

## GLOBAL CHALLENGES, LOCAL SOLUTIONS: THE ROLE OF ISLAMIC FINANCIAL SYSTEMS

**Azharsyah Ibrahim**

Universitas Islam Negeri Ar-Raniry, Banda Aceh, Indonesia

Corresponding E-mail: [azharsyah@ar-raniry.ac.id](mailto:azharsyah@ar-raniry.ac.id)

**ABSTRACT** – In this volume, *Share Jurnal Ekonomi dan Keuangan Islam* (Share Journal of Islamic Economics and Finance) presents a critical examination of the intersections among Islamic finance, economic resilience, and social impact, shedding light on the capacity of Islamic economic principles to offer viable solutions to contemporary global challenges. It provides transformative insights into key areas, including the psychological benefits associated with Islamic social finance, the imperatives of sustainability in corporate governance, and the innovations driving financial inclusion and technology. Utilizing a diverse array of research methodologies—such as bibliometric analysis, structural equation modeling, and comprehensive case studies—the articles contribute robust scholarly insights that focus on promoting psychological well-being, aligning financial practices with sustainability objectives, and leveraging technology to enhance inclusivity. The findings underscore the potential of Islamic economic systems to address both theoretical and practical concerns, emphasizing the adaptability of these principles in fostering equitable socio-economic development and their significance within broader policy and academic discourse aimed at effectively addressing global challenges.

**Keywords:** Islamic Finance, Economic Resilience, Social Impact, Sustainability, and Financial Inclusion

### INTRODUCTION

An examination of Islamic social finance reveals its fundamental significance in facilitating socio-economic advancement within contemporary societies. This scholarly compilation presents a comprehensive analysis of the instrumental roles of *zakat* (obligatory almsgiving), *waqf* (religious endowments), and sustainable financial mechanisms in addressing multifaceted societal challenges. Through rigorous empirical investigations, the research herein demonstrates the efficacy of these instruments in enhancing psychological well-being, mitigating poverty, and strengthening societal resilience.

The institution of *zakat*, as a foundational pillar of Islamic economics, serves as a systematic mechanism for wealth redistribution, facilitating the allocation of resources to disadvantaged segments of society. This institutionalized practice not only addresses immediate economic disparities but also cultivates social cohesion and psychological equilibrium within communities. Concurrently, the institution of *waqf* establishes a sustainable framework for social investment, enabling perpetual funding for educational institutions, healthcare facilities, and infrastructural development—elements crucial for societal advancement.

Furthermore, this volume situates Islamic financial systems within the context of contemporary global imperatives, specifically the United Nations Sustainable Development Goals (SDGs) and the Society 5.0 paradigm. The SDGs constitute an international mandate for poverty eradication, environmental conservation,

and universal prosperity by 2030. Within this framework, Islamic finance presents methodological solutions that align with these objectives through its established principles of ethical investment and social justice. The Society 5.0 paradigm, conceptualizing a human-centric society that synthesizes economic advancement with social problem resolution, further substantiates the relevance of Islamic financial methodologies.

Through the integration of these theoretical and practical dimensions, the compiled research demonstrates the adaptability and efficacy of Islamic finance in addressing contemporary societal challenges. The collective findings advocate for a systematic reconsideration of conventional financial paradigms, positioning Islamic social finance as a viable alternative methodology capable of facilitating sustainable development objectives with demonstrable efficacy.

## **METHODOLOGY**

The articles included in this issue underwent a stringent double-blind peer review process to ensure adherence to the highest academic standards. The process commenced with a careful assessment of their distinctiveness, methodological rigor, and relevance to the journal's focus and scope. Reviewers, kept anonymous to the authors and vice versa, assessed the novelty of the ideas presented, the robustness of the research design and data analysis, and the relevance of the research to the journal's scope. The editorial board prioritized contributions that not only demonstrated innovative perspectives and engaged with critical societal challenges but also exhibited robust ethical scholarship. This careful vetting process ensured the inclusion of research that both advances theoretical discourse and informs practical applications, ultimately contributing to a collection of high-quality articles that are both academically rigorous and socially-relevant.

## **SELECTED MANUSCRIPTS**

The selected manuscripts delve into the multifaceted world of Islamic finance, examining its principles, practices, and impact across various sectors. They are grouped thematically below to provide a cohesive overview of the research presented.

### **Islamic Social Finance: Beyond Economic Well-being**

This issue explores the profound impact of Islamic social finance instruments—*zakat*, *infaq*, *sadaqah*, and *waqf*—extending beyond economic upliftment to encompass psychological well-being. Cahyanti et al. delve into this nexus, highlighting how these mechanisms, grounded in the *maqasid al-sharia* framework, foster a sense of community, purpose, and spiritual fulfillment,



contributing to enhanced mental health outcomes. This social dimension of Islamic finance is further emphasized by Batari and Juliana, who, through a bibliometric analysis, map the contributions of zakat to the Sustainable Development Goals (SDGs), particularly poverty eradication. Their findings underscore the potential of zakat to address broader societal challenges and promote sustainable development.

