VOLUME 8, NO. 1, MAY 2025

REVIEW OF ISLAMIC ECONOMICS AND FINANCE

Journal homepage: https://ejournal.upi.edu/index.php/rief/index

Harmonizing Islamic Finance Principles with Microeconomics and Macroeconomics Theories: A Sacred Perspective

Ela Tuli*, Shikhar Dua

Indian Institute of Management, India

Article Info

Paper Type:
Research Paper

Received: January 01, 2025
Revised: April 21, 2025
Accepted: May 18, 2025
First Available online: May 20, 2025
Publication Date: May 31, 2025

Tuli, E., & Dua, S. (2025). Harmonizing Islamic finance principles with microeconomics and macroeconomics theories: A sacred perspective. *Review of Islamic Economics and Finance*, *8(1)*, 19-40.

Abstract

Purpose *– This study aims to bridge the gap between Islamic finance principles and conventional economic theories by integrating ethics, morality, and religious perspectives into economic models. It seeks to propose a paradigm shift that reconciles sacred financial principles with macroeconomic and microeconomic theories. The research highlights the importance of ethical considerations in fostering a more inclusive and socially responsible global financial system, offering insights that can guide policymakers in the formulation of more equitable economic policies.*

Methodology *- The study uses a qualitative methodology, combining sacred texts, economic theories, and existing research, to explore the intersections of Islamic finance and conventional economics, focusing on ethical considerations.*

Findings *- The study highlights the gap between Islamic finance principles and conventional economic theories, suggesting a paradigm shift to integrate ethics, morality, and religious perspectives for a more inclusive global financial system.*

Originality/value*- The study proposes a paradigm shift integrating Islamic finance principles with conventional economic theories, aiming to develop more ethical and inclusive models. It highlights the importance of ethical considerations in policy formulation and suggests future research directions.*

Keywords: *Islamic finance, Microeconomics, Macroeconomics, Theory, Principle.*

* Corresponding author: ela.tuli22eph@iimranchi.ac.in

1. INTRODUCTION

The integration of economic theories and financial principles holds significant importance in the current global financial landscape, which is characterized by growing interconnections and dynamism (Bhimani, 2008). The contemporary global landscape is characterized by a persistent interaction of economic dynamics, wherein choices made in a specific geographical region can generate consequential repercussions that transcend national boundaries (Mol, 2002). The increasing interconnectivity of various aspects has led to a heightened importance of ensuring that economic and financial activities are in line with ethical and moral ideals (Gómez-Bezares & Gómez-Bezares, 2020). In recent years, there has been a growing scholarly consensus on the urgent need to rethink conventional economic paradigms by integrating ethical considerations and faith-based financial frameworks (Mergaliyev et al., 2021; Naz & Gulzar, 2022). The global financial crises and increasing socio-economic disparities have sparked a resurgence of interest in Islamic finance as a viable alternative capable of fostering resilience, justice, and sustainability (Ajmi et al., 2019; Zarrouk et al., 2017). However, despite its potential, a clear theoretical and operational gap persists in the literature regarding the alignment of Islamic finance with foundational economic theories, particularly those rooted in microeconomics and macroeconomics (Kalim & Arshed, 2023; Naz & Gulzar, 2022). This study aims to bridge that gap by exploring how the principles of Islamic finance can harmonize with classical and contemporary economic models, thereby offering a more holistic and ethically grounded financial architecture.

Islamic finance, a form of economic system that is highly influenced by sacred religious values (Aydin, 2013), has emerged as a significant and valuable aspect within the complex global financial landscape (Al-Suwailem & IRTI, 2014). According to Iqbal and Llewellyn (2002), this approach provides a distinct viewpoint on the appropriate manner in which economic and financial operations ought to be carried out, going beyond the only focus on maximizing profit. The fundamental premise of Islamic finance centers around the integration of economic prosperity with a steadfast dedication to moral and ethical values (Asutay, 2012). The aforementioned dedication exemplifies the principles of economic equity and the overall welfare of society, promoting a financial framework that eradicates any potential for exploitation or disparities (Hassan & Kayed, 2009).

Islamic finance is guided by a comprehensive framework of rules that are deeply rooted in Islamic jurisprudence, also known as Sharia (Ullah et al., 2018). According to Bhatti and Bhatti (2010), Sharia is a revered legal system that provides guidance for multiple facets of Islamic existence, encompassing ethical principles, moral values, and notably, financial practices. The fundamental principle underlying Sharia is a deep dedication to safeguarding the welfare of both individuals and the broader community (Joshanloo, 2017). The prohibition of the payment or acceptance of interest, also referred to as riba, is considered a key principle in Islamic finance (Siddiqi, 2004). The rationale behind this prohibition is based on the notion that the collection of interest payments from borrowers has the potential to foster exploitative lending practices and contribute to economic inequity. In contrast, Islamic finance promotes the utilization of alternative methods, such as profit-and-loss sharing, with the aim of fostering financial inclusion and facilitating risk-sharing (Mirakhor & Zaidi, 2007).

Furthermore, it is worth noting that Islamic finance places significant emphasis on the concept of asset-backing, necessitating that all financial transactions are underpinned by actual assets or services (Drissi & Angade, 2019). This idea aims to guarantee that financial activities possess tangible economic worth and are interconnected with genuine economic creation. The standard financial products often exhibit a speculative and detached aspect, which stands in stark contrast to the subject at hand. In addition to its economic implications, Islamic finance extends its scope to encompass a deep-seated dedication to principles of equity and societal equity (Hassan & Kayed, 2009). The acknowledgement is made that the ramifications of financial choices have a broader reach than mere financial statements (El Qorchi, 2005); they possess the potential to exert substantial influence on the well-being of individuals and communities (Jan et al., 2018). The ethical underpinnings of Islamic finance are grounded in a wider framework that extends beyond the realm of economics. According to Mirakhor et al. (2020), the concept entails a dedication to fairness, moral principles, and a profound awareness of societal obligations.

The dedication described is in accordance with the religious principles of Islam, which emphasize the fair allocation of resources, empathy towards those in need, and the pursuit of social justice (Ezzani et al., 2023). This statement emphasizes the notion that economic endeavors should not solely focus on advancing personal and communal wealth, but should also actively contribute to the improvement of society at large. The distinctive characteristic of Islamic finance lies in its ethos, which has the capacity to imbue the financial industry with a moral obligation (Asutay, 2012).

