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Rethinking Islamic Monetary Economics for an Inclusive and Sustainable Future

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ABSTRACT

This study examines the conceptual foundations, institutional mechanisms, and sustainability implications of Islamic monetary economics in addressing contemporary challenges, including inflation, financial instability, income inequality, and environmental risks. Employing a literature review approach, the study synthesizes relevant academic publications to explore Islamic monetary principles, compare Islamic and conventional monetary systems, and assess their contributions to sustainable development. The findings indicate that Islamic monetary economics emphasizes monetary stability, social justice, risk sharing, and the integration of financial activities with the real economy. Unlike conventional monetary frameworks, Islamic monetary economics incorporates Sharia principles, ethical responsibility, and *maqasid al-shariah* into monetary policy objectives. Furthermore, productive financing, Islamic social finance, green sukuk, and financial technology offer significant opportunities to strengthen financial inclusion, economic resilience, and environmental sustainability. However, challenges remain regarding institutional coordination, regulatory frameworks, monetary policy transmission, and Sharia-compliant financial innovation. The study concludes that sustainable Islamic monetary economics requires integrated monetary policies, effective governance, responsible financial innovation, and stronger connections between financial stability, equitable economic development, and environmental protection to achieve inclusive and sustainable socioeconomic welfare.

Keywords: Financial Stability; Islamic Monetary Economics; Monetary Policy; Sharia Principles; Sustainable Development

INTRODUCTION

The contemporary global economy faces a series of interconnected pressures, ranging from inflation, exchange-rate volatility, and financial-sector instability to income inequality, health crises, supply-chain disruptions, and climate-change risks. Within the framework of monetary economics, these pressures are not only related to changes in the money supply or price levels, but also concern how the financial system creates, channels, and distributes liquidity. When financing expansion flows more heavily into speculative activities than into production,

Inflation is one of the main challenges because it affects consumption, savings, investment, income distribution, and welfare. Persistent price increases can reduce the real value of money, weaken low-income households' ability to meet basic needs, and

increase business uncertainty. Monetary policy generally responds by managing liquidity, policy interest rates, exchange rates, and credit channels. However, in a dual banking system, policy transmission becomes more complex because Islamic and conventional banks have different contract structures, funding sources, and financing patterns. Empirical studies show that monetary policy continues to affect Islamic bank financing, although responses may differ according to bank conditions, market structure, and the instruments used (Boukhatem & Djelassi, 2022; Zulkhibri, 2018).

Islamic monetary economics offers an approach that places money, monetary policy, and financial institutions within a framework of Sharia values. This approach goes beyond replacing interest with a margin or profit-sharing arrangement. Islamic monetary economics requires financial activities to be connected to lawful transactions, asset ownership, production, trade, and the creation of social benefits. Iqbal and Mirakhor (2017) emphasize that Islamic finance is built on ethics, justice, risk sharing, and responsibility toward all stakeholders. Accordingly, the Islamic monetary system aims to preserve the stability of money's value, support employment opportunities, encourage healthy growth, and improve the distribution of income and wealth. This orientation shows that monetary policy in Islam has economic as well as moral and social dimensions.

The relevance of this approach has grown as the world enters the era of financial technology, blockchain, digital currencies, and automated financial services. Technology can reduce transaction costs, broaden access to financing, accelerate payments, and improve transparency. However, digitalization also introduces new risks, including uncertainty about underlying assets, market manipulation, data security, the digital divide, and speculative transactions. Alam et al. (2019) explain that digital transformation creates significant opportunities for the Islamic finance industry, but requires adequate governance, regulation, and Sharia-compliance testing. Therefore, sustainable Islamic monetary economics must integrate price stability, financial stability, social justice, technological innovation, and environmental responsibility within a single policy framework.

The concept of sustainability in Islamic monetary economics also requires a change in how policy objectives are viewed. Growth in financing does not necessarily indicate success if funds are concentrated among certain groups, fail to create jobs, or cause environmental damage. Monetary policy should be assessed based on the quality of fund allocation, financial-sector resilience, inclusion, and its contribution to long-term welfare. In this sense, sustainable Islamic monetary economics seeks to bring together three key dimensions: economic stability, social justice, and environmental preservation. These form the basis for addressing inflation, crises, and digitalization without neglecting Sharia values and public welfare (Hassan et al., 2025).

