

MAQASID SHARIA IMPLEMENTATION IN MONETARY POLICY: A Literature Study

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Abstract

The Islamic economic system also contributes to the global economy, including in Indonesia. However, the extent to which the implementation of sharia maqasid in it still needs further research. This article tries to explore the extent of the implementation of maqasid sharia in monetary policy, especially in Indonesia. The methodology used is a literature study approach to 100 national and international journal articles, as well as books and other literature related to the implementation of the sharia maqasid. The main finding of this research is that Islamic maqasid is not only needed to formulate economic policies, both monetary, fiscal and financial policies, but also to create Islamic banking products and other real sectors.

Keyword: *Implementation, maqashid shariah, Real Sector*

INTRODUCTION

Muslims should be grateful to be happy because the development of the sharia economy and business today is seen to be increasingly rapid, including its development in Indonesia. The practice of sharia economics actually covers all aspects of the economy, but in Indonesia the implementation of sharia economy starts from sharia financial institutions in the form of sharia banking. In fact, if only in economic activities can fully implement maqasid sharia, then this will bring great benefits not only for physical welfare. However, it also has a positive impact on the maintenance of: religion, soul, assets, reason, and lineage.

The development and development of the Islamic economy institutionally in Indonesia was first marked by the Government's support for the establishment of the non-governmental or private Bank Muamalat Indonesia in 1991. This was initiated at a workshop of the Indonesian Ulema Council (MUI) with the theme "The Problem of Interest in Banks and Banking" in the mid August 1990 in Cisarua, Bogor, where at the MUI National Conference it was decided that MUI should take the initiative to establish an interest-free bank. The follow-up to that, then on the basis of Deed No. 1 dated November 1, 1991 AD or 24 Rabiul Akhir 1412 H, made before Yudo Paripurno, S.H., Notary, in Jakarta, PT Bank Muamalat Indonesia Tbk hereinafter referred to as "Bank Muamalat Indonesia" or "BMI" stands under the name PT Bank Muamalat Indonesia. BMI was founded on the idea of the Indonesian Ulema Council (MUI), the Indonesian Muslim Intellectuals Association (ICMI) and Muslim entrepreneurs who later received support from the Government of the Republic of Indonesia, so that on May 1, 1992 or 27 Shawwal 1412 H, Bank Muamalat Indonesia officially operated as a the first bank that runs its business based on sharia principles in Indonesia.

The development of the Islamic financial services business in Indonesia, which is currently experiencing rapid progress and development, can be seen, for example:

1. Bank Muamalat Indonesia (BMI), which since it was first established in 1992 until now is based on sharia.
2. Currently, almost all of the conventional banks operating in Indonesia, in addition to running the conventional system, also run the sharia system.
3. Since June 2021, Bank Negara Indonesia (BNI) Syariah, Bank Rakyat Indonesia (BRI) Syariah, and Bank Mandiri Syariah have merged into one management and have been renamed Bank Syariah Indonesia (BSI).

From the point of view of modern economics, in theory and practice, financial institutions also function to facilitate economic mechanisms in the

real sector through business activities. The irony is that since the establishment of Islamic banking in Indonesia until now, it turns out that the rampant development and growth of Islamic banks is seen as cynical by some circles. This cynicism towards Islamic banking can be seen from the very low trust of the Islamic community towards Islamic banks. This can be seen from the participation of Muslims in investment or revolving capital. The question is why did it happen? Is it because the implementation of maqasid sharia in monetary policy is felt to be not optimal? The question naturally arises because if maqashid sharia had become an integral part of the sharia concept in economic activities, it would certainly be able to encourage the community and the government together to maximize its implementation in order to improve welfare.