Islamic finance, thus, encompasses a broader scope beyond being solely a financial system. The system in question aims to develop financial instruments and practices that possess both ethical integrity and economic feasibility (Mergaliyev et al., 2021). The aforementioned statement underscores the notion that finance, when grounded in fundamental religious tenets, possesses the potential to serve as a potent instrument for cultivating equity and societal equity at a worldwide level. The dedication to ethical principles and the pursuit of justice exhibited by this commitment transcends the boundaries of economics and has a profound impact on fundamental human values. Microeconomics is widely recognized as a fundamental component of contemporary economic theory, encompassing the examination of individual and firm-level actions within the broader economic context (Pindyck, 2018). This study explores the intricate dynamics of individual-level interactions that cumulatively contribute to the formation of the wider economic environment. In this particular field of economics, fundamental concepts such as supply and demand, utility maximization, and market equilibrium play a crucial role in providing a logical foundation. These concepts offer a structured framework for comprehending the allocation of resources and the efficient functioning of markets (Prechter & Parker, 2007; Karacuka & Zaman, 2012).

The concept of supply and demand, which constitutes a fundamental principle in the field of microeconomics, centers on the dynamic relationship between producers (supply) and consumers (demand). This statement emphasizes the factors that influence the pricing of commodities and services within a market, illustrating the fundamental mechanisms by which individuals and corporations make decisions based on their preferences and limitations (Perloff, 2009). In contrast, the concept of utility maximization centers around the notion that individuals strive to optimize their happiness or overall welfare given the limitations they encounter (Raboy, 2017). This notion elucidates the factors influencing individuals' decision-making processes about their consumption patterns and resource allocation, which are influenced by personal preferences and the range of alternatives available to them.

The idea of market equilibrium, which holds significant importance in the field of microeconomics, denotes a condition of equilibrium in a market wherein the quantity requested is equal to the amount provided, resulting in price stabilization (Deng et al., 2017). The concept under consideration denotes the effective distribution of resources within a market and represents an idealized state that encapsulates economic efficiency. Macroeconomics serves as the complementary field to microeconomics, using a broader viewpoint to analyze the aggregate performance and behavior of entire economies (Fischer, 1991). Instead of centering on the decisions made by individual consumers or firms, the field of macroeconomics examines the larger-scale forces that influence economic outcomes on a national or even global scale (Crescenzi et al., 2016). Important macroeconomic terms, such as Gross Domestic Product (GDP), inflation, and unemployment, play a crucial role in informing policymakers' decision-making processes. These decisions can have significant implications for entire nations.

The Gross Domestic Product (GDP) is widely recognized as a fundamental indicator of a country's economic performance, providing a comprehensive assessment of the overall monetary worth of all commodities and services generated within its territorial boundaries. The aforementioned statement posits that the gross domestic product (GDP) serves as a measure of a nation's economic vitality and efficiency, frequently employed as a gauge of the quality of life and general economic prosperity (Goossens et al., 2007). According to Fioramonti (2017), policymakers employ Gross Domestic Product (GDP) as a metric to assess the economic advancement and well-being of a country. In contrast, inflation refers to the phenomenon wherein the overall price level of products and services experiences an upward trend, resulting in a reduction in the buying capacity of a currency (Guth, 2000). According to Ascari and Sbordone (2014), moderate inflation can be seen as an indicator of a robust and expanding economy. However, excessive or unpredictable inflation has the potential to disrupt markets and hinder citizens' capacity to afford necessary commodities and services. Unemployment is a significant macroeconomic indicator that denotes the proportion of individuals who possess the capacity and willingness to engage in employment but are presently lacking job opportunities (Darity Jr & Goldsmith, 1996). The statement made by Stockhammer (2011) highlights the correlation between the labor market's efficiency and its impact on individuals' livelihoods and the general stability of the economy.

The convergence of religious beliefs and financial matters has been a subject of profound reflection and intellectual investigation spanning several centuries (Terry, 2020). The focal point of this intersection is Islamic finance (Bianchi, 2006). The economic system in question has experienced a notable rise in importance and significance within the global financial sphere. This is not limited solely to nations with a Muslim majority, but extends to various varied and cosmopolitan societies across the globe (Kayed & Hassan, 2011). Islamic economics is the utilization of conventional economic ideas from an Islamic perspective or worldview (Khan, 1994). This perspective incorporates not just the religious dimensions but also the wider domain of culture that originates from Islam, represented by the term 'tamaddun' (Suharto, 2023, July). Therefore, Islamic economics is deeply ingrained in Islamic civilization and its 'tamaddun,' rendering it more 'civilizational' in nature rather than solely 'religious,' albeit maintaining a religious underpinning (Suharto, 2023).

Significantly, Islamic economics and mainstream economics are inherently interconnected. Islamic economics recognizes the pragmatism and usefulness of conventional economic theories, while also incorporating adjustments to adhere to Islamic principles and values (Chapra & Whaples, 2008). The economic objectives of Islam are inherently aligned with the principles of Islamic Shari'a, aiming to establish fundamental well-being (al-Mashlahah) for all individuals and the environment (Askari et al., 2014). The concept of al-Mashlahah in Islamic Economics implies that the principles and systems within this field are universally applicable. It also suggests that Islamic Economics aims to promote well-being and prosperity for all entities within the universe, including humans, the environment, and individuals of various religious and cultural backgrounds. (Permana, 2019).

This study aims to explore how Islamic finance principles—rooted in ethical, moral, and religious values—can complement mainstream economic thought, specifically within microeconomic and macroeconomic frameworks. Rather than proposing a wholesale restructuring of global finance, this research investigates more focused intersections, such as how Islamic finance concepts can enrich resource distribution models, inform socially just policy development, and influence selected economic indicators. By narrowing the lens, the study offers a clearer and more practical pathway for integrating Islamic principles into existing economic theory and practice. Research Questions:

1. How can key Islamic finance principles—such as risk-sharing, prohibition of riba, and asset-backing—be incorporated into microeconomic models to promote ethical resource allocation?
2. In what ways can Islamic finance concepts influence macroeconomic policy design, particularly regarding GDP composition, inflation control, and unemployment reduction?
3. What specific theoretical frameworks or policy instruments can be developed to integrate Islamic finance ethics with conventional economic approaches in addressing economic inequality?