LITERATURE REVIEW

Definition and Scope of Islamic Monetary Economics

Monetary economics studies the nature and functions of money, money creation, money demand and supply, price levels, inflation, exchange rates, financial institutions, and central-bank policy. Islamic monetary economics examines all these aspects based on Sharia principles and the objective of public welfare. Zulkhibri et al. (2019) explain that its main distinguishing characteristics are the elimination of interest as the foundation of the system, the use of Sharia-compliant instruments, and a policy orientation toward

economic welfare, distributive justice, and the stability of money's value. Thus, Islamic monetary economics is not merely a branch of Islamic banking, but a macroeconomic field examining the relationships among money, financing, production, prices, income, and institutions.

From an Islamic perspective, money primarily serves as a medium of exchange, unit of account, and store of value that facilitates the exchange of goods and services. Money should not be treated as a commodity that generates a guaranteed increase solely through the passage of time. This does not mean that Islam rejects profit. Profit may be earned through asset ownership, trade, investment, work, entrepreneurship, and willingness to bear business risk. This distinction is important because it shapes the relationship between the monetary and real sectors. When financing growth accompanies asset transactions and productive activity, income creation has a clearer economic basis. The principles of asset-backed financing and risk sharing therefore serve as mechanisms to reduce excessive separation between financial claims and productive activity (Iqbal & Mirakhor, 2017).

The scope of Islamic monetary economics includes the money supply, inflation, exchange rates, monetary policy, policy transmission, liquidity management, financial-system stability, and the relationship between monetary and macroprudential policies. In practice, central banks in countries with dual financial systems must manage conventional and Sharia-compliant instruments side by side. Amrial et al. (2019) show that dual monetary policy is relevant to analyzing inflation and unemployment responses in Indonesia. Hafidh (2021) also finds a dynamic relationship among inflation, monetary policy, deposits, and Islamic bank financing. These findings demonstrate that Islamic banking remains part of the national monetary transmission mechanism.

The study of Islamic monetary economics also covers institutions that perform financial intermediation and mobilize funds. These include central banks, Islamic banks, non-bank financial institutions, Islamic money markets, Islamic capital markets, takaful providers, microfinance institutions, and financial-technology providers. Instruments such as sukuk, investment certificates, mudarabah financing, musharakah financing, murabahah, and Sharia-compliant liquidity facilities play a role in channeling funds and managing liquidity. Each instrument has distinct contractual characteristics, return structures, risk-sharing arrangements, and underlying assets. Therefore, the effectiveness of Islamic monetary policy is strongly influenced by the depth of Islamic financial markets and the availability of liquidity instruments for central banks and financial institutions.

In addition to the commercial financial sector, Islamic monetary economics is also related to Islamic social finance. Zakat, waqf, infaq, and sadaqah serve functions in redistribution, social protection, economic empowerment, and financing public needs. Social finance can help vulnerable groups cope with income declines caused by inflation, disasters, unemployment, or economic crises. Integrating commercial and social finance enables the Islamic financial system to perform both intermediation and distribution functions. Hassan et al. (2025) regard this integration as an important reform for strengthening Islamic finance's contribution to sustainable development and reducing inequality.

The scope of Islamic monetary economics also includes the relationship between exchange rates and the domestic economy. Exchange-rate changes can affect import prices, production costs, inflation, capital flows, and the ability to meet foreign obligations. In economies dependent on imported food, energy, raw materials, or technology, currency depreciation can intensify inflationary pressures. Exchange-rate stability is therefore an important part of protecting money's real value and public welfare. However, efforts to maintain exchange-rate stability must be proportionate and take into account foreign-exchange reserves, trade conditions, domestic productivity, and the sustainability of the external sector.

In the context of sustainability, this scope has expanded to include green financing, green sukuk, responsible investment, and environmental, social, and governance (ESG)

criteria. Harahap et al. (2023) find that Islamic finance has substantive links with the Sustainable Development Goals, particularly in the areas of human welfare, poverty reduction, and well-being. Technology further broadens the field through digital payments, smart contracts, crowdfunding, digital assets, and regulatory technology. These innovations must nevertheless be assessed in terms of contractual legality, asset clarity, risk distribution, consumer security, and effects on the real sector. Sustainable Islamic monetary economics therefore encompasses normative, institutional, policy, technological, social, and environmental analysis.

RESEARCH METHOD

This study adopts a literature review approach, drawing on scientific articles, academic books, and other reliable sources relevant to issues including inflation, exchange-rate volatility, financial-sector instability, income inequality, health crises, supply-chain disruptions, and climate-change risks (Snyder, 2019).

