

Article History

Received : 16 May 2024
Revised : 31 May 2024
Accepted : 30 June 2024
Published : 30 June 2024

THE ROLE OF SHARIA ECONOMIC LAW IN POVERTY ALLEVIATION EFFORTS

Nikita Majdina Natasya¹, Dio Sandri Wijaya², Yufitri Ezwandi³

¹²³⁴ Institut Agama Islam Negeri Curup, Indonesia

¹Nikita.majdina@gmail.com|²diosandriwijaya@gmail.com|³yufitriewzandi@gmail.com

ABSTRACT This article explores the role of Sharia economic law in poverty alleviation efforts using a literature review type of research. Data sources were obtained by searching for references from literature reviews relevant to the cases or problems found. Data was obtained through searches on Google Scholar, books, and research-related scientific works. The results of this research are that Islamic Economic Law is regulations relating to economic practices in the fields of production, distribution, and consumption based on Islamic law sourced from the Al-Qur'an and As-Sunnah as well as the consensus of the ulama to realize prosperity and benefit for all mankind both in this world and in the afterlife. Islamic economics, or Sharia economics, is crucial in eradicating poverty, namely realizing justice and economic balance, improving community welfare, and encouraging community economic empowerment.

KEYWORDS Sharia economic law; the role of economic law; poverty.

INTRODUCTION

Shari'ah economy, commonly known as Islamic economics in the last 3 decades, has experienced significant progress in academic studies and practice. In Indonesia itself, the development of Islamic economics law can be seen from various sides, such as the development of learning and implementation of Islamic economics, which has also experienced rapid progress. Islamic economics has been taught in several state and private universities. In addition, the development of Islamic economics in Indonesia is also influenced by the political dynamics of state accommodation to Islamic economics in Indonesia, which is gradually getting better and better. This can be seen from the existing regulations as a product of politics and public policy from the government as the holder of executive power and the Supreme Court regulations as a judicial institution that plays a vital role in providing legal certainty.

Law Number 21 of 2008 enforcement concerning Islamic Banking to mobilize the Islamic economy in Indonesia today is already part of the country's political economy law; in other words, the Islamic banking system in Indonesia has been directed by the state. Public enthusiasm for the growth of Islamic economic practices is also very high, as evidenced by the number of Islamic financial institutions (LKS) in Bait at Tamwil, BPRS, and Islamic banking. Sharia banking is especially trusted by people who want to invest in a fair profit-sharing system according to Sharia principles. The main principle for Sharia banks is fulfilling a sense of justice for all parties and providing *maslahat* for the wider community.

The presence of Sharia economics or Islamic economics aims to provide benefits and welfare for all people, especially Muslims, based on the Qur'an and Sunnah of the Prophet Muhammad SAW, Forming a society with a solid social order based on universal justice and brotherhood, Achieving a fair and equitable distribution of income and wealth, and Creating individual freedom in the context of social welfare. If all the objectives of the Shariah economy are achieved, then the poverty in the community will slowly

decrease. Departing from the above, the author will further discuss the role of Islamic economic law in poverty alleviation efforts and what aspects of Islamic financial law are relevant in efforts to reduce poverty.

METHODS

This type of research is a *literature review*, which is locating, obtaining, reading, and evaluating literature. This research aims to describe the role of Sharia economic law in poverty alleviation efforts. Data sources are obtained by finding references from literature reviews relevant to the case or problem found. Data is obtained through searches on Google Scholar, books, and research-related scientific works.

RESULT AND DISCUSSION

Overview of Sharia Economics and Sharia Economic Law

The term shari'ah economy is only known in Indonesia. In other countries, the term is Islamic economics (Islamic economy, al- iqtishad al-Islami), and science is called Islamic economics (Islamic economics 'ilm ai-iqtishad al-islami). In the language of al-iqtishad, shari'ah means the middle and justice.