2. LITERATURE REVIEW

2.1 Core Principles of Islamic Finance: Bridging Ethics and Economics

Islamic finance is predicated upon core principles that are deeply established in Sharia, including concepts such as Riba, Zakat, Shari'ah Compliance, risk-sharing, asset-backed financing, Gharar, and ethical investing. The concept of riba serves to maintain equity in financial transactions, but zakat plays a pivotal role in fostering wealth redistribution and alleviating poverty. The adherence to Shari'ah Compliance assures the execution of transactions in accordance with ethical principles. The practice of risk-sharing fosters an environment conducive to entrepreneurial activities. The use of asset-backed finance serves as a means to reduce the occurrence of speculative bubbles. The avoidance of Gharar, or excessive ambiguity, in contractual agreements helps to maintain stability and clarity in business dealings. The practice of ethical investing is in accordance with Islamic principles, therefore fostering an economic climate that is both inclusive and ethically oriented. Table 1 provides a comprehensive analysis of the fundamental principles of Islamic finance, elucidating their relevance from both microeconomic and macroeconomic standpoints.

2.2 Islamic Finance Instruments: Descriptions and Economic Significance

According to Iqbal (2007), Islamic finance instruments play a crucial role in the financial landscape by providing distinct methods for carrying out financial transactions in accordance with Islamic principles. According to Ismail and Arshad (2009), these tools possess considerable economic importance, including both microeconomic and macroeconomic dimensions.

One example of an extensively used tool in Islamic money is Murabaha, which serves to enable individual transactions while adhering to the principles of Islamic finance. In the context of a Murabaha transaction, a financial institution engages in the acquisition of a commodity as per the client's request, thereafter selling it to the client at a price that includes a markup. The payment for this transaction is postponed, allowing the customer to settle the amount at a later date (Shaikh, 2011). The relevance of this concept in the field of microeconomics is derived from its role in facilitating commerce and individual consumption in alignment with the principles of Islamic finance (Mabrouk & Farah, 2021). According to Ergün (2022), the use of Murabaha in macroeconomics serves to enhance commercial operations and individual consumption, thereby fostering economic stimulation.

Mudarabah is a significant tool within the realm of Islamic finance. The partnership arrangement in question involves one party contributing finance, known as Rab-ul-Maal, while the other party contributes experience, referred to as Mudarib. In the context of financial arrangements, it is customary for profits to be distributed among the involved parties, but any losses incurred are assumed by the entity providing the money. According to Sapuan (2016), this device promotes entrepreneurship and investment by facilitating the sharing of risks and profits, hence facilitating individual economic activity. Mudarabah, from a macroeconomic perspective, facilitates economic expansion by directing capital into enterprises and entrepreneurial endeavors, so making a significant contribution to the advancement of the overall economy (Choudhury et al., 1992).

Ijarah is a contractual arrangement that facilitates the procurement of assets without resorting to finance mechanisms based on interest. In the context of an Ijarah contract, a financial institution, acting as the lessor, acquires an asset and then leases it to the lessee, who is the customer, for a certain duration. According to Zafar (2012), the lessee may be granted the opportunity to acquire the asset at the conclusion of the lease period. At the microeconomic level, Ijarah serves as a mechanism for capital accumulation and the procurement of assets, all while adhering to the principles of Islamic finance. According to Kalim and Arshed (2023), macroeconomics plays a crucial role in facilitating capital creation and asset acquisition, hence stimulating economic development. It does this by establishing a framework through which people and enterprises may effectively acquire the necessary assets.

Sukuk, also known as Islamic bonds, serve as a means of ownership in an asset or enterprise. Sukukholders are entitled to a portion of the earnings derived from the underlying asset. These financial instruments serve to promote investment in assets and initiatives that generate revenue at the microeconomic level. At the macroeconomic level, Sukuk serves as a means of raising capital for extensive projects, so making a significant contribution to the advancement of the economy and the enhancement of infrastructure (Zulkhibri, 2015).

Takaful is a kind of insurance system rooted on Islamic principles, wherein individuals collectively contribute to a fund that serves to mitigate any losses or damages (Wahab et al., 2007). Takaful, within the realm of microeconomics, serves to facilitate risk-sharing and safeguard individuals by offering a means of protection, so ensuring the provision of security to its members. According to Khan et al. (2020), Takaful plays a crucial role in macroeconomics as it serves as a means of risk management and helps to alleviate the economic consequences of unexpected occurrences.

Commodity Murabaha has resemblance to Murabaha, however with the distinction of procuring the commodity from the open market as opposed to the financial institution's pre-existing inventory. According to Alsayyed (2010), this particular instrument serves the purpose of facilitating commerce and individual purchases, all while keeping to the norms of Islamic finance. Microeconomics provides a theoretical framework that underpins commercial activity and individual consumption. Commodity Murabaha has a significant role in promoting commercial activities and individual spending at the macroeconomic level, hence serving as a catalyst for economic stimulation (Djelassi & Boukhatem, 2020).

The concept of Wakala is an agreement between a designated person or organization who assumes the role of an agent, responsible for the management and investment of assets on behalf of customers. This financial instrument promotes the practice of professional fund management, while also adhering to the principles of Islamic finance at the microeconomic level. Within the field of macroeconomics, Wakala plays a crucial role in the mobilization of money for investment purposes. By effectively employing investment skills and resources, Wakala supports economic development and facilitates the creation of wealth (Wahab et al., 2007). Islamic finance instruments are of significant importance at both the microeconomic and macroeconomic levels, since they adhere to Islamic principles while simultaneously contributing to economic development, financial stability, and the overall well-being of people and communities.

2.3 Theoretical Underpinnings

2.3.1 Microeconomics

When examined from the perspective of Islamic finance, standard microeconomic theories acquire a fresh significance by integrating secular ethical concepts with Islamic teachings. These theories aim to examine the individual and collective behaviors of individuals and organizations that contribute to the determination of economic outcomes. Through the application of the religious and critical perspective of Islamic finance, it becomes possible to discern areas of convergence between classical microeconomics and the ethical principles espoused by Islam.

2.3.1.1 Theory of Supply and Demand

The theory of supply and demand is a fundamental concept in the field of microeconomics, which examines the mechanisms by which prices for products and services are established within market systems. The concept at hand pertains to the dynamic interplay between producers, who represent the supply side, and consumers, who represent the demand side. In this context, prices undergo adjustments in order to attain a state of equilibrium, as posited by Gale (1955). Within the realm of Islamic finance, this theory exhibits a harmonious alignment with the notion of ethical transactions, hence guaranteeing the legality and adherence to Islamic ethics of market operations (Arshed & Kalim, 2021). The use of supply and demand dynamics may be employed for the purpose of establishing equitable pricing in diverse Islamic financial instruments, including commodity Murabaha and commodity-based Tawarruq (Jusoh & Khalid, 2013). Through the incorporation of these principles, Islamic finance not only ensures the preservation of market efficiency, but also protects the ethical framework that serves as the basis for its transactions.