RESULTS

Philosophical Foundations and Basic Principles of Islamic Monetary Economics

The philosophical foundation of Islamic monetary economics begins with the principle of tawhid, the recognition that all resources are created by and entrusted by Allah. Human beings are assigned the role of khalifah (steward), responsible for managing resources fairly, productively, and without causing harm. Consequently, monetary decisions cannot be separated from moral responsibility. Money issuance, financing creation, reserve management, and policy direction must consider their effects on people's lives. Akhlaq (ethics) provides the basis for economic conduct through honesty, trustworthiness, transparency, fulfillment of contracts, and the prohibition of gaining benefits by harming others. Iqbal and Mirakhor (2017) regard these ethical principles as substantive elements distinguishing Islamic finance from approaches that treat financial activity as entirely value-neutral.

Sharia principles are directed toward achieving maqasid al-shariah: the protection and advancement of religion, life, intellect, progeny, and wealth. In monetary economics, protecting wealth means not only safeguarding ownership rights, but also preserving money's purchasing power, preventing unlawful appropriation of wealth, and ensuring fair economic opportunities. The protection of life and progeny relates to access to basic needs, employment, food, housing, healthcare, and a decent environment. This framework connects Islamic monetary economics with sustainable development. Hassan et al. (2025) explain that Sharia principles align with the sustainable-development agenda because both emphasize well-being, prevention of harm, social responsibility, and long-term impacts.

Justice is a central principle governing relationships among fund owners, business managers, consumers, financial institutions, and the state. In financing, justice requires that profit not be separated from risk, responsibility, and productive activity. In monetary policy, justice requires authorities to consider how inflation and liquidity changes affect different groups in society. High inflation, for example, does not burden all households equally. Low-income households, which spend most of their income on food and basic necessities, tend to bear a greater impact. Price stability in Islamic economics is therefore not merely a technical central-bank target, but part of the effort to uphold justice and public welfare.

The principle of balance directs the financial sector to develop in line with the capacity of the real sector. Financing growth that is too rapid without an increase in production can drive up asset prices and create systemic risks. Conversely, excessively tight liquidity can hinder investment, slow production, and increase unemployment. Islamic monetary policy must seek a balance among price stability, economic growth, employment, financial stability, and equitable distribution. This orientation indicates that policy success cannot be assessed using a single indicator, but rather through a combination of economic and social indicators that reflect society's overall welfare.

The principle of maslahah (public benefit) requires every financial policy and innovation to be assessed according to its public benefits and ability to prevent harm. On this basis, Islam prohibits riba, excessive gharar, maysir, fraud, and ihtikar. Riba involves a stipulated increase without adequate participation in business risk. Excessive gharar creates uncertainty about the object, price, rights, or obligations, while maysir makes profit dependent on speculation resembling gambling. Ihtikar, or hoarding, can obstruct the circulation of goods and create scarcity to obtain excessive profit. D'Alvia (2020) shows that the concept of gharar provides an important framework for distinguishing ordinary business risk from exploitative contractual uncertainty.

The prohibitions of riba, gharar, and maysir should be understood alongside positive principles such as lawful trade, risk sharing, asset linkage, and financing productive activity. Mudarabah and musharakah contracts reflect the sharing of returns and risks, while sales and leasing connect financing to tangible goods or benefits. These links do not automatically eliminate crisis risks, but they can limit the growth of financial claims without a productive basis. Islamic monetary policy must therefore provide liquidity instruments that can be lawfully traded, have clear underlying assets, and do not encourage speculation. Their development must also account for policy-transmission effectiveness, since Islamic banks remain affected by liquidity conditions and national monetary policy (Boukhatem & Djelassi, 2022; Zulkhibri, 2018).

Humanity's responsibility as khalifah also has an environmental dimension. Economic activity must not cause damage whose financial benefits are enjoyed only in the present while the costs are borne by society and future generations. Financing decisions should therefore consider energy use, emissions, waste management, resource conservation, and projects' social impacts. This principle provides a philosophical basis for developing green sukuk, renewable-energy financing, sustainable agriculture, low-emission transport, and climate-resilient infrastructure. Within this framework, financing viability is determined not only by returns, but also by the social and environmental benefits generated.

