

Basic Concepts and Methodology of Islamic Economics: Foundations of a Fair Economic System Amid Global Injustice

Hafidza Sanshia Arum

Universitas Islam Negeri Sultan Syarif Kasim Riau

*Email : 22490324340@students.uin-suska.ac.id

Ichsanul Reihan Adel

Universitas Islam Negeri Sultan Syarif Kasim Riau

*Email: 22490314738@students.uin-suska.ac.id

Mahyarni

Universitas Islam Negeri Sultan Syarif Kasim Riau

*Email: mahyarni@uin-suska.ac.id

ARTICLE INFO:

Keywords:

*Islamic Economics,
Bank Interest,
Maqasid Syariah*

Article History:

Received: 2025-04-04
Revised: 2025-07-16
Accepted: 2025-09-28
Online: 2025-09-39

ABSTRACT

This article aims to review the basic concepts and methodologies in Islamic economics as a response to increasing inequality and systemic crises in the modern global economic system. By integrating the bayani, burhani, and irfani approaches, Islamic economics provides an alternative paradigm that is not only normative but also applicable and rational. This article also compares the conventional bank interest system with Islamic finance principles, accompanied by an analysis of the Indonesian government's response to financial access inequality. This study encourages an open approach to the development of Islamic economics rooted in maqasid sharia values and adaptive to innovation. The results of this study show that Islamic economics has great potential to emerge as a fair, sustainable, and relevant economic system in the digital age.

INTRODUCTION

The global economic crisis in the last two decades has exposed the weaknesses of the capitalist system in creating social justice and equitable wealth distribution. The COVID-19 pandemic, geopolitical tensions, and fluctuations in the global interest-based financial system have deepened economic disparities in many countries. Data from the World Inequality Report (2022) reveals that 10% of the world's population controls more than 76% of global wealth, while the bottom 50% only has 2%. In Indonesia, the Gini index has stagnated at 0.388 (BPS, 2023), indicating that inequality remains high despite continued economic growth.

Economic inequality is not only reflected in statistics, but also in increasingly apparent social realities. In Indonesia, the rise of paylater and high-interest online loans has trapped millions of people in a cycle of debt that is difficult to break. Based on data from the Financial Services Authority (OJK) as of 2023, there are more than 20 million users of online loan services, with an increasing default rate, especially among the younger generation and low-income communities. This phenomenon shows that access to finance without an ethical foundation actually perpetuates structural injustice and distances people from sustainable prosperity.

On the other hand, the conventional banking system still imposes fixed interest rates even when businesses face losses or crises. This has impacted many MSMEs that were forced to close down after the pandemic because they were unable to pay their interest installments. Meanwhile, access to sharia financing is still limited and has not reached the majority of the lower economic class. This shows the failure of the system to provide inclusive, fair, and risk-sharing financial instruments.

This phenomenon of inequality is also evident globally. Credit Suisse research (2023) shows that more than 1.1 billion people live with wealth below USD 10,000, while less than 1% of the population controls more than 45% of the world's wealth. When most financial systems operate with an approach based on interest and



This is an open access article under the [CC BY-SA](#) license.

Corresponding Author: Ichsanul Reihan Adel

speculation (gharar), systemic risk increases and creates recurring crises. This condition calls for an alternative economic paradigm based on values—not just numbers—and prioritizing social justice, wealth distribution, and blessings in transactions.

One of the root causes of the problem lies in the conventional bank interest system, which burdens low-income communities and small businesses. Although the government has made efforts to lower interest rates and expand financial inclusion, this approach is still far from adequate in addressing structural injustice. The Islamic financial system, as part of Islamic economics, offers an alternative based on the principles of distributive justice, prohibition of usury, and an orientation towards worldly and spiritual well-being.