2.3.1.2 Utility Maximization Theory

The idea of utility maximization centers on the decision-making process of people in selecting consumption options that aim to optimize their overall happiness, taking into account the limitations imposed by their budgetary limits. The assumption is made that people engage in rational decision-making processes that are influenced by their own preferences (Herrnstein et al., 1993). Within the domain of Islamic finance, this idea aligns seamlessly with the notion of ethical investing. According to Muttaqin and Pusparini (2019), individuals exercise their agency by making choices that are consistent with Islamic ethical norms, hence fostering conscientious and morally upright patterns of consumption. The use of utility maximization theory allows for the determination of individual preferences, their alignment with Islamic investment possibilities, and the development of financial instruments such as ethical funds and Sukuk (Azmat et al., 2016). These financial instruments are designed for those who are interested in investing options that align with their moral and ethical beliefs, in addition to offering financial benefits.

2.3.1.3 Market Equilibrium Theory

The theory of market equilibrium examines the notion of equilibrium between supply and demand, whereby the amount desired is equal to the quantity provided, resulting in the stability of prices. According to Sharpe (1964), it denotes the effective distribution of resources within a market. Within the framework of Islamic finance, the concept of market equilibrium has a strong correlation with the principle of ethical transactions, hence guaranteeing the equitable and efficient nature of market interactions. According to Yusoff (2013), the incorporation of Islamic banking principles in this context ensures that transactions are not only compliant with legal requirements but also characterized by a commitment to justice. The use of market equilibrium principles is often seen in the establishment of equitable pricing and the facilitation of ethical trading within several Islamic financial instruments, including Ijarah (Islamic leasing) and Mudarabah (Islamic partnership) contracts. These financial instruments serve to enhance the efficiency of financial transactions while adhering to ethical principles, so supporting the overarching ethical goals of Islamic finance. According to the study conducted by Ajmi et al. (2019),

The incorporation of microeconomic ideas into Islamic finance concepts and tools is of utmost importance. According to Choudhury et al. (2019), the implementation of ethical standards in Islamic finance serves to guarantee that financial transactions align with principles of justice and responsible economic conduct. The integration discussed herein extends beyond mere theoretical considerations, as it represents a pragmatic strategy for developing a financial system that aligns with wider social norms. This approach seeks to include the ethical and moral foundations that serve as the basis for Islamic banking. By integrating microeconomic theories with the principles of Islamic finance, the financial system not only preserves its economic efficiency but also retains its ethical underpinnings. This integration results in the establishment of a financial environment that is characterized by both responsibility and inclusivity.

2.3.2 Macroeconomics

From a macroeconomic standpoint, the incorporation of Islamic finance into conventional models provides a significant and religious viewpoint for analyzing the wider economic environment. Through our investigation, we ascertain a symbiotic cohabitation of economic principles and religious ethics within the domain of Islamic finance.

2.3.2.1 Gross Domestic Product (GDP)

Gross Domestic Product (GDP), a fundamental concept in macroeconomics, quantifies the aggregate value of all commodities and services generated within the territorial boundaries of a nation within a designated timeframe. According to Landefeld et al. (2008), it plays a pivotal role in assessing the economic well-being and expansion of a country. The integration of this theory with Islamic finance principles is observed in its correlation with a nation's comprehensive economic well-being and stability, demonstrating a harmonious alignment with the principles of economic justice in Islamic finance (Naz & Gulzar, 2022). The use of GDP data has significant importance across several dimensions within the realm of Islamic finance. According to Zarrouk et al. (2017), Islamic finance institutions are impacted by it in terms of financial planning, investment choices, and risk assessment. According to Kassim (2016), Islamic finance institutions may strategically distribute money to sectors that are both ethical and economically viable by gaining a knowledge of a country's Gross Domestic Product (GDP) and the specific sectors that contribute to it. This approach aligns with the principles of Islamic finance.

2.3.2.2 Inflation

Inflation is a prominent macroeconomic phenomenon characterized by the gradual increase in the overall price level of goods and services, leading to a subsequent decline in the ability to purchase. The statement made by Guth (2000) suggests that it serves as a measure of the total well-being of an economy. In the domain of Islamic finance, the phenomenon of inflation has a significant influence on consumers' capacity to partake in ethical consumption and investing practices aligned with the principles of Islamic finance. According to Selim and Hassan (2019), a high level of inflation has the potential to diminish the buying power of people, hence presenting difficulties in aligning financial choices with Islamic values. In the realm of Islamic finance, inflation data plays a crucial role in the assessment of pricing and terms associated with diverse financial instruments, including Islamic bonds (Sukuk) (Setianingsih & Widyastuti, 2020) and Takaful policies (Abdullah, 2012). According to Shahzad et al. (2012), the consideration of inflation rates by these institutions enables them to maintain accessibility and ethicality of their goods for clients, hence promoting economic fairness and ethical financial conduct.

2.3.2.3 Unemployment

The concept of unemployment pertains to the proportion of individuals in the labor force who are currently not employed and are actively searching for job opportunities. This metric serves as an indicator of a nation's economic engagement and the overall welfare of its populace. The aforementioned statement highlights the significance of a macroeconomic theory in relation to both ethical considerations and economic welfare (Mortensen & Pissarides, 1994). Elevated levels of unemployment have the potential to give rise to economic inequalities and social difficulties, so exerting an influence on the ethical and economic welfare of society in accordance with the principles of Islamic finance. Unemployment data is used by Islamic finance organizations for the purpose of designing and determining the pricing of diverse financial products (Jaas, 2022). Unemployment data has considerable importance in the formulation of Takaful policies and philanthropic endeavors that seek to provide assistance to those without work opportunities (Abdullah, 2012). By incorporating unemployment statistics into their operational frameworks, Islamic finance institutions have the potential to provide ethical and fair financial alternatives to persons confronted with unemployment, therefore fostering social and economic welfare in alignment with the principles of Islamic finance.

In conclusion, the analysis of macroeconomic theories from the perspective of Islamic finance, including critical and religious viewpoints, highlights a mutually beneficial association that fosters economic prosperity while upholding ethical principles. The incorporation of these theoretical frameworks into the principles of Islamic finance underscores the significance of ethical deliberations in the domains of economic strategizing, monetary equilibrium, and the welfare of both people and communities. This statement highlights the capacity for a financial system that has both economic stability and ethical principles. Figure 1 show conceptual flow diagram.