The success of Islamic monetary economics cannot be measured solely by formal compliance with contractual forms. A more comprehensive assessment includes the stability of money's value, financial-institution resilience, increased productive financing, equitable access, poverty reduction, environmental protection, and the system's ability to withstand shocks. Digitalization must likewise be treated as a means of expanding public benefit, not as an end in itself. Hassan et al. (2022) note that financial technology can improve inclusion, efficiency, and transaction monitoring, but can also create governance and Sharia-compliance risks. Sustainable Islamic monetary economics therefore combines spiritual values, legal rules, ethics, public policy, innovation, and real economic performance.

Differences Between Islamic and Conventional Monetary Economics

Islamic and conventional monetary economics both examine the functions of money, liquidity creation, inflation, exchange rates, financial intermediation, and central-bank policy. Both also focus on price stability, economic growth, employment, and financial-system resilience. Nevertheless, they differ fundamentally in their philosophical foundations, concepts of money, mechanisms for determining returns, relationships between the financial and real sectors, and ultimate policy orientations. Conventional monetary economics is generally based on economic rationality and market efficiency, whereas Islamic monetary economics places monetary activity within the framework of tawhid, Sharia, ethics, justice, and maqasid al-shariah (Iqbal & Mirakhor, 2017).

The first difference concerns the concept of money. In conventional economics, money serves as a medium of exchange, unit of account, store of value, and standard of deferred payment. Money and various financial claims can also be income-generating assets through interest mechanisms. The concept of the time value of money explains why a sum of money today has a different value from the same sum in the future. This difference is influenced by inflation, risk, liquidity preferences, and opportunity costs. Interest therefore becomes the price of using funds over a certain period.

Islamic monetary economics recognizes that time has economic value, but does not permit an increase stipulated solely because time passes in a loan transaction. Money is primarily regarded as a means of facilitating exchange, rather than a commodity that generates profit by itself. Profit is permissible when connected to trade, service provision, asset ownership, investment, or willingness to bear business risk. Accordingly, differences in transaction values over time must be based on legitimate economic activity, assets, benefits, and risks. This principle underlies the prohibition of riba and encourages the use of contracts such as mudarabah, musharakah, murabahah, and ijarah (Zulkhibri et al., 2019).

The second difference concerns money creation and financing mechanisms. In the conventional system, banks perform an intermediation function by accepting deposits and extending credit. When credit is granted, the banking system can create new deposits, thereby increasing the economy's demand deposits. This capacity is constrained by capital, liquidity, reserve requirements, credit demand, borrower quality, and central-bank policy. Credit may be used for productive activities, consumption, asset purchases, and financial transactions. If credit expands faster than production, it can increase inflation, asset prices, and financial instability risks.

In the Islamic system, financing creation should, in principle, be based on valid contracts connected to real transactions. Financing should not take the form of an exchange of money for money that generates a guaranteed increase. Islamic banks channel funds through sales, leasing, business partnerships, or other Sharia-compliant financing structures. The link to assets and business activity is intended to limit the growth of financial claims unsupported by productive activity. Nevertheless, modern Islamic banks still operate within the banking system, use deposits, transform maturities, and interact with central-bank policy. Islamic banking is therefore not automatically free from the risks of financing expansion, excess liquidity, or a mismatch between the financial and real sectors.

The third difference relates to monetary-policy instruments. In the conventional system, central banks commonly use policy interest rates, open-market operations, reserve requirements, deposit facilities, lending facilities, and foreign-exchange interventions.

Changes in policy rates affect money-market rates, deposits, credit, asset prices, exchange rates, consumption, and investment. This mechanism is known as monetary-policy transmission. Interest-based instruments play an important role in signaling the policy direction and regulating funding costs within the financial system.

In the Islamic monetary system, policy instruments must be free from riba, excessive gharar, and speculative transactions. Central banks can use reserve requirements, financing regulations, sukuk instruments, Sharia-compliant liquidity facilities, investment certificates, and market operations based on assets and Sharia contracts. The return on musharakah financing could also theoretically serve as a variable influencing savings, investment, and economic activity. Adela (2018) argues that the rate of return on musharakah could be developed as an alternative to interest rates within an Islamic monetary-policy framework. However, implementation requires a deep Islamic money market, adequate liquidity instruments, strong governance, and transparent mechanisms for assessing profits and risks.