Previous studies have mostly emphasized Islamic economics as a financial system alone, without delving deeply into its conceptual structure and methodology. In fact, Islamic economics as a discipline has a comprehensive framework of thinking, covering normative, rational, and spiritual dimensions. Therefore, understanding the conceptual foundations and methodological approaches of Islamic economics is important, not only for academic development but also as a basis for fair and sustainable national economic policy.

Collective awareness of the importance of an economic system that is not only efficient but also fair is now increasingly urgent. Especially for the younger generation and Muslim academics, understanding the essence and logic of Islamic economics is a strategic effort to build the foundations of a new civilization that is inclusive and oriented towards the welfare of the people, not just macroeconomic growth.

Against the backdrop of structural inequality and the failure of conventional systems to achieve collective welfare, the study of Islamic economics as an alternative paradigm is no longer optional, but a necessity. Especially amid the demands of the digital age and global uncertainty, Muslims and the world community in general need an economic framework that is not only based on rationality, but also on spiritual values and universal ethics. Therefore, it is important for us as readers to not only understand the framework of Islamic economics, but also to open up space for evaluation and innovation in its practices.

LITERATURE REVIEW

Various previous studies have shown that Islamic economics has developed as a system of knowledge as well as a solution to injustice in the global economy. Chapra (2000) states that Islamic economics has a strong value foundation based on revelation, unlike conventional economics which is rooted in secular rationality. Haneef (1997) emphasizes the importance of integrating the epistemology of revelation and reason in the development of Islamic economic methodology. This approach is referred to as the bayani, burhani, and irfani approaches.

In the context of digital transformation, Saadatirrohmi et al. (2024) argue that Islamic economics must be able to adapt to developments in fintech, blockchain, and the digitization of zakat. Meanwhile, Alsadi's (2025) research shows that blockchain can be used to create a transparent and decentralized sharia financial system, in line with sharia principles.

Fatmawati (2023) compares monetary functions in Islamic and conventional economic systems and finds that the Islamic system is more inclined towards stability and distributive justice. Meanwhile, Rofik et al. (2025) prove that sharia financing contributes significantly to Indonesia's economic growth, but still requires regulatory and market strengthening.

Hanafi & Syarifah (2022) emphasize that the integration-interconnection approach between Sharia and social sciences needs to be strengthened so that Islamic economics is not only normative but also analytical and applicable. In addition, Mohammad & Ahmed (2023) demonstrate the effectiveness of a quantitative approach in zakat distribution, as evidence that the burhani approach can strengthen the empirical aspects of Islamic economics.

These studies provide a strong foundation for the comprehensive development of Islamic economic concepts and methodologies, while also emphasizing that the Islamic economic approach must be responsive to developments of the times—both normatively and technologically.

However, the development of digital technology also brings its own challenges. On the one hand, it opens up great opportunities to expand access to Islamic finance through fintech and digital waqf platforms; on the other hand, it requires Islamic economics to adapt without losing its integrity of values. Therefore, current literature needs to direct Islamic economics towards maqasid-based *digital ethics* as a pillar of innovation.

Therefore, this integrative approach not only enriches academic methodologies in Islamic economics but also creates a bridge between values, logic, and empirical reality. By expanding the scope of study to the fields of production, distribution, and fiscal and monetary policies based on sharia maqasid, Islamic economics will

become more solid as a relevant system amid global dynamics that demand sustainability, justice, and inclusiveness.

METHOD

This article uses a qualitative-descriptive approach with a library research method. This approach is used to describe and analyze the basic concepts and methodologies in Islamic economics through a review of primary and secondary literature. The literature analyzed includes the Qur'an, Hadith, works of classical scholars such as al-Mawardi and Ibn Taymiyyah, as well as contemporary thinkers such as Chapra, Haneef, and Mirakhor.

Data was collected from various sources, such as Islamic economics textbooks, Scopus and Sinta indexed scientific journal articles, research reports, and publications from official institutions such as the Central Statistics Agency and the World Inequality Lab. The criteria for selecting sources were based on their relevance and credibility to the topic discussed.