Table 1: Foundations of Islamic Finance: Principles and Their Economic Significance

No	Concept	Description	Significance in Microeconomics	Significance in Macroeconomics
1	Riba (Interest)	Prohibition of interest on loans, promoting risk-sharing and equitable returns (Uddin, 2015).	Promotes fairness in individual financial transactions (Tahir & Ghazali, 2017).	Enhances financial stability by discouraging speculative lending practices (Selim, 2021).
2	Zakat (Charity)	Obligatory charitable giving, typically a percentage of savings and wealth (Johari et al., 2014).	Encourages wealth distribution and reduces income inequality (Tahir & Ghazali, 2017).	Contributes to reducing poverty and social welfare at the national level (Ridwan et al., 2019).
3	Shari'ah Compliance	Adherence to Islamic law (Sharia) principles in financial activities (Alkhamees, 2013).	Ensures ethical and lawful transactions that benefit society (Ismail & Arshad, 2009).	Maintains the ethical integrity of the financial system and reduces fraud (Ismail & Arshad, 2009).
4	Risk-sharing	Sharing profits and losses in financial transactions and investments (Uddin, 2015).	Encourages entrepreneurship and investment in productive sectors (Tahir & Ghazali, 2017).	Promotes economic growth and stability by aligning interests in projects (Ridwan et al., 2019).
5	Asset-backed Financing	Financing tied to tangible assets, ensuring real economic value (Johari et al., 2014).	Mitigates speculative bubbles and promotes responsible investment (Ismail & Arshad, 2009).	Enhances economic stability by linking financial transactions to actual assets (Ismail & Arshad, 2009).
6	Prohibition of Gharar	Avoidance of excessive uncertainty or ambiguity in contracts (Uddin, 2015).	Reduces information asymmetry and unethical behavior in trade (Tahir & Ghazali, 2017).	Enhances confidence in financial markets and reduces market volatility (Ridwan et al., 2019).
7	Ethical Investment	Investing in businesses or ventures that align with Islamic ethical values (Johari et al., 2014).	Promotes responsible and ethical business practices (Ismail & Arshad, 2009).	Encourages socially responsible investing and aligns with societal values (Ismail & Arshad, 2009).

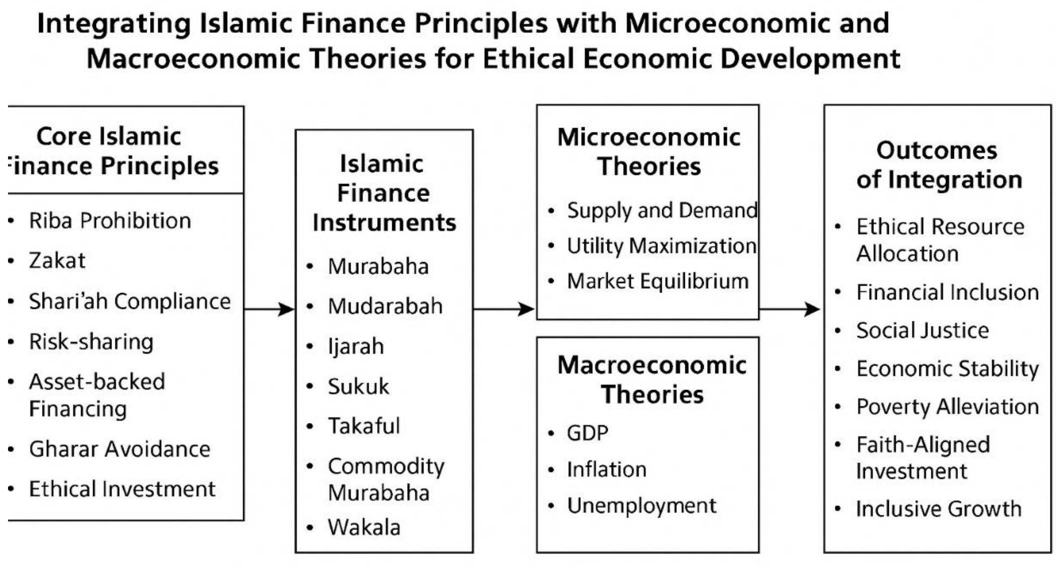

Figure 1. Conceptual Model of Integration

3. METHODOLOGY

This study adopts a qualitative exploratory design, which is particularly suited to examining complex phenomena grounded in values, ethics, and theoretical integration. Given the sacred and moral foundations of Islamic finance and its intersection with economic theory, a constructivist paradigm guides this inquiry, emphasizing subjective interpretation and contextual understanding. The methodology is designed to achieve two core objectives:

1) To explore how Islamic finance principles, derived from Sharia, align or diverge from the established constructs in microeconomics and macroeconomics.
2) To synthesize these insights into a coherent framework that advances ethically grounded economic thought.

This research unfolds in four key stages, reflecting the rigor and depth expected in qualitative scholarship:

1) Conceptual Framing and Research Design

An initial scoping exercise was conducted to refine the research objectives and theoretical lens. This included mapping key Islamic finance principles (e.g., riba prohibition, zakat, risk-sharing) against foundational economic constructs (e.g., supply-demand equilibrium, GDP, inflation, unemployment). This stage also involved the development of guiding research questions and identifying appropriate data sources.

2) Comprehensive Literature Review and Data Collection

A systematic qualitative content analysis was carried out using secondary sources. Data were derived from:

- Peer-reviewed journal articles (2010–2023)
- Authoritative Islamic finance texts and fatwas
- Economic theory textbooks
- Institutional reports (e.g., IRTI, IMF, Islamic Development Bank)

The search strategy relied primarily on Google Scholar, JSTOR, and Scopus, using Boolean keyword combinations such as:

- "Islamic finance AND microeconomics"
- "Shariah principles AND macroeconomic policy"
- "Islamic ethics AND economic theory"

Only sources published in English within the last 15 years were included to maintain both contemporaneity and scholarly rigor.

3) Thematic Coding and Data Analysis

A thematic analysis was employed to identify conceptual overlaps and divergences. The data were coded manually in three rounds:

- Open coding to identify broad concepts (e.g., ethical investing, utility maximization).
- Axial coding to link principles of Islamic finance with specific economic theories.
- Selective coding to refine the emerging framework and link it to the study's objectives.

To ensure trustworthiness and transparency, the coding process was cross-referenced with existing theoretical models and validated through peer debriefing with two subject-matter experts in Islamic finance and economics.