Islam emphasizes that human economic activity is one manifestation of human responsibility as a caliph on earth so that the balance in life can be maintained. In the context of Islamic teachings, Islamic economics, also known as Sharia economics, is the value of the economic system built on Islamic teachings. As Muhammad bin Abdullah al-Arabi defines Islamic Economics as a collection of general principles of economics taken from the Qur'an and Sunnah, the economic foundation is built based on these principles by considering environmental conditions and time.

Sharia Economics is an economy based on divine revelation, which is revealed in the context of the benefit and welfare of humanity. Islamic economics is firmly rooted in Islamic norms and ethics derived from the provisions of the Qur'an and hadith and ijihad. Islamic economics also refers to several fundamental conceptions in Islamic doctrine. First, tawhid is a comprehensive concept relating to the total submission of a servant to Allah SWT. Second, the idea of treatise and prophethood guides every aspect of human life in the form of the holy book, and its application in practice is recorded in the form of hadith and tradition. Third, the concept of the afterlife is a concept in which all humans will eventually be judged for all their deeds, including economic activities.

Fourth, economic welfare is a reference for realizing a good and just life.

Referring to the provisions of Article 1 number 1 of the Compilation of Sharia Economic Law, a Sharia economy is a business or activity carried out by individuals, groups, or business entities incorporated or not incorporated to meet commercial and non-commercial needs by Sharia principles.

To clarify the understanding of Islamic economics here will be given some definitions mentioned by several experts on Islamic economics, among others:

- a. According to Abdul Mun'in al-journal, Islamic economics is a collection of general basics about economics extracted from the Qur'an al-Karim and As-sunnah.
- b. M. Umar Chapra, what is meant by Islamic economics is "Islamic economics *was defined as that branch of knowledge which helps realize human well-being through an allocation and distribution of search recourse that conforms or creating continued macroeconomic and ecological imbalances*" (Islamic economics is a knowledge that helps efforts to *realize* human happiness through the allocation and distribution of limited resources that are in the corridor that refers to Islamic teaching without giving individual freedom or without sustainable macroeconomic behavior and environmental *imbalances*).
- c. M. Akram Khan, Islamic economics " aims at the study of human *falah* (well-being) *achieved by organizing the resources of earth based on cooperation and participation*" (Islamic economics is a science that studies human welfare (*falah*) achieved by organizing the resources of the planet based on collaboration and involvement).
- d. In another definition, Islamic economics is a social science that studies society's economic problems from the perspective of Islamic values. *From this definition, it can be concluded that Sharia Economics is a science related to actual and empirical human activities or behavior, both in production, distribution, and consumption, based on Islamic law sourced from the Qur'an and as-sunnah and ijma' the scholars to achieve happiness in the world and the hereafter.*

The Sharia economic law is a collection of regulations relating to financial practices that meet commercial and non-commercial human needs based on Islamic law. The study of Islamic economic law in study of Islamic law is included in the study of al-ahkam al-iqtishadiyah wa al-maliyah (economic laws

and property), which is part of the study of *al-ahkam al-mu'amalah* (fiqh muamalah). Fiqh muamalah generally means the rules of Allah SWT that regulate humans as social creatures in all worldly affairs. Specifically, fiqh muamalah regulates various contracts or transactions that allow people to own property and exchange profits based on Islamic law. Muamalah jurisprudence, in this specific sense, focuses more on two things. First, *al-mu'amalah al-madiyah* (material law), namely sharia rules relating to property as an object of transaction. Second, *al-mu'amalah al-adabiyah* (the law of wealth circulation through permits/transactions), namely sharia rules relating to humans as subjects of transactions.

Source of Shari'ah Economic Law

Islamic economic law comes from the rules established by Allah SWT and the results of *ijtihad* (human reasoning). The sources of Islamic economic law that come from Allah Swt include:

1. Qur'an

The Qur'an is the first and primary source of Islamic economic legal provisions. It contains matters related to Islamic economic concepts and laws. Here are some verses of the Qur'an regarding Islamic economic clauses.

