

SYARIAH BASED ECONOMIC DEVELOPMENT

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Abstract: The sharia economic system can be an alternative to the conventional banking system because this system has a fairly strong resistance to the current global financial crisis. Opportunities in the development of Islamic economic research arose along with the emergence of three main currents of Islamic economic thought, namely: First, the Baqir al-Sadr School with its main figures Baqir Sadr and Ali Shariati, this school has an understanding that there are fundamental differences between economics and Islam. Therefore, the term economics must be replaced with the word 'Iqtishad'. This school also tends to disapprove of the conventional economic axiom of 'limited resources, unlimited wants'. Second, the Mainstream Madzhab with its character M.A. Mannan, Umer Chapra, Nejatullah Siddiqi, Monzer Kahf, and Anas Zarka. If the first is 'fundamentalist' in color, the second is 'middle way' in attitude to conventional economics. Because of its moderate nature, this school is the most dominant, with ideas offered using economic modeling and quantitative methods, and supported by large institutions that support the study and publication of the results of their studies. Third, Alternative Madzhab with its pioneers Timur Kuran and Muhammad Arif. This flow invites Muslims to be critical not only of capitalism and socialism, but also of the currently developing Islamic economy. According to them, Islam must be true, but Islamic economics is not necessarily correct because it is only a human interpretation of Islamic teachings.

Keywords: *Economy, Syariah.*

Introduction

Globalization is a term that has a relationship with the increasing interdependence between nations and between people around the world through trade, shipping, investment, culture, and other forms of interaction so that the boundaries of a country become biased. According to Dorajatun Kuntjoro Jakti's perspective, globalization is at least caused by the three T revolutions (Transportation, Telecommunications, and Tourism). This can be proven by the development of transportation technology which gave birth to the era of the end of geography, the development of communication technology which will give birth to the era of the end of timelines relatively, and the tourist revolution can result in an increase in the flow of human exchange which can allow the erosion of socio-political-cultural barriers. Salim, 1997).

Comparing several existing economic systems, namely capitalist, socialist, and Islamic, Indonesia, which has the largest Muslim population in the world, should have developed an Islamic economic system. Because the Islamic economic system is a fair and thorough system and seeks to guarantee that wealth is not only accumulated in certain groups, but is spread throughout society. In Islam there are limiting rules, such as zakat, inheritance,

wills, and prohibitions on hoarding wealth, for the sake of equity and the smooth circulation of the people's economy. In essence, Allah likes people who are rich but with the condition that they have to be taqiy (piety), that is, with the wealth one has, one is required to have high social solidarity (mahfudh, 2007).

Thus, a new step is needed in the development of an Islamic economic system, namely the development of a sharia-based economy, which is expected to be able to respond to world challenges in the economic field in the era of globalization which is not limited by territory.

Literature Review

1. Ekonomy Syariah

In that sense, sharia/Islamic economics can be explained according to several Islamic economic experts, including: (Mannan, 2012)

- a. Muhammad Abdul Mannan, Islamic economics is a social science that studies people's economic problems inspired by Islamic values.
- b. Muhammad Nejatullah Siddiqi, Islamic economics is the response of Islamic thinkers to economic challenges at a certain time, which in this effort is assisted by the Koran and al-Sunnah, reason and ijthihad and experience.
- c. M. Umar Chapra, Islamic economics is a knowledge that helps efforts to realize human happiness through the allocation and distribution of limited resources that are in the corridors that refer to Islamic teachings without giving individual freedom or without sustainable macroeconomic behavior and without environmental imbalances.
- d. Hasanuz Zaman, Islamic economics is knowledge and application of sharia law to prevent the occurrence of injustice over the utilization and development of material resources with the aim of providing human satisfaction and doing it as an obligation to Allah SWT. and society.
- e. Sayed Nawab Naqvi, Islamic economics is a representation of Muslim behavior in a particular Muslim society.
- f. M. Akram Khan, Islamic economics aims to study human authority so that it becomes good which is achieved through organizing natural resources based on cooperation and participation.
- g. Kursyid Ahmad, Islamic economics is a systematic effort to understand economic problems and human behavior relationally from an Islamic perspective.
- h. M.M. Metwally, Islamic economics is a science that studies Muslim behavior in an Islamic society that follows the Koran, al-Hadith, Ijma', and Qiyas.
- i. Mnawar Iqbal, Islamic economics is a discipline that has roots in Islamic sharia.

From some of the definitions above, it can be seen that Islamic economics is not only the study of value issues, but also in the field of scientific study. So it is this integration between knowledge and values that makes Islamic economics an integral concept in building the integrity of social life. In this case, Islamic economics as a science can make Islamic economics digestable using scientific methods, while Islamic economics as a value makes Islamic economics relevant to the nature of human life (Mannan, 2012).