4) Synthesis and Model Development

The final stage involved synthesizing coded themes into an integrated conceptual model (presented as Figure 1). This model captures the alignment of Islamic financial principles with economic theories and highlights the pathways through which ethical economic development can be advanced. The analysis emphasizes analytical generalization rather than statistical inference, aligning with the philosophical underpinning of qualitative research.

3.1 Search Strategy

To ensure comprehensive literature coverage, an intentional keyword-based search was conducted in September 2023 using Google Scholar and supported by searches in Scopus and JSTOR. The following keywords were used in varied combinations, applying truncation and Boolean operators to refine search results:

- "Islam* AND microeco*"
- "Islam* AND macroeco*"
- "Economic theo* AND Islam*"
- "Islamic finance AND GDP"
- "Shariah AND supply and demand"
- "Islamic economics AND inflation"

The inclusion criteria required that sources be:

- Scholarly peer-reviewed articles or institutional reports
- Published between 2010 and 2023
- Focused on the integration of Islamic finance with economics

A total of 96 scholarly sources were initially retrieved, of which 64 were selected after relevance screening for final analysis. Figure 1A shows the flowchart for methodology.

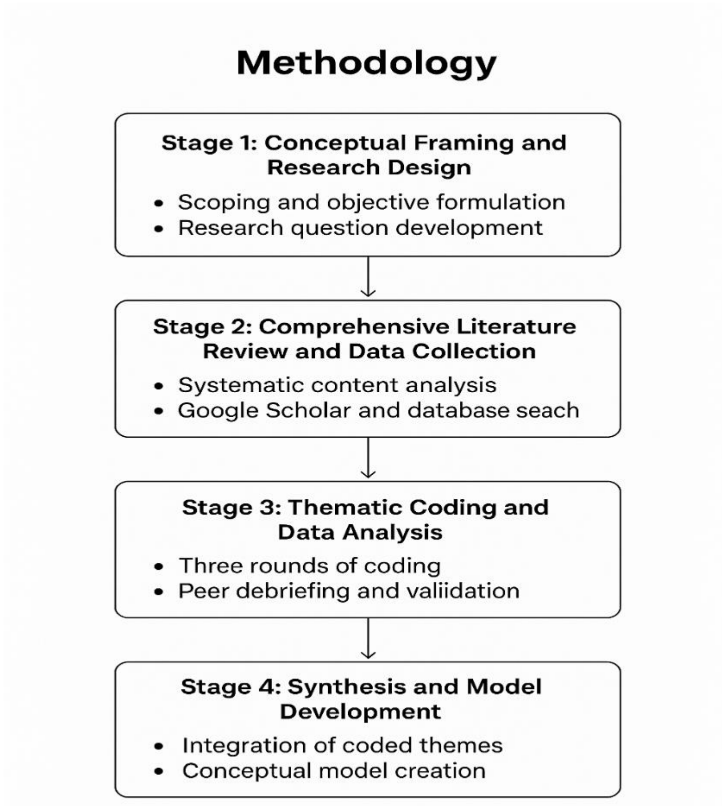

Figure 2. Flow Chart of Methodology

4. RESULTS AND DISCUSSION

4.1 Islamic Finance in Microeconomics for Social Justice

Islamic finance provides a normative framework rooted in Shariah law that aligns closely with ethical imperatives in economics, particularly concerning fairness in distribution and risk mitigation. Key microeconomic principles such as utility maximization, individual choice, and market equilibrium are reinterpreted through the lens of Islamic teachings to promote social justice and equity (Asutay, 2012; Muttaqin & Pusparini, 2019). For instance, the prohibition of riba (interest) and the emphasis on Mudarabah (profit-sharing partnerships) reorient traditional notions of return-maximization towards a shared-risk model (Mirakhor & Zaidi, 2007). In these contracts, both parties bear proportional risks and rewards, discouraging exploitative lending and encouraging ethical capital allocation (Choudhury et al., 2019). Moreover, the role of Zakat in redistributing wealth actively supplements microeconomic theories of welfare economics by institutionalizing charity and reducing income inequality (Johari et al., 2014).

Research by Naz and Gulzar (2022) also supports the view that microeconomic applications of Islamic finance can promote inclusive growth by embedding moral constraints into individual decision-making, such as ethical investing and consumption. These practices limit speculative behavior (Gharar) and promote asset-backed transactions, ensuring economic activities are grounded in tangible productivity (Ismail & Arshad, 2009). Hence, incorporating Islamic finance into microeconomic theory not only redefines market behavior but also helps actualize fairness and social responsibility—goals typically abstracted in conventional models.

4.2 Ethics in Economics: Challenges and Opportunities

Integrating ethics and religious principles into economic frameworks presents both conceptual and practical challenges. A major hurdle is the epistemological divide between secular economics, which relies heavily on positivist, value-neutral assumptions, and Islamic economics, which is inherently normative and value-driven (Bianchi, 2006; Chapra & Whaples, 2008). This dichotomy complicates efforts to mainstream Islamic finance into modern policy-making and economic modeling. Additionally, ethical frameworks vary across cultures and religions, making it difficult to universalize moral economic principles without encountering friction (Fioramonti, 2017). The quantification of moral behavior, such as fairness or altruism, also remains elusive in economic theory, where utility is measured primarily in monetary or consumption terms (Karacuka & Zaman, 2012).

Despite these challenges, the integration of ethical principles into economic systems offers transformative opportunities. Several scholars argue that ethics-based economics—like Islamic finance—can increase trust, reduce volatility, and enhance the social legitimacy of financial systems (Ajmi et al., 2019; Mergaliyev et al., 2021). Concepts like ethical investment and CSR-aligned finance enable better allocation of resources into socially and environmentally responsible ventures (Zulkhibri, 2015). Moreover, Islamic teachings on sustainability, moderation in consumption, and accountability before God provide a unique value-based framework that modern economic systems can benefit from—especially in addressing climate change and inequality (Ezzani et al., 2023). The global rise of interest in ESG (Environmental, Social, Governance) investing also parallels Islamic finance's focus on purpose-driven economic behavior (Kassim, 2016).Thus, while integration requires careful navigation of ideological boundaries, the synergy between Islamic ethics and economic models holds promise for more just, inclusive, and sustainable systems.

4.3 Islamic Finance: For Ethical Global Egalitarianism

Reconciling Islamic finance with conventional economic theories involves designing hybrid models and regulatory frameworks that embed Shariah principles into mainstream financial systems. Sukuk (Islamic bonds) exemplify this hybridization, offering Shariah-compliant alternatives to interest-based debt markets while maintaining investor confidence and market liquidity (Zarrouk et al., 2017). Their global acceptance shows that Islamic financial instruments can coexist within conventional markets when properly standardized and regulated (Zulkhibri, 2015).