The verse about the permissibility of buying and selling and the prohibition of usury is found in Q.S. Al-Baqarah (2), verse 275:

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي
يَخْبَطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا
الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا
فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ
وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ
هُمْ فِيهَا خَالِدُونَ

Meaning: Those who eat (take) usury cannot stand but as one who is possessed by a demon because of insanity. That is because they say that buying and selling is the same as usury, whereas Allah has justified buying and selling and forbidden usury. And as for those to whom the prohibition of their Lord has come, and they have ceased (from usury), then to them belongs what they had taken (before the ban came), and their affair is (up to) Allah. But whoever returns (to usury), those are the inhabitants of Hell; they will abide therein.

The verse about the order to record / good bookkeeping in the matter of debt and credit. It is found in Q.S. Al-Baqarah (2): verse 282:

يَا أَيُّهَا الَّذِينَ ءَامَنُوا إِذَا تَدَايَنْتُمْ بِدَيْنٍ إِلَىٰ أَجَلٍ مُّسَمًّى
فَاكْتُبُوهُ ۚ وَلْيَكْتُب بَيْنَكُمْ كَاتِبٌ بِالْعَدْلِ ۚ وَلَا يَأْب
كَاتِبٌ أَنْ يَكْتُبَ كَمَا عَلَّمَهُ اللَّهُ ۚ فَلْيَكْتُبْ وَلْيُمْلِلِ
الَّذِي عَلَيْهِ الْحَقُّ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا يَبْخَسْ مِنْهُ
شَيْئًا ۚ فَإِنْ كَانَ الَّذِي عَلَيْهِ الْحَقُّ سَفِيهًا أَوْ ضَعِيفًا
أَوْ لَا يَسْتَطِيعُ أَنْ يُمِلَّ هُوَ فَلْيُمْلِلْ وَلِيُّهُ بِالْعَدْلِ ۚ
وَأَسْتَشْهِدُوا شَهِيدَيْنِ مِنْ رِجَالِكُمْ ۚ فَإِنْ لَمْ يَكُونَا
رَجُلَيْنِ فَرَجُلٌ وَامْرَأَتَانِ مِمَّن تَرْضَوْنَ مِنَ
الشَّهَدَاءِ أَنْ تَضِلَّ إِحْدَاهُمَا فَتُذَكِّرَ إِحْدَاهُمَا
الْأُخْرَىٰ ۚ وَلَا يَأْب الشَّهَدَاءُ إِذَا مَا دُعُوا ۚ وَلَا
تَسْمُوا أَنْ تَكْتُبُوهُ صَغِيرًا أَوْ كَبِيرًا إِلَىٰ أَجَلٍ ۚ ذَلِكُمْ
أَفْسَطُ عِنْدَ اللَّهِ وَأَقْوَمٌ لِلشَّهَادَةِ وَأَدْنَىٰ أَلَّا تَرْتَابُوا ۚ
إِلَّا أَنْ تَكُونَ تِجْرَةً حَاضِرَةً تُدِيرُونَهَا بَيْنَكُمْ فَلَيْسَ
عَلَيْكُمْ جُنَاحٌ أَلَّا تَكْتُبُوهَا ۚ وَأَشْهِدُوا إِذَا تَبَايَعْتُمْ ۚ وَلَا
يُضَارَّ كَاتِبٌ وَلَا شَهِيدٌ ۚ وَإِنْ تَفَعَّلُوا فَإِنَّهُ فَسُقُوكُمْ
بِكُمْ ۚ وَأَنْتُمْ عِنْدَ اللَّهِ ۚ وَيُعَلِّمُكُمُ اللَّهُ ۚ وَاللَّهُ بِكُلِّ شَيْءٍ عَلِيمٌ