In practice, within a dual banking system, conventional and Sharia-compliant instruments are not always fully separated. Changes in policy interest rates can affect funding costs, deposit returns, and Islamic financing prices through market competition. Islamic banks also often use conventional market returns as benchmarks to remain competitive. This indicates that normative differences between the two systems have not always resulted in a complete empirical separation of their transmission mechanisms. Developing Islamic monetary economics therefore requires benchmarks based on asset performance, real-sector productivity, or returns on Sharia-compliant investment, rather than merely replacing the term interest with margin or profit sharing (Zulkhibri et al., 2019).

Another difference concerns the determination of returns and risk management. In conventional financing, loan returns are generally set as interest payable under the agreement, regardless of whether the borrower's business succeeds. Business risk is primarily borne by the borrower, while the lender faces default risk. Various derivatives, insurance, collateral, and securitization are used to transfer or reduce risk. This approach tends to emphasize risk transfer, although conventional systems also include equity financing that involves risk sharing.

Islamic economics emphasizes risk sharing, linking the right to earn profit with the obligation to bear risk. Under a mudarabah contract, the capital provider supplies funds while the entrepreneur manages the business. Profits are shared according to an agreed ratio, while financial losses are generally borne by the capital provider unless negligence or a breach by the manager has occurred. In musharakah, the parties contribute capital and share profits and losses in accordance with the contract. This principle is expected to create a more balanced relationship between the financial sector and businesses. However, risk sharing also creates greater needs for transparency, auditing, supervision, and the reduction of information asymmetry.

The final difference lies in policy orientation. Conventional monetary policy is generally directed toward price stability, exchange-rate stability, economic growth, employment, and financial-system stability. Islamic monetary economics accepts these objectives but adds distributive justice, equitable access to financing, protection of vulnerable groups, and social welfare as integral policy goals. Zulkhibri et al. (2019) explain that Islamic monetary policy has three main objectives: economic welfare and employment opportunities; socioeconomic justice and wealth distribution; and stability in the value of money. The success of the Islamic monetary system should therefore be measured not

only by controlled inflation, but also by the quality of growth, equitable financing, and contribution to public welfare.

DISCUSSION

Sustainable development is a process that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. This approach integrates economic growth, social inclusion, environmental protection, and responsible governance. In the monetary context, sustainable development requires money creation, financing allocation, investment, and liquidity policy to do more than generate short-term growth: they must also strengthen productive capacity, reduce inequality, and preserve natural resources.

Islamic monetary economics has foundations that align with sustainable development because it regards human well-being as the purpose of using wealth. The principle of maqasid al-shariah directs economic activity toward protecting religion, life, intellect, progeny, and wealth. This framework emphasizes that economic growth is not an end in itself, but a means of creating a fair, safe, and dignified life. Harahap et al. (2023) identify a strong conceptual relationship between Islamic finance principles and the Sustainable Development Goals, particularly in poverty reduction, decent work, reduced inequalities, infrastructure development, and stronger partnerships.

The first contribution of Islamic monetary economics to sustainable development is made through financing the productive sector. Financing linked to assets and business activities can be directed toward agriculture, halal industries, energy, trade, housing, education, healthcare, and infrastructure. Profit-sharing contracts also allow financial institutions to act as business partners rather than merely creditors. Such partnerships can increase financial institutions' attention to business feasibility, productivity, and project sustainability. However, these goals can be achieved only if financing is not concentrated in consumer sectors or transactions that formally comply with Sharia but have weak links to production.

Micro, small, and medium-sized enterprises (MSMEs) are important sources of income, employment, local innovation, and community economic resilience. Their main constraints are often not limited to a lack of capital, but also include weak financial recordkeeping, managerial capacity, market access, technology, and collateral. Islamic financial institutions can provide partnership-based, sale-based, lease-based, and qard hasan financing accompanied by business support. Within a sustainable monetary framework, central banks and governments can also offer liquidity incentives, guarantees, or policy support for financing that creates jobs and strengthens local value chains.

The second contribution comes from integrating Islamic commercial finance and social finance. Zakat, waqf, infaq, sadaqah, and qard hasan can be used for income redistribution, social protection, provision of basic services, and economic empowerment. Zakat can help meet the needs of poor groups while supporting the transformation of aid recipients into productive entrepreneurs. Waqf can finance long-term social assets such as schools, hospitals, clean-water facilities, productive land, and community infrastructure. Rosman et al. (2022) emphasize that Islamic social-finance instruments are relevant to poverty reduction and improved social welfare, although their

effectiveness depends heavily on governance, data integration, and institutional capacity.