Awareness of Muslims in this regard, where currently the Islamic economy has touched the real sector . The government officially formed the National Sharia Finance Committee (KNKS) motivated by the desire to encourage and develop a commitment to the use of sharia finance. This was stated by the Minister of National Development Planning/Head of Bappenas as well as the Secretary of the KNEKS Steering Committee, Bambang Brojonegoro, that the formation of KNKS is regulated through Presidential Regulation Number 91 of 2016, concerning KNKS. For this reason, in its implementation this committee is chaired directly by the President and Vice President of the Republic of Indonesia. Then there is the Steering Committee consisting of 10 people who will be the leaders from the government and related authorities. Meanwhile, the daily tasks of this committee are then carried out by the Executive Management. They are from elements of government and related authorities. The daily tasks of this committee are then carried out by the Executive Management. "The President gave the mandate to make Indonesia a global hub for Islamic Finance. This is not easy because other countries have the same aspirations as Malaysia, Middle Eastern countries,

and European countries like the UK," said Bambang in Jakarta on Thursday, (1/3/2019). From the descriptions of the phenomena above, it is interesting for the author to conduct further research.

Review Literature

Islamic law comes from Allah swt. by lowering the holy book of Al-Karm and perfect it has been conveyed by the Prophet Muhammad. The Qur'an and hadith are the main sources of Islamic teachings, automatically both of them become sources of reference in theory and practice in the field of Islamic economics and business. That is also why the philosophy of Islamic economics is at-Tawhid wa al-"is, wa al-ma'lahah. Thus the Islamic economy is perfect, fair and prioritizes the benefit. The expected economic behavior both when starting the process, in the process and after the process still refers to maqasid sharia. In the rules of fiqh it is stated: "al-umûru bimaqâsidihâ, each affair depends on the intention (what is meant). The word maqsid syari'ah consists of two words idâf and mudâfun ilaihi. Maqâsid is a plural word from which it means intent and purpose. Thus, according to the author, economic activity in an Islamic perspective, starting from planning production, distribution and consumption, requires a concept as the basis for acting, or so that in acting on the concept. The concept in question is the concept of sharia which is sourced from the Qur'an and hadith. The concept of maqasid sharia is a theory of legal formulation (istinbât) by making the purpose of determining sharia law as a reference, in this case the theme is maslahah. This is in line with what Abdul Wahab Khalaf said, understanding and understanding the maqasid sharia can be used as a tool in understanding the editors of the Qur'an and Sunnah, helping to resolve conflicting arguments (ta"âruḍal-adillah), and it is very important again to establish a law in a case whose legal provisions are not stated in the Qur'an and Sunnah when using semantic (linguistic) studies.

Regarding the discussion of maqasid sharia, of course there has been along with the arrival of Islamic law itself. But at the theoretical level by

leading scientists (ulama) such as Al-Imam al-Ghazali and the peak of maturity of the sharia maqasid occurred in the 8th century H, namely in the hands of al-Syathibi with his book called al-Muwâfaqât which developed through an analytical-inductive approach. (tahlîlî-istiqrâ'i). Among them are al-Syathibi's contributions; (a) build ushul fiqh on the foundations of maqâshid; (b) the first character to add maqâshid al-mukallaf (the goals of a mukallaf) into the maqâshid theme; (c) a figure who offers a methodology by which God's purposes will be comprehensively known, explicitly does not allow ijihad before mastering Maqâshid al-mukallaf, and many others.

Maqasid sharia is commonly known which is summarized in 5 parts; hifdzu al-din (religion), al-nafs (soul), an-nasl (descendants), al-mal (wealth) and al-'aql (reason). In this case, it is expected that the people's compliance with the maqasid of sharia, so that prosperity and happiness in the world and the hereafter can be realized.

Objectives and Methods

1. Research purpose

This study aims to explore the extent of the implementation of Islamic maqasid in monetary policy, especially because sharia maqasid is not only needed to formulate economic policies, both monetary, fiscal and financial policies, but also to create sharia banking products and other real sectors. . This research uses a literature study approach. The concept of literature study research can be said as one of the research methods carried out by reviewing various existing literature, both sourced from books and other literature, such as national journals, international journals. This is in line with what was stated by Danial and Warsiah, Literature study is research carried out by researchers by collecting a number of books, magazines related to the problem under study and research objectives. This technique aims to reveal various theories that

are relevant to the problems being faced/researched as reference material in the discussion of research results.