Meaning: You who believe that when you do business not in cash for a fixed time, write it down. And let a scribe among you write it down correctly. And let not the writer be reluctant to write as Allah teaches him, but let him write, let the debtor estimate (what will be written), let him fear Allah his Lord, and let him not reduce any of his debts. If the debtor is of weak mind or incapable of estimating, then let his guardian estimate honestly. And witness it with two witnesses from among your men. If there are not two men, then (it is permissible) a man and two women of witnesses whom you approve so that if one forgets, the other reminds him. The witnesses should not be reluctant to give evidence when called upon and should not be weary of writing down small or significant debts until payment is reached. (Write down your dealings), unless it is cash trade you carry between you, then there is no sin on you if you do not write it down. And testify when you buy and sell, and do not make it difficult for the writer and the witness. If you do (so), it is indeed an unrighteousness on your part. And fear Allah; Allah teaches you, and Allah knows all things.

Some of the above verses are the basic framework for the conception of Islamic economics. Through these various verses, it can be understood that Islam encourages its adherents to obtain sustenance in a halal and suitable manner granted by Allah SWT.

Furthermore, the multiple verses are guidelines for implementing Islamic economic activities.

2. Hadith

Hadith is every word (qauliyah), action (fi'liyah), and determination (taqririyah) of the Prophet Muhammad Saw. Hadith is the second source of law in the hierarchy of sources of Islamic law. Such is the case with legal sources in the field of Islamic economics. One of the Prophet's hadiths is as follows:

Hadith about striving to obtain material/wealth with established rules

Islamic law encourages its adherents to strive to obtain material/wealth in various ways, provided that they follow the proper rules. One of the relevant traditions of the Prophet is as follows:

"The Muslims are (at liberty) according to their terms and agreements, except for terms that forbid the lawful or make lawful the unlawful" (H.R. Tirmidhi).

It can be understood that these rules include looking for halal again goods, not using false means, not exaggerating/exceeding limits, not being inhuman or injustice, staying away from elements of usury, maisir (gambling), and gharar (uncertainty), and not forgetting social responsibility in the form of zakat, infaq, and sadaqah. This distinguishes the Islamic economic system from the conventional economy, which uses the principle of self-interest to formulate its concept. A good Muslim pays attention to the factors of the world and the hereafter in a balanced manner.

Hadith about the Islamic concept of not taking the rights of others

The concept of Islamic law requires everyone to obtain their rights and not take away the rights or shares of others. Through economic justice, each individual will get their rights according to their contributions to society. Each individual must also avoid the exploitation of other individuals. The warning against injustice and exploitation aims to protect the individual rights of the community and promote the general welfare as the goal of Muslims. The Prophet said:

"O people, fear injustice because it will be the darkness on the Day of Judgment" (H.R. Ahmad).

3. Ijtihad

According to Al-Shukani, in his book *Irsyad al-Fuhuli*, *ijtihad* is exerting the ability to obtain sharia laws, such as Amali through Steinbach. According to Ibn Shubki, *ijtihad* is the exertion of a faqih's ability to

produce strong conjectures about sharia law. At the same time, al-Amidi defines *ijtihad* as directing the ability to obtain strong conjectures about shari'a law in a form he feels unable to do.

4. Ijma'

Etymologically, *ijma'* means agreement or consensus. The definition of *ijma'* is the determination to do something. As stated in QS. Yunus [10]: 71. That is the agreement of the people of the prophet Muhammad. The basis of *ijma'* is the Quran, hadith, and reason. The hadith states that *ijma'* is an agreement with the value of truth and avoiding misguidance and should be followed.

5. Qiyas

Qiyas is the equation of the law in a particular case with another case because the law's illat (cause) is similar in both cases.