### **Navigating the Dynamics of Islamic Finance and Public Policy**

This collection of articles sheds light on the evolving landscape of Islamic finance, its regulatory frameworks, and its role in public policy. Kumara and Nugraha provide a comprehensive bibliometric analysis tracing the growth and research trends within Islamic finance, highlighting its increasing academic and practical significance. Complementing this, Safarida et al. delve into the realm of Islamic public finance, examining tax optimization strategies in Langsa City that align with Islamic principles. Their research offers practical insights into reconciling revenue generation with ethical considerations. Meanwhile, Hendri investigates the complex relationship between tuition fees and voluntary donations for religious education, revealing an inverse U-shaped correlation. This finding prompts further reflection on the economic factors influencing charitable giving within religious communities.

### **Strengthening Islamic Financial Institutions: Governance, Inclusion, and Performance**

This section focuses on enhancing the resilience and efficiency of Islamic financial institutions through robust governance, inclusive practices, and strategic decision-making. Rosidi et al. analyze how Islamic corporate governance mitigates financing risks within Indonesian Islamic banks, emphasizing its crucial role in maintaining financial stability. Taufiq and Razali further explore the impact of financial inclusion on the operational and cost efficiency of Islamic banks across Asian OIC countries, demonstrating its positive correlation with banking performance. Adding another layer to this discussion, Sholihah et al. investigate how sustainability reporting and corporate reputation influence the value of sharia-based enterprises in Southeast Asia. Their findings underscore the importance of transparency and ethical conduct for long-term financial success.

### **Innovating for Impact: Emerging Trends and Practices in Islamic Finance**

This section explores emerging trends and innovative practices within Islamic finance, highlighting its adaptability and responsiveness to contemporary challenges. Maulana et al. investigate the drivers of halal certification awareness among micro and small enterprises (MSEs) in Indonesia, revealing a strong



correlation with business duration. This underscores the need for targeted initiatives to promote halal certification among newer MSEs. Ismail et al. examine the adoption of sharia-compliant peer-to-peer (P2P) lending platforms by MSMEs, utilizing the AISAS behavioral model to understand the factors driving its uptake. Their research highlights the potential of fintech solutions in expanding financial inclusion within an Islamic framework. Addressing the persistent issue of usury, Siregar et al. evaluate alternative pawning contracts rooted in Islamic jurisprudence, offering practical solutions for ethical and equitable financial practices.

### **Shaping the Future of Islamic Finance: Human Capital, Technological Advancements, and Sustainable Development**

This concluding section looks towards the future of Islamic finance, exploring its potential to leverage human capital, technological advancements, and sustainable development principles for greater impact. Yasir et al. investigate the moderating role of religiosity in enhancing employee performance within Islamic banking. Their findings suggest that aligning organizational culture with Islamic values can foster a more motivated and productive workforce. Amir et al. delve into the transformative potential of decentralized finance, analyzing its alignment with the *maslahah* principles to advance Indonesia's financial landscape. Nur et al. propose strategies for optimizing productive waqf assets in Aceh using the Analytic Network Process, highlighting the importance of strategic asset management for maximizing social benefit.

### **Empirical Analyses: Unveiling Insights into Islamic Finance Practices**

This issue features a series of empirical studies that provide valuable insights into various aspects of Islamic finance. Fuadi et al. explore the behavioral determinants influencing halal meat certification adoption in Indonesia using the Theory of Planned Behavior, providing insights for policymakers and industry stakeholders. Kafabih examines the nonlinear effects of inflation and exchange rates on zakat collection in Indonesia, employing advanced econometric techniques to understand this complex relationship. Saputra et al. propose a Sharia-based model for enhancing audit quality by integrating ethical and technical standards, contributing to greater transparency and accountability within Islamic financial institutions. Finally, Sururi and Haryono investigate the impact of diversification strategies on financing risks in Indonesian Islamic banks using the ARDL methodology, providing valuable insights for risk management practices.

## **CONCLUSION**



The articles featured in this issue significantly enhance the understanding of Islamic finance as a comprehensive framework for achieving equitable economic growth and societal well-being. These studies demonstrate the revolutionary potential of Islamic financial systems by systematically addressing contemporary challenges such as technological advancement, sustainability, and regulatory compliance. They highlight how these systems can serve not only as instruments for financial inclusion but also as the foundation for long-term global development.

Furthermore, the insights presented herein emphasize the importance of Islamic economics in establishing a more inclusive and just financial paradigm. Islamic banking provides a unique perspective that promotes social justice and equitable resource distribution by incorporating ethical values into financial processes. This issue not only elucidates the theoretical foundations of Islamic finance but also emphasizes its practical implications in addressing global economic disparities. Finally, the research presented in this issue demonstrates how Islamic finance can contribute to a more equitable and sustainable economic landscape, thereby confirming its vital role in contemporary financial discourse and policy formulation.

---

**Prof. Dr. Azharsyah Ibrahim**

*Editor-in-Chief*

*Share: Jurnal Ekonomi dan Keuangan Islam*

*Universitas Islam Negeri Ar-Raniry Banda Aceh, Indonesia*

*Email: [azharsyah@ar-raniry.ac.id](mailto:azharsyah@ar-raniry.ac.id)*