In this study, the authors took 100 national and international journals that had been published from 2010 to 2020, and studied various journals by classifying them based on the desired data related to the discussion of the implementation of sharia maqasid in monetary policy to be able to explore the phenomena as described above.

2. Descriptive Statistics and Sampling Methods.

Descriptive statistics is a field of statistical science that studies the methods of collecting, compiling and presenting a summary of research data. The data must be summarized properly and regularly, either in the form of tables or graphical presentations, as a basis for various decision making (Wijaya: 2013).

There are studies that use non-purposive probability sampling method. A purposive sample is a sample that has the aim of understanding certain information. This sample can be grouped into a decision sample (judgment) which selects sample members according to certain criteria on the basis of past records or research objectives to be achieved, and a quota sample, which is a sample selected based on a certain quota or category, selecting respondents based on their characteristics. certain relevant dimensions that describe the dimensions (proportions) of the population (Wijaya: 2013). The criteria referred to in this study are the publication of journals related to Maqashid Syariah in Monetary Policy from 2010-2020.

As for what distinguishes this author's writing from previous research, for example in the following matters:

Past Studies	Writing now
Ardiani Ika Sulistyawati, Hanik Ati, and Aprih Santoso (2020) , title: <i>Investigate Factors Influencing the Performance of</i>	Title : <i>The extent to which the implementation of Maqasid Syariah in Monetary Policy.</i>

<p><i>Sharia Maqashid Sharia Banks in Indonesia .</i> This journal is intended to determine several factors that affect the performance of maqashid syaiah Islamic banks in Indonesia</p>	<p>The aim of this research is that Islamic maqasid is not only needed to formulate economic policies, both monetary, fiscal and public finance policies, but also to create Islamic banking products and other real sectors.</p>
<p>Zubaidi (2017) with j The title : Beyond Halal: Maqasid al - Shari'a to Assess Bioethical Issues Arising from Genetically Modified Crops . Objective: To describe the Maqāsid Syarī'ah values in the current corridor of managing Islamic banking institutions .</p>	<p>The aim of this research is that Islamic maqasid is not only needed to formulate economic policies, both monetary, fiscal and public finance policies, but also to create Islamic banking products and other real sectors.</p>
<p>Ali Mutakin. (2017). Title: THE THEORY OF MAQĀSHID AL SHAR'AH AND THEIR RELATIONSHIP WITH THE LEGAL ISINBATH METHOD. Objective: U ntuk know that welfare as the core of the maqasid al-shari'ah, have an important role in the determination of Islamic law. Because Islamic law was revealed to have a purpose to realize the benefit of the people both in this world and in the hereafter</p>	<p>The aim of this research is that Islamic maqasid is not only needed to formulate economic policies, both monetary, fiscal and public finance policies, but also to create Islamic banking products and other real sectors.</p>
<p>Siska Lis Sulistiani (2018). Title: ANALYSIS OF SHARIA MAQASHID IN THE DEVELOPMENT OF HALAL INDUSTRY LAW IN INDONESIA. Objective: To analyze the maqashid of Sharia Dakam Legal development of the Halal Industry in Indonesia</p>	<p>The aim of this research is that Islamic maqasid is not only needed to formulate economic policies, both monetary, fiscal and public finance policies, but also to create Islamic banking products and other real sectors.</p>

Study Focus

The study in this study focuses on exploring 100 up to date studies related to Maqashid Syariah in Monetary Policy that have been published in scientific journals. There are several issues that need to be answered. For example, what is the percentage of research related to Maqashid Syariah in Monetary Policy for the last 10 years. What is the type/type of Maqashid Sharia research in Monetary Policy and its composition. How is the research approach

on Maqashid Sharia in Monetary Policy related to the use of research methods both quantitative, qualitative and mixed methodologies.