Historically, Indonesian Sharia economic activities, in particular, have been juridically recognized since the birth of Law NO. 7 of 1992, which was later amended to Law No. 10 of 1998 concerning banking. 7 of 1992 was later amended to Law No. 10 of 1998 concerning banking. Furthermore, in 2008, 2 (two) laws were enacted, namely Law No. 19 of 2008 and SBSN (State Sharia Securities) and Law No. 21 of 2008 concerning Islamic banking. In the explanation of the Islamic banking law, it is explained that the goal of national development, as mandated by Pancasila and the 1945 Constitution of the Republic of Indonesia, is the creation of a just and prosperous society based on economic democracy that relies on fair market mechanisms.

One way to explore the potential and form of national contribution is to develop an economic system based on Islamic values (sharia) to lift its principles into the national legal system. Sharia principles are based on justice, benefit, balance, and universality (*rahmatan lil 'alamin*). These values are applied in banking and market arrangements based on Sharia banking principles.

In addition, several laws regulate Islamic economics as follows:

1. Article 6 Letter M of Law No. 10 of 1998 concerning amendments to Law No. 7 of 1992 concerning banking. It is emphasized that conventional commercial banks can provide financing and conduct other activities based on Sharia principles based on the provisions stipulated by Bank Indonesia.
2. Article 13 Letter C of Law No. 10 of 1998 on the amendment of Law No. 7 of 1992 on banking

states that Rural Banks (BPRs) can provide financing and placement of funds based on Sharia principles.

3. Law No. 3 of 2006, concerning the amendment of Law No. 7 of 1989, which concerns religious courts, explicitly legitimizes Sharia-based business activities. d. Fatwa of the National Sharia Council (DSN) is the permissibility of conducting Sharia-based business activities, such as banking, insurance, mutual funds, and Sharia-based business activities.

Characteristics and Objectives of Sharia Economics

Some characteristics of Islamic economics:

1. Islamic economics is the result of Allah's revelation in the form of Islamic law. Islamic economics is part of the religious life of Muslims. When Islamic sharia was implemented around 1438 years ago, Islamic economics existed and was practiced.
2. Islamic finance is harmonious between different viewpoints, so it is often alluded to as the center of economics. The rights of individuals and society are seen through the lens of Islamic economics in a fair balance between the world and the hereafter, body and soul, mind and heart, simile and reality, faith and power.
3. Fair Economy. Islamic economic values ensure that all parties are treated fairly in Islamic financial practices. This relates to the first point about Islamic economics' characteristics, which is believed to bring more justice because it is a divine economy.

Islamic economics has specific objectives, including:

1. Providing harmony for life in the world.
2. Islamic values are not only for the lives of Muslims but all living beings on earth.
3. The essence of the Islamic economic process is fulfilling human needs based on Islamic values to achieve religious goals (falah). Islamic economics becomes the mercy of all nature, which is not limited by the economic, social, cultural, and political of the nation. Islamic economics can capture the value of the phenomenon of society in its journey without leaving the source of Islamic Economic theory.

Islamic economics is the result of God's revelation in the form of Islamic law. It is not just an economic system but also part of the religious life of Muslims. Since Islamic sharia was implemented around 1438 years ago, Islamic economics has existed and been practiced. This means Islamic economics has

a solid theological foundation that makes it unique compared to other economic systems.

Islamic finance harmonizes various viewpoints, so it is often referred to as the center of economics. Muslim economics seeks to achieve a fair balance between the rights of the individual and society, between the world and the hereafter, body and soul, mind and heart, and between faith and power. This ensures that Islamic economics focuses not only on material but also on spiritual and moral aspects. Islamic economic values ensure that all parties are treated fairly in Islamic financial practices. This fairness is closely related to the first characteristic of Islamic economics, which is believed to bring more justice because it is a divine economy. Fairness in Islamic economics includes prohibitions against usury, exploitation, and hoarding of wealth, as well as emphasizing wealth distribution through zakat, infaq, and waqf.

One of Islamic economics' main objectives is to provide harmony for life in the world. Islamic economics aims to create balance and peace in economic and social interactions and avoid conflicts caused by economic injustice. Thus, Islamic economics supports sustainable and inclusive development.