Within its methodological framework, this study also positions readers not merely as consumers of information, but as reflective subjects who are invited to understand the scientific logic behind the integration of revelatory knowledge (naqliyah) and rational knowledge (aqliyah). Islamic economics did not arise in a vacuum, but rather from a dialectic of values and realities that continues to evolve in line with the challenges of the times.

Data analysis was conducted descriptively and analytically, beginning with data reduction, thematic presentation based on the conceptual and methodological structure of Islamic economics, and drawing conclusions. This process was carried out to build a comprehensive understanding of how Islamic economics can be an alternative economic system that is fair and sustainable in the contemporary global context.

RESULTS AND DISCUSSION

1. Research Results

Islamic economics, with its distinctive value framework and methodology, has great potential to address contemporary economic problems that conventional systems have failed to solve. Compared to the conventional interest-based system, Islamic economics offers a more flexible, fair, and participatory financial system. In addition, the application of the maqasid sharia principle in the formulation of economic policy has proven to be able to cover aspects of the protection of property, life, and human dignity, especially for vulnerable groups.

The real impact of sharia financial principles lies not only in the elimination of usury, but also in the creation of empathetic and solution-oriented financial mechanisms. For example, the practice of musyarakah and mudharabah financing, which is applied with the principle of trust, can be an instrument of inclusion for micro-entrepreneurs who have been marginalized by the conventional financial system. Thus, Islamic economics exists not only as a narrative of justice, but as a real instrument of social transformation.

The government's response in promoting Islamic financial inclusion needs to be accompanied by reforms in Islamic economic education policies that are more adaptive to the times. A new open mindset approach is needed, both in the use of quantitative methods and the integration of digital technology, to strengthen the position of Islamic economics in the academic and policy spheres.

2. Research Discussion

Islamic economics is built on the principles of tauhid, amanah, justice, and falah. These principles form an economic paradigm that not only pursues efficiency and growth but also pays attention to moral, social, and sustainability aspects. Tawhid as the basis directs economic activities towards divine goals. Amanah emphasizes honesty and social responsibility in every transaction. Falah is the ultimate goal that includes spiritual and material well-being. These principles make Islamic economics not only rational, but also valuable and ethical.

The conventional interest system in banking practices has been a major focus in Islamic economics. A simple comparison shows that a fixed interest rate of 10% per year is still charged even if the financed business suffers losses. This is in contrast to the profit-sharing system in Islamic finance, which divides profits and risks between fund owners and managers. The Indonesian government itself has encouraged Islamic financial inclusion, but public literacy and access to these services are still limited.

As individuals living in a modern economic system, we often do not realize that the interest we pay on loans, or hidden costs in financial services, slowly erode the financial balance of households. If we compare this with the profit-sharing system in Islamic economics, where risks and profits are shared fairly, we will realize that Islamic economics actually offers a more humane and socially responsible system. Our position as readers—as

well as users of the financial system—opens up opportunities for reflection: which system is actually more conducive to long-term prosperity?

In terms of methodology, Islamic economics has developed the bayani, burhani, and irfani approaches. The bayani approach relies on revelatory texts as its main basis, such as the prohibition of usury in Q.S. Al-Baqarah: 275–279. The burhani approach uses logic and rational analysis in formulating economic policies and models. An applied example of this approach is the development of a mathematically-based zakat distribution model as researched by Mohammad & Ahmed (2023), which has proven effective in increasing the fair and efficient distribution of wealth. The irfani approach strengthens the spiritual dimension, making economic activity a part of worship and a manifestation of faith.

The combination of these three approaches enables Islamic economics to develop analyses that are not only comprehensive in theory but also adaptive in practice. Research by Khan & Mirakhor (2022) even suggests the integration of technologies such as blockchain into the Islamic financial system to ensure transparency and accountability.