In addition to the above, the focus of the study also tries to explore more deeply what quantitative research methods are used and what are the dominant ones used. What is the subject of discussion regarding Maqashid Syariah in Monetary Policy and its composition. There are studies that use descriptive statistical analysis based on 100 journal publications related to Maqashid Syariah in Monetary Policy, both nationally and internationally. All samples of journal publications have been published for the last 10 years from 2010 to 2021. The study only focuses specifically on journal articles with the theme of Maqashid Syariah in Monetary Policy.

Furthermore, after a review and analysis. The classification of the analysis is based on a review of the abstraction, content, and overall research results in general. Although it does not rule out the occurrence of slices of categories and classifications. Research related to Maqashid Syariah in Monetary Policy is divided into a number of main categories, namely:

- a. The implementation of contemporary Islamic economics that is most in demand by the public is the Islamic banking financial industry.
- b. Implementation of maqasid sharia in the real sector.

Results and Discussion.

1. Argument

- a. As already explained that in Islamic economics, sharia maqasid is not only needed to formulate economic policies, both monetary, fiscal and financial policies, but also to create Islamic banking products and other real sectors.
- b. Indonesia is a country with the largest Muslim majority and the largest number of Islamic financial institutions in the world. Therefore, it is hoped that KNKS will be present as a catalyst in efforts to accelerate, expand and advance Islamic economic and financial development in

order to strengthen national economic resilience in accordance with sharia maqasid.

2. Literature Review

Of the 100 journal articles studied, the discussion is related to Islamic maqasid, but the trend or issue that is developing is more about Islamic financial institutions. Whereas sharia economics and business is not only in the form of similar banking institutions, but also covers broader economic aspects, such as macro and micro economics and other economic problems. That is one thing that distinguishes this research from previous research, where this research focuses on the implementation of Islamic maqasid in monetary policy in the real sector.

3. Responded debate

As described above, the true practice of Islamic economics covers all aspects of the economy. However, in Indonesia the Islamic economy began to be built from Islamic financial institutions commonly called Islamic banking. The development and development of the sharia economy in Indonesia was first supported by the Government for the establishment of the non-government or private Bank Muamalat Indonesia in 1991. In this case, we can be happy to see the development of business in sharia financial services in Indonesia, which is now experiencing rapid progress and development. This joy is due to the fact that almost all conventional banks operating in Indonesia also run the sharia system, even since June 2021, BNI Syariah, BRI sharia, and Bank Mandiri Syariah have merged into one called Bank Syaiah Indonesia abbreviated as BSI, so that the total assets are greater than previous.

From the point of view of modern economics, in theory and practice, financial institutions function to facilitate economic mechanisms in the real sector through business activities. Then various Islamic financial institution service products and also implement the contract system. The function of the bank is to regulate and collect funds from the public and then distribute them

back to the community in the form of financing, not savings and loans and so on. The problem is that sharia maqasid has not been fully implemented by Islamic banking in Indonesia.

4. Study results /Findings:

From the literature study that the author did, the results of the study or findings were obtained which, when narrowed down, became as follows:

- a. Islamic financial institutions, which can implement the pure and consistent use of the profit-sharing principle, can create a healthy and fair investment climate because all parties can share both profits and potential risks that arise, so that it will create a balanced position between the bank and its customers. .
- b. With maqasid syariah values in the corridor of managing Islamic financial institutions, it can provide protection to customers to be preserved in various aspects of life, including their religion, mind, soul, descendants, and property.
- c. It is acknowledged that there are several obstacles found in how to deal with the wave of arrogance of modernity and global industrialization that has slipped into the joints of human life. So this is the time for contemporary Islamic thinkers with all their tools, including the *uṣūl al-fiqh* and *qawā'id al-fiqhiyyah* methodologies which have become one of the references and foundations of Islamic banking practice, must be able to respond to current conditions with the passage of time and relations. It is necessary to incorporate revelation into scientific research to free Muslim scholars from the coercion of Western epistemology or to adopt conventional economic and financial practices without considering all the risks. Therefore, this is a task that must be done in order to build a self-image of Islam in the midst of modern life that is always changing and developing, so that the concept

of maqasid sharia can be implemented properly and maximally in monetary policies.