Islamic values in Islamic economics are not only for the lives of Muslims but for all living beings on earth. Principles such as justice, balance, and social responsibility are universal and relevant to all societies. This makes Islamic economics widely applicable and extensively benefits the global community.

The essence of Islamic economics is fulfilling human needs based on Islamic values to achieve religious goals (falah). Falah includes material and spiritual well-being and happiness in this world and the hereafter. Islamic economics seeks to achieve falah through fair and ethical production, distribution, and consumption arrangements.

Islamic economics is a blessing for all nature, and it is not limited by a nation's economic, social, cultural, and political factors. The concept of rahmatan lil alamin indicates that Islamic economics has a universal vision that includes the interests of all humanity and the natural environment. This reflects the Islamic economy's commitment to global welfare and environmental sustainability.

Islamic economics can capture the value of social phenomena in its journey without leaving the source of Islamic Economic theory. This means that Islamic economics is constantly evolving and adapting to social, economic, and technological changes, while still adhering to the fundamental principles of Islam.

This ability allows Islamic economics to remain relevant and practical in various contexts. Islamic economics is not isolated from the global economic system despite its unique characteristics and objectives. Instead, it interacts and collaborates with other financial systems to create a more just and sustainable economic environment. Islamic economics can contribute to global solutions to problems such as inequality, poverty, and environmental degradation.

Islamic economics has distinctive characteristics and clear objectives that set it apart from other economic systems. It offers a holistic and inclusive economic model with a strong theological foundation, a focus on fairness and balance, and a commitment to prosperity and sustainability. Implementing Islamic economic principles can help create a more just and harmonious economic environment, both for Muslims and the global community as a whole.

The Role of Sharia Economic Law in Poverty Alleviation

Islamic economics has a vital role in poverty alleviation by offering various instruments and approaches based on Islamic values with just economic principles that characterize the Islamic economy. Islamic economics primarily aims to provide benefits and harmony for society. Life in the world. Here are some critical roles of Sharia or Islamic Economic Law in poverty alleviation efforts:

1. Encouraging People's Economic Empowerment

In this case, Islamic economics prioritizes work ethic and independence in achieving prosperity, applies principles such as *mudharabah* and *musyarakah*, and encourages cooperation and active participation of the community in economic activities such as building BMTs and other Islamic microfinance institutions that provide easy and affordable access to financing for people experiencing poverty to start and develop businesses (Sukmawati & Maryanti, 2022).

2. Creating a Stable and Sustainable Financial System

In this regard, Sharia economic law prohibits speculation and gambling and emphasizes the principles of prudence and risk management in financial activities. This helps create a more stable and sustainable financial system, supporting economic growth and poverty alleviation (Ozili & Iorember, 2024).

3. Realizing Economic Justice and Equitable Distribution of Wealth

In this regard, Sharia Economic Law prohibits usury, exploitative practices, and hoarding of wealth. It emphasizes the obligation of *zakat* by those who can distribute it to those entitled to receive it, thus helping to balance income distribution and reduce economic burdens. Inequality. *Waqf* and *Infaq* also play a role in the voluntary distribution of wealth to help the poor and improve the welfare of society (Mulyany & Furqani, 2019).

4. Strengthening the Legal and Institutional Framework

In this case, the need to strengthen regulations and institutions that support the implementation of Sharia Economics is critical to ensure its effectiveness in alleviating poverty. This includes public education, literacy about Sharia Economics, infrastructure development, and competent human resources in Islamic economics. The comprehensive application of Sharia Economic Law, integrated with other policies and programs and supported by various parties, such as the central and regional governments, can alleviate poverty and realize fair and sustainable community welfare (Durussel et al., 2017).

Islamic economics has a vital role in poverty alleviation by offering various instruments and approaches based on Islamic values with fair economic principles that characterize Islamic economics. The main objective of Islamic economics is to provide benefits and harmony for people worldwide. This analysis will explore the various roles of Islamic economic law in poverty alleviation efforts.