Further, ethical screening frameworks, such as those used in Islamic mutual funds, demonstrate how capital allocation can be aligned with social and religious values without sacrificing returns (Azmat et al., 2016). Financial inclusion mechanisms like Takaful (Islamic insurance) and microfinance based on Musharakah provide vulnerable populations with risk protection and capital access, supporting the Sustainable Development Goals (Khan et al., 2020). Education and awareness also play a pivotal role. The dissemination of Islamic finance knowledge through financial literacy programs, religious seminars, and business school curricula ensures a broader understanding and acceptance of its principles (Asutay, 2012; Mergaliyev et al., 2021). Moreover, policy harmonization—via transnational cooperation on Shariah-compliance standards and liquidity management—can enable smoother integration at the global level (Al-Suwailem & IRTI, 2014). Finally, incorporating Islamic finance into CSR frameworks can institutionalize practices like zakat and waqf into corporate policy, thus embedding redistributive justice into organizational finance (Askari et al., 2014). These approaches ensure that economic growth is not only achieved but also shared—fulfilling the Islamic mandate of promoting maslahah (public interest).

5. CONCLUSION

This study investigated the integration of Islamic finance principles with microeconomic and macroeconomic theories, guided by three key research questions. In response to RQ1, the study finds that Islamic finance principles—particularly riba prohibition, profit-and-loss sharing, and zakat—can effectively be incorporated into microeconomic models to promote social justice, ethical investment, and equitable distribution of resources. In relation to RQ2, the research identifies both challenges (such as the epistemological divide between secular and religious economics) and opportunities (including enhanced financial inclusion and ethical investing) in embedding ethics and religious values within conventional economic frameworks. Lastly, addressing RQ3, the study outlines practical strategies such as hybrid financial instruments (e.g., Sukuk), ethical screening, Shariah-compliant microfinance, and educational reforms as pathways for reconciling Islamic finance with global economic systems.

The findings support the potential for Islamic finance to enrich economic theory and practice by adding a moral dimension rooted in equity, accountability, and societal welfare. This integration offers a promising foundation for a more inclusive and ethically anchored global financial system. Ultimately, the study underscores the urgency of rethinking economics through a lens that harmonizes efficiency with ethical responsibility, social justice, and sustainability.

This study offers several important implications for academic research, policymaking, and global financial practices. From an academic standpoint, the findings emphasize the value of integrating ethical and religious perspectives into economic theory, encouraging interdisciplinary exploration at the intersection of theology, ethics, and economics. This integration is particularly relevant for the development of context-sensitive models that reflect the socio-economic realities of both Muslim-majority and multicultural societies. For policymakers, the adoption of Islamic finance principles—such as zakat, takaful, and profit-sharing mechanisms—into public financial management frameworks can enhance social equity, financial inclusion, and macroeconomic stability. These instruments hold potential for formal incorporation into poverty reduction strategies and social welfare policies. At the global finance level, ethical harmonization through instruments like Sukuk and Islamic microfinance can help broaden financial accessibility, particularly for marginalized populations, while aligning with principles of justice, transparency, and sustainability.

The study also highlights the need for reform in economics and finance education. Curricula at tertiary institutions should increasingly incorporate content on faith-based financial systems, ethical finance, and cross-cultural economic paradigms to equip future leaders with the tools necessary for ethically grounded economic decision-making. In line with these implications, future research should aim to provide empirical assessments of the ethical outcomes of Islamic finance using quantitative methods, as well as comparative analyses of how different religious or moral frameworks shape economic behavior. Longitudinal studies are needed to trace the evolution of ethical financial practices over time, while policy-focused research could evaluate the effectiveness of regulatory environments in countries that implement Islamic finance. Furthermore, integrating behavioral economics with Islamic finance could offer new insights into the ethical drivers of financial decision-making. Lastly, educational impact studies would help gauge the effectiveness of including ethical and religious content in economic and financial curricula. Together, these future research directions will deepen understanding of how Islamic finance can help transform global economics into a system that is inclusive, equitable, and ethically grounded.

Author contribution statement

Ela Tuli: Conceptualization, Methodology, Data Curation, Formal Analysis, Writing – Original Draft

Shikhar Dua: Writing – Review & Editing, Validation, Supervision

Acknowledgements

We would like to express sincere gratitude to all those who contributed to the successful completion of this research. Special thanks to Indian Institute of management, Ranchi for providing access to resources and support throughout the study. The guidance and encouragement from colleagues, mentors, and reviewers have been invaluable in refining the work. Any errors or omissions remain the sole responsibility of the author(s).

REFERENCES

Abdullah, N. I. (2012). ”Analysis of Demand for Family Takaful and Life Insurance: A Comparative Study in Malaysia”. *Journal of Islamic Economics, Banking and Finance*, Vol. 8 No. 4, pp. 67-86.

Ajmi, H., Aziz, H. A., Kassim, S., & Mansour, W. (2019). “Principal-Agent Preferences in Imperfect Markets: Theoretical Analysis on Murabahah and Ijarah”. *Journal of Islamic Monetary Economics and Finance*, Vol. 5 No. 1, pp. 117-144.

Alkhamees, A. (2013). “The Impact of Shari’ah Governance Practices on Shari’ah Compliance in Contemporary Islamic Finance”. *Journal of Banking Regulation*, Vol. 14, pp. 134-163.

Alsayyed, N. (2010). *The Uses and Misuses of Commodity Murabaha: Islamic Economic Perspective*.

Al-Suwailem, S., & IRTI, I. (2014). *Essence of Islamic Finance*. Jeddah: Islamic Development Bank (IDB).

Arshed, N., & Kalim, R. (2021). “Modelling Demand and Supply of Islamic Banking Deposits”. *International Journal of Finance & Economics*, Vol. 26 No. 2, pp. 2813-2831.

Ascari, G., & Sbordone, A. M. (2014). “The Macroeconomics of Trend Inflation”. *Journal of Economic Literature*, Vol. 52 No. 3, pp. 679-739.

Askari, H., Iqbal, Z., & Mirakhor, A. (2014). *Introduction to Islamic Economics: Theory and Application*. John Wiley & Sons.

Asutay, M. (2012). “Conceptualising and Locating the Social Failure of Islamic Finance: Aspirations of Islamic Moral Economy Vs the Realities of Islamic Finance”. *Asian and African Area Studies*, Vol. 11 No. 2, pp. 93-113.

