

## ISLAMIC ECONOMY AS A PILLAR OF SUSTAINABLE FINANCIAL INCLUSION

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### **Abstract:**

This study aims to analyze the role of Islamic economics as a pillar of sustainable financial inclusion through desk observation, reviewing various journals, official reports, and related literature. The results show that Islamic economic principles based on justice, balance, and welfare can be a humanistic solution in expanding financial access, especially for vulnerable communities who are not yet served by conventional systems. Islamic social instruments such as zakat, productive waqf, and qardhul hasan, as well as profit-sharing financing mechanisms, have proven to be fairer and have the potential to encourage economic empowerment. Furthermore, Islamic economics is closely related to the Sustainable Development Goals (SDGs) through the principle of maqasid al-shariah, which emphasizes shared welfare. By integrating ethical values with economic practices, Islamic economics offers an inclusive framework that not only promotes financial access but also strengthens social cohesion and supports long-term development goals. Thus, Islamic economics can be an alternative paradigm for achieving inclusive and sustainable economic growth.

**Keywords:** *Islamic economics, financial inclusion, sustainability, Islamic finance.*

### **Abstrak:**

Penelitian ini bertujuan menganalisis peran ekonomi Islam sebagai pilar inklusi keuangan berkelanjutan melalui metode tinjauan pustaka, dengan menelaah berbagai jurnal, laporan resmi, dan literatur terkait. Hasil penelitian menunjukkan bahwa prinsip-prinsip ekonomi Islam yang berlandaskan keadilan, keseimbangan, dan kesejahteraan dapat menjadi solusi humanis dalam memperluas akses keuangan, terutama bagi masyarakat rentan yang belum terlayani oleh sistem konvensional. Instrumen sosial Islam seperti zakat, wakaf produktif, dan qardhul hasan, serta mekanisme pembiayaan bagi hasil, terbukti lebih adil dan berpotensi mendorong pemberdayaan ekonomi. Lebih lanjut, ekonomi Islam berkaitan erat dengan Tujuan Pembangunan Berkelanjutan (TPB) melalui prinsip maqasid al-syariah yang menekankan kesejahteraan bersama. Dengan mengintegrasikan nilai-nilai etika dengan praktik ekonomi, ekonomi Islam menawarkan kerangka kerja inklusif yang tidak hanya mendorong akses keuangan tetapi juga memperkuat kohesi sosial dan mendukung tujuan pembangunan jangka panjang. Dengan demikian, ekonomi Islam dapat menjadi paradigma alternatif untuk mencapai pertumbuhan ekonomi yang inklusif dan berkelanjutan.

**Kata Kunci:** *Ekonomi Islam, inklusi keuangan, keberlanjutan, keuangan syariah.*

## INTRODUCTION

Current global economic developments demand a financial system that delivers fairness, sustainability, and accessibility for all levels of society. However, reality shows that many groups remain unreached by formal financial services, particularly in developing countries. This financial inclusion gap results in low public participation in productive economic activities, thus widening the gap between social and economic inequality (Bank, 2022b).

In Indonesia, despite various policies aimed at promoting financial literacy and inclusion, the financial inclusion index remains unequal. Many lower-middle-class people, particularly those in rural areas, are not yet optimally accommodated in the formal financial system((OJK), 2021). This poses a serious challenge, as financial inclusion is a crucial instrument for achieving sustainable economic development.

In this context, Islamic economics offers both a normative and practical framework based on the principles of justice, balance, and sustainability. Islamic economic instruments such as zakat, infaq, waqf, and profit-sharing sharia financing are believed to be able to reach groups in society that have been marginalized by the conventional financial system (Antonio, 2001). Thus, Islamic economics has the potential to become a strategic pillar in strengthening financial inclusion, oriented not only toward profit but also toward equity and social welfare.

It is hoped that the application of Islamic economic principles to the modern financial system will provide more humane and sustainable solutions. This model can expand public access to financial services while supporting the achievement of the Sustainable Development Goals ( *SDGs* ).

The novelty of this research lies in its integrative approach between the concept of financial inclusion and Islamic economic principles, which emphasize social justice and sustainability. While most previous studies have focused on the technical aspects of financial inclusion, this study seeks to emphasize the ethical, social, and sustainability dimensions within an Islamic framework.

The urgency of this research becomes clearer when we recognize that global crises, including the COVID-19 pandemic, have exposed the weaknesses of the conventional financial system, which is unable to fully protect vulnerable groups. Therefore, the idea of making Islamic economics a pillar of sustainable financial inclusion is highly relevant to study.

The purpose of this article is to analyze the potential and role of Islamic economics in strengthening sustainable financial inclusion in Indonesia. It also aims to provide conceptual and practical contributions to the development of inclusive Islamic economic policies and support the achievement of equitable and sustainable economic development.

## RESEARCH METHOD

This research employed a *literature review* with a qualitative approach. This method was chosen because it provides a comprehensive understanding of the concepts of Islamic economics and sustainable financial inclusion through an in-depth review of relevant scientific sources. The review process involved collecting, analyzing, and interpreting literature from various academic journals, books, official reports from international and national institutions, and relevant policy documents. The analysis involved identifying research gaps, identifying patterns, and constructing a theoretical synthesis that could support the arguments presented in

this article(Snyder, 2019).