Thus, the main finding produced in this study is that Islamic Maqasid is not only needed to formulate economic policies, both monetary, fiscal and financial policies, but also to create Islamic banking products and other real sectors.

Results

1. Number of Publication every years

From the journal publications from 2010 to 2020 that the authors researched, there are 100 journals published in both national and international journals related to Maqashid Syariah in Monetary Policy from observations of the last 10 years. The distribution of journals per year shows that the number of published journals varies from 2010 to 2020. The highest number of journal publications related to Maqashid Syariah in Monetary Policy are in 2016 and 2018 (16%). Meanwhile, there were fewer journal publications compared to other years, namely in 2011 (0.1%).

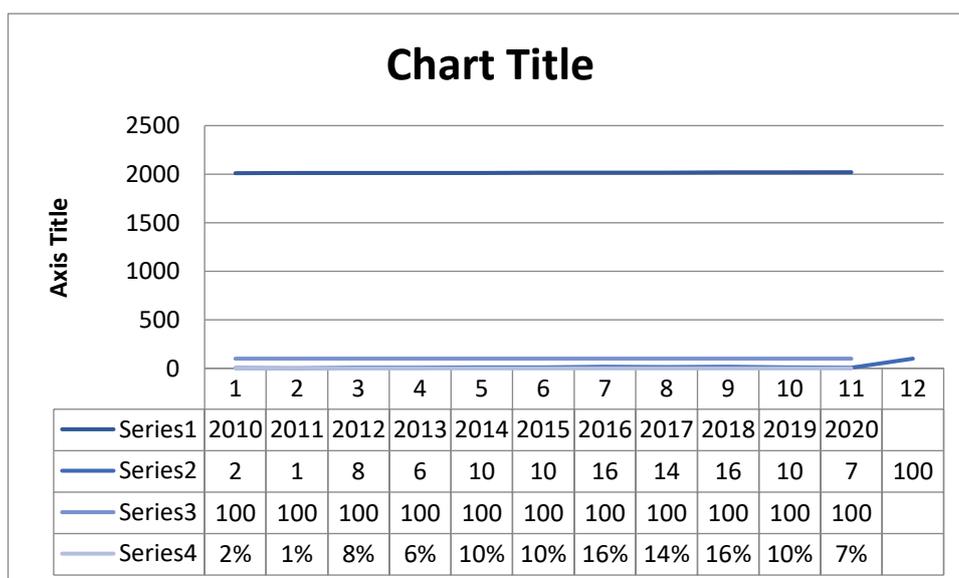


Figure Graphics: Number of Articles with the theme of Maqashid syariah in Monetary Policy every years

2. Type Approach of Each Publication.

This study further indicates the type (type) of research used for each journal publication observed. According to Sekaran (2013), in general there are four types of research, namely analytical, descriptive, empirical, and exploratory research. In this observation, only three types of research are used, namely analytical, descriptive and empirical. First, analytical research is used to try to answer the question of why certain things or how they can happen. This type of research usually deals with causation. Second, descriptive research tries to determine, describe, or identify certain things. Descriptive research uses description, classification, measurement, and comparison to describe a phenomenon. And third, empirical research methods, namely research methods that use field study observations (empirical) or data collected from questions and answers such as in the form of a questionnaire.

The results showed that the type of research methodology that was mostly used from published journals, both national and international journals related to Maqashid Syariah in Monetary Policy during 2010 to 2020, was descriptive research with 70 journals (70%), and then followed by analytical research with 30. journal (30%). and lastly, journals that use a combined approach (mixed method) with a total of 0 journals (0%).

Table 1 Types of Research from Each Publication

Publication Year	Types of research		Total
	Analysis	Descriptive	
2010 to 2020	30	70	100

3. Reasearch Approach of Each Publication

According to Punch (2013), there are 3 types of research approaches, namely a qualitative approach, a quantitative approach and a mixed method approach. Table 2 shows the research methodology used for each published journal within a period of 10 years, namely 2010 to 2020. In this observation,

the research approach that is mostly used is the quantitative approach with 70 journals (70%). Then the qualitative approach is 30 journals (30%). and lastly, journals that use a combined approach (mixed method) with a total of 0 journals (0%).