However, methodological challenges remain an obstacle. The lack of systematic development of micro and macro theories, the dominance of qualitative approaches that are not balanced with quantitative approaches, and limitations in expanding the scope of Islamic economics to the production and distribution sectors are fundamental problems. Therefore, there needs to be a change in approach from within the academic body of Islamic economics itself.

This is where the urgency of a paradigm shift lies. Islamic economics should not only be an ideal discourse trapped in Arabic terminology and normative verses, but must become a dynamic, applicable, and responsive science. It is precisely by integrating quantitative methodologies, processing zakat big data, and developing maqasid indices in fiscal policy that Islamic economics will gain an equal place on the global scientific stage.

CONCLUSION

Islamic economics is not merely an interest-free system, but a system of science and policy built on the values of tawhid, justice, and maslahah. With the bayani, burhani, and irfani methodological approaches, Islamic economics is capable of providing holistic and multidimensional economic solutions. Compared to the conventional interest system, Islamic financial principles are more suitable for building distributive justice and social stability.

To strengthen the contribution of Islamic economics, it is necessary to develop methodologies that are open, interdisciplinary, and data-driven. Academics and policymakers need to adopt a new mindset that is not averse to technology and innovation, as long as Sharia values remain the main reference. Public literacy regarding the Sharia financial system must also be improved so that the transformation towards an Islamic economic system can be inclusive and sustainable.

In an era of massive technological change, Islamic economics is challenged to emerge not only as a normative alternative, but also as a progressive and adaptive solution. This requires an open mindset from all parties—academics, regulators, and the wider community—in accepting new approaches, such as the integration of big data, artificial intelligence, and blockchain transparency in the management of sharia funds (). As long as these innovations do not undermine the values of maqasid syariah, they will actually strengthen the Islamic economy in responding to the demands of the times and creating true economic justice.

Therefore, the next step requires active collaboration among stakeholders: academics, regulators, Islamic finance practitioners, and the digital community. Each has a strategic role to ensure that Islamic economic values are not only preserved but also developed into a solution-oriented and superior economic system amid global disruption.

REFERENCES

- Ahmed, H. (2022). *The Role of Zakat in Reducing Economic Inequality: Evidence from Indonesia, Malaysia, and Sudan*. *Islamic Economics and Finance Journal*, 9(3), 112-126.
- Alam, S. & Rahman, A. (2020). *The Development of Micro and Macro Islamic Economics: Challenges and Future Directions*. *International Journal of Islamic Economics*, 35(2), 120-136.
- Ali, F., & Javed, M. (2021). *The Role of Islamic Finance in Global Economic Justice: A Theoretical and Practical Perspective*. *Journal of Islamic Economics, Banking and Finance*, 17(2), 132-148.
- Al-Qudah, A. (2021). *Integrating Islamic Epistemology with Quantitative Methods: A Path Toward Modernizing Islamic Economics*. *Journal of Islamic Economic Studies*, 29(4), 98-114.
- Al-Qudah, A., Zaid, A., & Khan, M. A. (2020). *Corporate Governance in Islamic Finance: Ethical Practices and Their Impact on Market Stability*. *Journal of Financial Ethics*, 11(4), 189-204.
- Alsadi, N. (2025). The Convergence of Blockchain Technology and Islamic Economics: Decentralized Solutions for Shariah-Compliant Finance. *arXiv preprint*. <https://arxiv.org/abs/2501.02263>
- Alshammari, A. F., Alhajji, A. M., & Khan, Z. (2021). *Islamic Finance and Its Role in Reducing Financial Instability in Global Markets*. *Journal of Islamic Finance*, 20(3), 215-230.
- Ascarya, & Yumanita, R. (2020). *The Development of Baitul Maal Wat Tamwil (BMT) in Empowering the Poor: A Case Study in Indonesia*. *Journal of Islamic Economics and Finance*, 6(2), 215-228.
- Asutay, M., & Yilmaz, I. (2021). Financial Inclusion and Islamic Finance: The Role of Maqasid al-Shariah. *Review of Islamic Economics*, 28(1), 105–130.
- Central Statistics Agency. (2023). *Indonesia's Gini Index 2023*. <https://www.bps.go.id>
- Chapra, M. U. (2000). *The Future of Economics: An Islamic Perspective*. Leicester: The Islamic Foundation.
- Chapra, M. U. (2021). *Islamic Economics and Sustainable Development: An Integrated Approach*. Routledge.
- Credit Suisse Research Institute. (2023). *Global Wealth Report 2023*. <https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>
- Farooq, M. O. (2020). *Islamic Economics: A New Way Forward in a Globalized World*. *Journal of Economic Perspectives*, 34(1), 10-24.
- Fatmawati, F. (2023). Comparative Analysis of Monetary Functions in Islamic and Conventional Economic Systems. *Journal of Islamic Economics Management and Business (JIEMB)*, 5(1). <https://doi.org/10.21580/jiemb.2023.5.1.20425>
- Hanafi, S. M., & Syarifah, L. (2022). Islamic Economics Seen from the Philosophy of Science and Integration-Interconnection Paradigm. *Global Review of Islamic Economics and Business*, 10(1). <https://doi.org/10.14421/grieb.2022.101-07>
- Haneef, M. A. (1997). *Islamic Economic Thought: A Methodological Approach*. The Islamic Foundation.