Method

A study cannot be said to be research if it does not have a research method (Koto, 2021). The research method is a process of collecting and analyzing data that is carried out systematically, to achieve certain goals. Data collection and analysis is carried out naturally, both quantitatively and qualitatively, experimentally and non-experimentally, interactively and non-interactively (Koto, 2020). The research method used is normative juridical research, namely legal research conducted by examining literature or secondary data (Koto, 2022). In qualitative research, the process of obtaining data is in accordance with the research objectives or problems, studied in depth and with a holistic approach (Rahimah & Koto, 2022).

Result and Discussion

1. Position of Islamic Economic Law in Indonesia

Along with the development of global culture and advances in science and information technology, it has an impact on various parts of everyday life. One of the impacts of global culture is also marked by the existence of an economic concept, namely the concept of Islamic economics and law is needed to realize people's welfare. Sharia Economics is the science of humans who believe in Islamic values. Sharia Economics which not only studies social individuals but also humans with the obligation to worship Allah SWT. Islamic Economics is controlled by basic Islamic values in its application, based on the commands of the Al-Qur'an and Hadith. Sharia economic law is sourced from Islamic law, so that Islamic law is a source of national law along with western law and customary law, does not mean that it has to become a formal law with its own exclusive form, except for its nature to serve (not impose imperatively) on what is already in effect. as consciousness in everyday life. Here the source of law must be interpreted as a source of material law in the sense of being content material for formal sources of law (Habibullah, 2017).

As Muslims agree that Islam regulates all aspects of social life with a set of norms, including legal norms. The Qur'an contains many general provisions to guide human behavior. The existence of an Islamic economic system in society is based on an understanding of Islam which is a concept or living system in an integrated and comprehensive manner. Islam in economic activity provides a set of systems in the form of personal guidance, interactions and systems, principles of application, and space for developing the economy with all policy instruments, institutions and legal aspects of development, control and supervision. Of course, for these devices to produce quality, intensity and benefits of the system, it all depends on the humans who develop, control and supervise the functions of the economic system (Sakti, 2004).

Technically, in practice in Indonesia there is no difference in terms of Islamic economics and Islamic economics, but in academic studies the terms are different. Because sharia according to language is water, roads, regulations, laws, and laws. Meanwhile, according to the term sharia, which is a provision of Islamic law that regulates human activities which contain orders and prohibitions, both concerning vertical interaction with God and horizontal interaction with fellow creatures. The study of economics in general actually concerns the attitude of human behavior towards the problems of production, distribution, consumption of commodities and services. The study of Islamic economics from this point of view is no different from secular economics, but from another point of view it is bound by Islamic values, or in everyday terms, is bound by the provisions of halal-haram.

2. Islamic Economic Development in Indonesia

The sharia economic system can be an alternative to the conventional banking system because this system has a fairly strong resistance to the current global financial crisis. As stated by the Minister of Finance Sri Mulyani Indrawati, the performance of Islamic banking in the country recorded stable growth, even growing higher than conventional banking amid the Covid-19 pandemic. "What's interesting is that under very stressful conditions due to Covid-19, national banking intermediation tends to decline, but the performance of Islamic banking is actually stable and growing higher than conventional banks (<http://ibs.ac.id/pengembangan-eko-syariah-community-based/>).

Opportunities in the development of Islamic economic research arose along with the emergence of three main currents of Islamic economic thought, namely: First, the Baqir al-Sadr School with its main figures Baqir Sadr and Ali Shariati, this school has an understanding that there are fundamental differences between economics and Islam. Therefore, the term economics must be replaced with the word 'Iqtishad'. This school also tends to disapprove of the conventional economic axiom of 'limited resources, unlimited wants'. Second, the Mainstream Madzhab with its character M.A. Mannan, Umer Chapra, Nejatullah Siddiqi, Monzer Kahf, and Anas Zaqqa. If the first is 'fundamentalist' in color, the second is 'middle way' in attitude to conventional economics. Because of its moderate nature, this school is the most dominant, with ideas offered using economic modeling and quantitative methods, and supported by large institutions that support the study and publication of the results of their studies. Third, Alternative Madzhab with its pioneers Timur Kuran and Muhammad Arif. This flow invites Muslims to be critical not only of capitalism and socialism, but also of the currently developing Islamic economy. According to them, Islam must be true, but Islamic economics is not necessarily true because it is only a human interpretation of Islamic teachings (Rusydia, et al, 2009).

Fintech development in Indonesia, which is the country with the largest population in Southeast Asia and fourth in the world, is the largest market for fintech. According to the Indonesian Fintech Association (IFA), the number of fintech players in Indonesia grew by 78% in 2016, so as of November 2016 IFA recorded around 135-140 start-up companies registered. This shows that Indonesia welcomes the presence of Fintech to meet financial needs. In general, Fintech in Indonesia has enormous potential because it can provide solutions for urgent needs that cannot be provided by traditional financial institutions, especially Islamic fintech. The development of Islamic Fintech with the Interpretive Structural Model (ISM) framework consists of four criteria including: (Setyaningsih, 2018)

- a. The perspective of the Fintech function
- b. Problems he faced in connecting Islamic Fintech
- c. The strategy or tax basis required within the framework of sharia fintech development
- d. The existence or actors involved in the development of Islamic fintech in Indonesia

Conclusion

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