant portion of total financial assets, namely at least 20 percent. Therefore, the government, central bank and economic agencies concerned with the Islamic financial system need to work harder.

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