This integration can create a layered financing model. Social funds can finance basic needs, training, or the early stages of a business, while commercial financing can be used once the business has the capacity to grow. This model can reduce financial institutions' risk while expanding access for groups previously considered ineligible for financing. Social finance can also act as a buffer during inflation, disasters, pandemics, or job losses. Thus, monetary stability from an Islamic perspective involves not only controlling prices but also building mechanisms to protect people from the social effects of economic shocks.

The third contribution is achieved through green financing and sustainable investment. Green sukuk can raise funds for renewable energy, low-emission transport, waste management, energy efficiency, sustainable agriculture, and climate-change adaptation. Abdullah and Keshminder (2022) explain that the development of green sukuk is influenced by leaders' commitment, regulatory support, investor demand, and the existence of a credible green-finance framework. This instrument combines Sharia compliance with environmental objectives, offering an investment option with both economic and ecological benefits.

Empirical evidence from Indonesia indicates that green sukuk issuance is positively associated with economic growth, social development, and financial performance, although the strength of the effect differs across dimensions (Ali et al., 2024). These results suggest that green sukuk has the potential to finance development by connecting governments, investors, and environmental projects. However, green instruments must be accompanied by clear project selection, reporting on the use of funds, impact measurement, and independent verification. Without such mechanisms, there is a risk of greenwashing: using a green label without demonstrable environmental benefits.

Sustainable investment can also be developed by combining Sharia principles with environmental, social, and governance criteria and socially responsible investment. Sharia screening restricts investment in activities involving riba, gambling, excessive uncertainty, and prohibited sectors. Sustainability criteria add assessments of emissions, energy use, labor relations, consumer protection, transparency, and governance quality. Paltrinieri et al. (2020) find a positive relationship between Islamic finance development and banks' ESG scores, particularly in the social dimension. This finding indicates value alignment, while also suggesting that environmental contributions need to be strengthened.

Digitalization can support all these agendas through digital payments, online zakat and waqf collection, Sharia-compliant crowdfunding, MSME financing analysis, and blockchain to improve transaction traceability. Technology can reduce costs, extend service reach, and improve transparency in the use of social and green funds. However, digitalization also creates risks related to cybersecurity, data misuse, exclusion of groups with low digital literacy, and the emergence of speculative assets. Innovation should therefore be assessed based on economic benefit, Sharia compliance, user protection, and its contribution to the real sector.

Sustainable Islamic monetary economics requires coordination among central banks, governments, financial authorities, Sharia institutions, banks, social institutions, and businesses. Central banks can incorporate indicators of productive financing, inclusion, and environmental risk into monetary and macroprudential policies. Governments can

expand the issuance of sustainable sukuk and provide incentives for social and environmental projects. Financial institutions need to develop impact measurement that covers returns, distribution of benefits, job creation, and reductions in environmental damage. Raimi et al. (2024) emphasize that sustainable Islamic finance requires risk management, governance, standardization, and policy support so that alignment with the SDGs can be translated into tangible outcomes.

CONCLUSION

Islamic monetary economics is the study of money, the money supply, inflation, exchange rates, financial institutions, and monetary policy based on Sharia principles. It is founded on tawhid, justice, balance, public benefit, and humanity's responsibility as khalifah. The prohibitions of riba, gharar, maysir, and wealth hoarding serve not only as legal restrictions but also as mechanisms for directing funds toward trade, investment, and productive activities.

The differences between Islamic and conventional monetary economics can be seen in their concepts of money, the basis for determining returns, the relationship between financing and assets, and risk distribution. The conventional system uses interest as one of the principal prices in the monetary mechanism, whereas the Islamic system develops margins, leasing, and profit sharing through valid contracts. Islamic monetary economics also emphasizes risk sharing and links between the financial and real sectors. In practice, however, the two systems can influence one another within a dual banking system, making the development of independent Sharia-compliant monetary instruments an important ongoing agenda.

RECOMMENDATIONS

Within the framework of sustainable development, Islamic monetary economics can contribute through productive financing, MSME empowerment, social finance, responsible investment, and green financing. Zakat, waqf, qard hasan, and green sukuk extend the financial system's role beyond intermediation to include redistribution and environmental protection. Sustainable Islamic monetary economics therefore integrates economic stability, social justice, ethics, technology, and environmental preservation. Its success should be measured not only by low inflation and high growth, but also by equitable distribution of benefits, community resilience, environmental quality, and the achievement of long-term public welfare.

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