- Hasan, Z., & Ali, M. (2022). Reassessing Islamic Economic Framework in Contemporary Contexts. *Journal of Islamic Economics and Finance*, 5(1), 25-40.
- Hassan, M. K., & Maulana, A. S. (2020). *Islamic Financial Instruments: A Sustainable Approach to Financial Stability*. *Islamic Economic Studies*, 28(2), 142-158.
- Islahi, A. A. (2022). Islamic Economic Methodology and Its Practical Relevance Today. *International Journal of Islamic Economics*, 4(2), 77–90.
- Khan, A. M., & Usmani, M. A. (2022). *The Spiritual Dimension of Islamic Economics: Ethical Practices and Global Impact*. *Islamic Economics Review*, 15(3), 91-105.
- Khan, F., & Mirakhor, A. (2022). *Islamic Finance: Theory and Practice in the Age of Digital Transformation*. Wiley.
- Khan, M. S. (2021). *Visionary Solutions in Islamic Economics: Bridging the Gap Between Theory and Practice*. *Islamic Economics Review*, 39(1), 21-45.
- Mirakhor, A. (2022). *Expanding the Horizon of Islamic Economics: Beyond Finance and Banking*. *Journal of Islamic Finance and Economics*, 15(3), 204-220.
- Mohammad, M., & Ahmed, S. (2023). *Mathematical Modeling of Zakat Distribution: Efficiency, Equity, and Sustainability*. *International Journal of Islamic Economics*, 28(2), 87-101.
- Nasution, H. (2021). Integration of Bayani, Burhani, and Irfani Approaches in Islamic Economics. *Indonesian Sharia Economics Journal*, 11(2), 123–136.
- Omar, N., & Raza, S. A. (2022). *The Role of Zakat in Reducing Poverty and Inequality: Evidence from Muslim Countries*. *Journal of Islamic Economics*, 37(1), 54-68.
- Rofik, M., Boulanouar, Z., Yuli, S. B. C., & Wardani, D. T. K. (2025). Revisiting the Impact of Islamic Finance on Economic Growth: A Decomposition Analysis Using Indonesia as a Testing Ground. *International Journal of Islamic and Middle Eastern Finance and Management*. <https://doi.org/10.1108/IMEFM-06-2024-0288>
- Saadatirrohmi, S. A., Harsono, P., & Bakri, A. A. (2024). Transformation and Innovation in Islamic Economics: Responding to Challenges in the Digital and Globalization Era. *Journal of Islamic Economy*, 1(3), 11–18. <https://doi.org/10.62872/m12p3y52>
- World Inequality Report 2022. Available at: <https://wir2022.wid.world>