One of Islamic economics' critical roles is to encourage community economic empowerment. Islamic economics emphasizes work ethic and self-reliance in achieving prosperity. Principles such as *mudharabah* and *musyarakah* encourage cooperation and active community participation in economic activities. For example, the development of *Baitul Maal wat Tamwil* (BMT) and other Islamic microfinance institutions provides easy and affordable access to people experiencing poverty to start and develop their businesses (Sukmawati & Maryanti, 2022).

Sharia economic law prohibits speculation and gambling and emphasizes the principles of prudence and risk management in financial activities. This helps create a more stable and sustainable financial system, supporting economic growth and poverty alleviation. By preventing high-risk and unethical practices, the Islamic financial system can provide a stronger foundation for the economy (Ozili & Iorember, 2024).

Sharia Economic Law prohibits usury, exploitative practices, and hoarding of wealth. Zakat, which is obligatory for those who can afford it, is distributed to those entitled to receive it, thus helping to balance income distribution and reduce economic burden. Waqf and infaq also play a role in the voluntary distribution of wealth to help the poor and improve community welfare (Mulyany & Furqani, 2019).

Strengthening regulations and institutions that support the implementation of Islamic economics is crucial to ensure its effectiveness in alleviating poverty. This includes public education, literacy on Islamic economics, infrastructure development, and human resources competence in Islamic economics. A comprehensive implementation of Islamic economic law, integrated with other policies and programs and supported by various parties such as the central and local governments, can effectively alleviate poverty and realize equitable and sustainable community welfare (Durussel et al., 2017).

Islamic economics promotes inclusive economic growth by ensuring that all levels of society have equal opportunities to participate in economic activities. Shariah principles promote inclusiveness and social justice, which are essential for reducing economic disparities and improving general welfare. By supporting small and medium-sized enterprises and poor communities, the Islamic economy helps to create a more just and equitable economic environment.

Islamic financial instruments such as zakat, infaq, and waqf play a vital role in the economic empowerment of the poor. Zakat, for example, helps meet the poor's basic needs and supports their empowerment through training and skills development programs. Infaq and waqf, as forms of voluntary charity, can be used to finance social and economic projects to improve the welfare of low-income people.

Islamic financial institutions, such as BMTs and Islamic banks, provide access to fair and affordable financing for people experiencing poverty. By avoiding usury and applying profit-sharing principles, Islamic financial institutions offer financing solutions that align with the capabilities and needs of the poor. This helps them start and grow small businesses, which is one of the effective ways to alleviate poverty.

Prudential principles and risk management help create more excellent economic stability in the Islamic economy. By prohibiting speculation and high-risk financial practices, Islamic economics reduces the likelihood of financial crises exacerbating poverty.

This economic stability is essential to create an environment conducive to economic growth and long-term poverty alleviation.

Strong government policy and regulatory support are essential for the successful implementation of Islamic economics. The government should ensure that existing regulations support the development of the Islamic economy and provide incentives for Islamic financial institutions to operate effectively. Islamic financial education and literacy must also be improved so that people better understand and utilize the principles of Islamic economics in their daily lives.

Islamic economic law has excellent potential in poverty alleviation through various instruments and approaches based on the values of justice and inclusiveness. By encouraging community economic empowerment, creating a stable financial system, and ensuring a fair distribution of wealth, Islamic economics can help create sustainable prosperity for the community. Vital regulatory and institutional support and active participation from various parties are essential to realize this potential to the fullest.

CONCLUSION

Islamic Economic Law is a regulation relating to economic practices in the fields of production, distribution, and consumption based on Islamic law sourced from the Al-Qur'an and As-Sunnah as well as the *ijma'* of the scholars to realize welfare and benefit for all mankind, both in this world and in the hereafter. Islamic economics or economics has a crucial role in poverty alleviation efforts, namely realizing economic justice and balance, improving community welfare, and encouraging community economic empowerment. Suppose Islamic economic law is applied comprehensively and integrated with other policies, regulations, and programs supported by various parties, such as central and regional governments. In that case, it can effectively alleviate poverty and realize fair and sustainable social welfare.