The research stages begin with topic determination, selection of relevant keywords, and literature screening based on inclusion and exclusion criteria. Next, the data is analyzed using thematic analysis techniques to identify key themes related to the role of Islamic economics as a pillar of sustainable financial inclusion. This approach allows researchers to develop a critical conceptual map while highlighting the research's novelty. Thus, the *literature review method* is not only descriptive but also analytical and evaluative, ensuring that the results can provide both academic and practical contributions(Xiao & Watson, 2019).

## RESULTS AND DISCUSSION

In Indonesia, the face of financial inclusion shows a similar picture: although the financial inclusion rate rose from 67.8% (2016) to 83.6% (2021), a closer look reveals that many rural communities, including fishermen, farmers, daily laborers, and micro-SMEs, have yet to fully access formal financial services ((OJK), 2021). While digital access helps, inequality in literacy, low trust, and limited access to low-income financial products pose serious obstacles. In other words, financial inclusion in Indonesia is not yet fully inclusive.

Recent literature confirms that financial inclusion is not merely a matter of statistics, but also a fundamental economic right and social justice. The *2021 Global Findex Database report* states that approximately 1.4 billion adults worldwide still lack an account with a formal financial institution or mobile financial services provider (Demirgüt - Kunt, Klapper, Singer, & Ansar, 2022). This situation is most prevalent in developing countries, where factors such as inadequate infrastructure, high service costs, inability to meet administrative requirements, and the geographic gap between urban and rural areas present significant barriers (Bank, 2022b).

Several studies show that while formal access may exist, its quality and utilization are often very limited. Many people have accounts but are underutilized, or lack access to services such as credit, productive savings, insurance, or microfinance that meet their needs. This makes them vulnerable to economic shocks, such as sudden income loss, unexpected health costs, or education expenses (Bank, 2022a). Therefore, true financial inclusion addresses not only *access* but also the use and benefits of financial services to improve well-being and reduce structural poverty.

Islamic economics offers something different from conventional financial systems. Its core principles are justice, balance, and the benefit of all humanity. Islamic economic instruments such as zakat, infaq, sedekah, waqf, and even profit-sharing-based sharia financing models have great potential to reach previously marginalized groups. Zakat, for example, is not merely a ritual act of worship but also an instrument for wealth distribution that can foster social empowerment. Productive waqf can be used for education, healthcare, and even the development of MSMEs in need of capital(Ascarya, 2022).

The profit-sharing system in Islamic banking also helps reduce inequality by eliminating the fixed interest burden that often burdens the poor. The principle of *risk- sharing* in Islamic economics empowers people to venture into business without fear of being oppressed by interest-based credit mechanisms(Iqbal & Mirakhori, 2011). Thus, Islamic economics not only provides alternative financial products but also presents a new paradigm for how finance should benefit people,

especially the vulnerable and disadvantaged (Chapra, 1992).

One important finding is that the principles of *maqasid al-shariah* in Islamic economics strongly align with the Sustainable Development Goals (SDGs). *Maqasid* emphasizes the protection of religion, life, intellect, posterity, and property (Auda, 2008). These values align closely with the global agenda of eradicating poverty, reducing inequality, improving education and health, and strengthening economic sustainability (Nations, 2015).

If financial inclusion is understood solely as opening accounts or providing access to credit, the broader social goals will be overlooked. However, if financial inclusion is grounded in Islamic economics, then the direction of development goes beyond access, but also into meaning: how finance can truly be a path out of poverty, a means of empowerment, and at the same time, strengthening social solidarity. This is the humanitarian value that Islamic economics embodies (Chapra, 2000).

Thus, this study found that there are differences in perspectives on financial inclusion. Many previous studies have focused on the technical side—how to expand access, how to encourage the use of digital technology, or how to improve financial literacy. However, this approach often neglects the ethical and spiritual dimensions. The reviewed literature shows that by integrating Islamic economic principles, financial inclusion can be understood as part of efforts to create social justice and shared prosperity.

In situations like this, finance based on moral and spiritual values is essential. Islamic economics exists not simply to patch up the shortcomings of the existing system, but to offer a new, more holistic paradigm: finance must be equitable, welfare-oriented, and sustainable.

Based on the results of this study, the application of Islamic economics in financial inclusion must be directed at three important aspects: first, strengthening Islamic financial literacy so that the public understands the values, instruments, and benefits of Islamic finance. Second, developing Islamic social instruments such as productive waqf, digital-based zakat, and qardhul hasan to reach vulnerable groups. Third, collaboration between the state, Islamic financial institutions, and the community to create a sustainable financial inclusion ecosystem. These implications underscore that Islamic economic-based financial inclusion is not merely an idea but can be realized through policy, innovation, and concrete collaboration.

## CLOSING

Islamic economics plays a strategic role as a pillar of sustainable financial inclusion. Its principles—justice, balance, and welfare—offer a more humane approach than conventional financial systems, which tend to be solely profit-oriented. Islamic social instruments such as zakat, infaq, waqf, and qardhul hasan (charity) can reach vulnerable, marginalized groups, while profit-sharing financing mechanisms offer a fairer and more participatory financing alternative. These findings confirm that Islamic economics aligns with the Sustainable Development Goals (SDGs), particularly in poverty alleviation, inequality reduction, and community empowerment.

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