Table 2 Type of Approach of Each Publication

Publication Year	Types of research		Total
	Analysis	Descriptive	
2010 to 2020	30	70	100

4. Maqashid Syariah Journal Subject in Monetary Police

The results of this study indicate that there are a number of subjects for discussion of each journal related to Maqashid Syariah in Monetary Policy based on journal publications during 2010 to 2020. In observations from the 2010-2020 journal publications selected in the observation, the subject of discussion related to Maqashid Syariah journals in Monetary Policy is the most. regarding the Maqashid Sharia concept in Monetary Policy in 70 journals (70%) from 100 sample journals, followed by the subject of Maqashid Sharia Stability in Monetary Policy; a total of 30 journals (30%).

Table 3 The subject of the discussion of the Maqashid Syariah Journal in Monetary Policy

Subject	Publication Year											Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Concept	2	1	2	1		6	4	2	4	4	4	30
Stability			6	7	10	4	12	12	12	6	1	70
Total	2	1	8	8	10	10	16	14	16	10	5	100

5. Area of Study and Publication

The results of this study also show a list of the most publications based on geographic location (country). This table is divided into 2 parts, namely the study location of 100 selected journal publications and the publication area of the journal. In the first part, regarding the location or study area of the journal.

From the table, it can be seen that Indonesia is 97%, China is 1%, South Korea is 1%. (based on journal articles selected by the author).

Table 4 List of Publications by Country

Country	Number of Published Articles
Indonesia	97
China	1
South Korea	1
Malaysia	1

The publication area of the 100 selected Islamic microfinance journals varies. In this research on maqashid sharia in monetary policy, the most publishers from Indonesian journals are related to the theme of maqashid sharia in monetary policy.

Table 5 List of Publications by Publisher

Publisher	Number of Published Articles
Indonesia	97
China	1
South Korea	1
Malaysia	1

Discussions.

1. What was stated at the beginning of this paper, that of all the journal articles researched discussing maqasid sharia, which is a trend or issue that is developing more about Islamic financial institutions is true.
2. Whereas sharia economics and business are not only in the form of bank and non-bank institutions, but also include broader economic aspects, such as macro and micro economics and other economic problems.
3. That is one thing that distinguishes this research from previous research, so that it becomes a novelty for the author where this research also discusses the implementation of Islamic maqasid in monetary policy in the real sector.

Conclusion

Maqasid sharia: hifdzu al-din (religion), al-nafs (soul), an-nasl (descendants), al-mal (wealth) and al-'aql (reason) are very important to understand both conceptually and maximally implementation and really, because it is not only needed to formulate economic policies, both monetary, fiscal and financial policies, but also to create Islamic banking products and other real sectors. Meanwhile, in Indonesia, the practice of sharia economics which actually covers all aspects of the economy, has only been implemented in the implementation of sharia economics, starting with sharia financial institutions in the form of sharia banking, and sharia maqasid in monetary policy has not been fully implemented there.

In this case, it is hoped that real awareness and support from various parties is expected because the progress of the sharia economy is for the benefit of the people and the people of Indonesia. This expectation is quite reasonable, because it is in line with the government's policy which officially formed the National Sharia Finance Committee (KNKS) against the background of the desire to encourage and develop commitments to the use of Islamic finance. This was stated by the Minister of PPN/Head of Bappenas as well as the Secretary of the KNKS Steering Committee, Bambang Brojonegoro, that the formation of KNKS is regulated through Presidential Regulation Number 91 of 2016, concerning KNKS. Subsequently, the National Committee for Sharia Economics and Finance (KNEKS) was formed as a change from KNKS to increase the development of the sharia economic and financial ecosystem and to make Indonesia the World Halal Center. The declaration of a starting point to position Indonesia as one of the main actors and the world's Islamic economic relations was carried out in line with the launch of the Indonesian Islamic Economic Masterplan in May 2019.ⁱ

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