REFERENCE

- A. Hanafi, Introduction and History of Islamic Law, Jakarta: CV. Bulan Bintang, 1978.
- Abdul Manan, Sharia economic law, in the perspective of the authority of religious courts, Jakarta: Prenadamedia Group, 2012.

- Abdul Manan, Sharia Economic Law, in the Perspective of the Authority of Religious Courts, 2012.
- Abdullah Abd al-Husain al-tariqi, Islamic Economics: Principles, Foundations and Objectives, Translation, Yogyakarta: Magistra Insania Press, 2004.
- Abu Isa bin Muhammad bin Isa at-Tirmidzi, Sunan at-Tirmidzi (al-Jami' al-Shahih), Juz III, Cairo: Maktabah al-Halabi, 1967.
- Agung Anggoro Seto, et al. Sharia Economics in Indonesia. Jambi: PT Sonpedia Publishing Indonesia, 2023.
- Ahmad bin Hambal, Musnad Imam Ahmad, Juz 7, Beirut: Dar al-Fikr, 1994.
- Ahmadi Hasan, Legislation History of Sharia Economic Law in Indonesia, Yogyakarta: LKiS, 2017.
- Andri Soemitra, Sharia Economic Law and Fiqh Muamalah, Jakarta: Kencana, 2019.
- Durussel, C., Oyarzún, E. S., & Urrutia, O. (2017). Strengthening the legal and institutional framework of the Southeast Pacific: Focus on the BBNJ package elements. *The International Journal of Marine and Coastal Law*, 32(4), 635–671.
- Ministry of Religious Affairs, Al-Qur'an Translation, Semarang: CV. Toha Putra, 1989.
- Irawan Afrianto, *Literature Review*. Bandung: UNIKOM, 2019.
- Jimly Asshiddiqie, The Economic Constitution, Jakarta: Kompas Books, 2010.
- Marsum and Mohammad Fahrur Rozi, 'Examining the Review of Islamic Law on Economic Issues', *Faculty of Administrative Sciences, University of Madura*, 2019.
- Mashudi, 'Capitalism Collapses Sharia Economy Blesses' 4, no. 1. 2023
- Muhamad Qustulani, *Sharia Economic Law Course Module*. Tangerang: PSP Nusantara Press, 2018.
- Mulyany, R., & Furqani, H. (2019). Sharing prosperity: Distributive justice framework in an Islamic moral economy. *Madania: Jurnal Kajian Keislaman*, 23(2), 117–126.
- Nur Rianto Al-Arif, and Euis Amalia, microeconomic theory, 2010.
- Ozili, P. K., & Iorember, P. T. (2024). Financial stability and sustainable development. *International Journal of Finance & Economics*, 29(3), 2620–2646. <https://doi.org/10.1002/ijfe.2803>
- Rafiq Yunus Al-mishri, "ushul al-iqtishad al-islami", in Islamic economics, ed Rozalinda, Jakarta: Pt Rajagrafindo Pesada, 2015.
- Saefuddin, Islamic Banks in State Economic Policy (A Political and Sociological Study of Islamic Law on the Enforcement of Law Number 21 of 2008 concerning Islamic Banking), *Millah Journal* Vol. 19, No. 1, August 2019.
- Sukmawati, D., & Maryanti, R. (2022). Education and economic circulation development support local potential as community empowerment efforts amid the COVID-19 pandemic. *Indonesian Journal of Multidisciplinary Research*, 1(2), 235–250.
- Tira Nur Fitria, 'Contribution of Islamic Economics in National Economic Development', *Scientific Journal of Islamic Economics* 02, no. 03. 2016.
- Titik Triwulan Tutik, 'The Legal Position of Islamic Banking in the National.