Aydin, N. (2013). “Redefining Islamic Economics as A New Economic Paradigm”. *Islamic Economic Studies*, Vol. 21 No. 1, pp. 1-34.

Azmat, S., Jalil, M. N., Skully, M., & Brown, K. (2016). “Investor’s Choice of Shariah Compliant ‘Replicas’ and Original Islamic Instruments”. *Journal of Economic Behavior & Organization*, Vol. 132, pp. 4-22.

Bhatti, M., & Bhatti, M. I. (2010). “Toward Understanding Islamic Corporate Governance Issues in Islamic Finance”. *Asian Politics & Policy*, Vol. 2 No. 1, pp. 25-38.

Bhimani, A. (2008). “Making Corporate Governance Count: The Fusion of Ethics and Economic Rationality”. *Journal of Management & Governance*, Vol. 12, pp. 135-147.

Bianchi, R. R. (2006). “The Revolution in Islamic Finance”. *Chi. J. Int'l L.*, Vol. 7, pp. 569.

Chapra, M., & Whaples, R. (2008). *Islamic Economics: What It Is and How It Developed*. EH. Net Encyclopedia.

Chari, V. V., & Kehoe, P. J. (2006). “Modern Macroeconomics in Practice: How Theory Is Shaping Policy”. *Journal of Economic Perspectives*, Vol. 20 No. 4, pp. 3-28.

Choudhury, M. A., Hossain, M. S., & Mohammad, M. T. (2019). "Islamic Finance Instruments for Promoting Long-run Investment in the Light of the Well-being Criterion (Maslaha)". *Journal of Islamic Accounting and Business Research*, Vol. 10 No. 2, pp. 315-339.

Choudhury, M. A., Malik, U. A., Choudhury, M. A., & Malik, U. A. (1992). "'Mudarabah', The Profit-Sharing System in Islam". *The Foundations of Islamic Political Economy*, pp. 147-200.

Crescenzi, R., Luca, D., & Milio, S. (2016). "The Geography of the Economic Crisis in Europe: National Macroeconomic Conditions, Regional Structural Factors and Short-term Economic Performance". *Cambridge Journal of Regions, Economy and Society*, Vol. 9 No. 1, pp. 13-32.

Darity Jr, W., & Goldsmith, A. H. (1996). "Social Psychology, Unemployment and Macroeconomics". *Journal of Economic Perspectives*, Vol. 10 No. 1, pp. 121-140.

Deng, J., Wang, H. B., Wang, C. M., & Zhang, G. W. (2017). "A Novel Power Market Clearing Model Based on the Equilibrium Principle in Microeconomics". *Journal of Cleaner Production*, Vol. 142, pp. 1021-1027.

Djelassi, M., & Boukhatem, J. (2020). "Modelling Liquidity Management in Islamic Banks from A Microeconomic Perspective". *Finance Research Letters*, Vol. 36, pp. 101341.

DRISSI, S., & ANGADE, K. (2019). "Islamic Financial Intermediation: The Emergence of A New Model". *European Journal of Islamic Finance*, No. 12.

El Qorchi, M. (2005). "Islamic Finance Gears Up". *Finance and Development*, Vol. 42 No. 4, pp. 46.

Ergun, T. (2022). "The Relationship Between Murabaha and Macroeconomics Dynamics". *Marmara Üniversitesi İktisadi ve İdari Bilimler Dergisi*, Vol. 44 No. 1, pp. 119-136.

Ezzani, M. D., Brooks, M. C., Yang, L., & Bloom, A. (2023). "Islamic School Leadership and Social Justice: An International Review of the Literature". *International Journal of Leadership in Education*, Vol. 26 No. 5, pp. 745-777.

Fioramonti, L. (2017). "Gross Domestic Problem: How the Politics of GDP Shaped Society and the World". In History of the Future of Economic Growth (pp. 91-109). Routledge.

Fischer, S. (1991). "Growth, Macroeconomics, and Development". *NBER Macroeconomics Annual*, Vol. 6, pp. 329-364.

Gale, D. (1955). "The Law of Supply and Demand". *Mathematica Scandinavica*, pp. 155-169.

Gómez-Bezares, A. M., & Gómez-Bezares, F. (2020). "Catholic Social Thought and Sustainability, Ethical and Economic Alignment". *Journal of Risk and Financial Management*, Vol. 14 No. 1, pp. 11.

Goossens, Y., Mäkipää, A., Schepelmann, P., Van de Sand, I., Kuhndt, M., & Herrndorf, M. (2007). *Alternative Progress Indicators to Gross Domestic Product (GDP) as A Means Towards Sustainable Development*. Beyond GDP.

Guth, A. H. (2000). "Inflation and Eternal Inflation". *Physics Reports*, Vol. 333, pp. 555-574.

Hassan, M. K., & Kayed, R. N. (2009). "The Global Financial Crisis, Risk Management and Social Justice in Islamic Finance". *Risk Management and Social Justice in Islamic Finance*.

Herrnstein, R. J., Loewenstein, G. F., Prelec, D., & Vaughan Jr, W. (1993). "Utility Maximization and Melioration: Internalities in Individual Choice". *Journal of Behavioral Decision Making*, Vol. 6 No. 3, pp. 149-185.

Iqbal, M., & Llewellyn, D. T. (Eds.). (2002). *Islamic Banking and Finance: New Perspectives on Profit Sharing and Risk*. Edward Elgar Publishing.

Iqbal, Z. (2007). "Challenges Facing Islamic Financial Industry". *Journal of Islamic Economics, Banking and Finance*, Vol. 3 No. 1, pp. 1-14.

Ismail, A. G., & Arshad, N. C. (2009). "Islamic Economic System: From Principles to Microeconomics and Macroeconomics Fields". *In International Conference on Islamic Economics, Banking and Finance*, pp. 1-16.

Jaas, A. (2022). "The Importance of the Islamic Economy and Finance in Combating Poverty and Unemployment". *Technium Business and Management*, Vol. 2 No. 1, pp. 68-79.

Jan, S., Khan, Z., & Ullah, K. (2018). "Institutionalising Justice in Islamic Finance". *Journal of Islamic Economics, Banking and Finance (JIEBF)*, Vol. 14 No. 1.

Johari, F., Ab Aziz, M. R., & Ali, A. F. M. (2014). "A Review on Literatures of Zakat Between 2003-2013". *Library Philosophy and Practice*, pp. 1-15.

Joshanloo, M. (2017). "Islamic Conceptions of Well-being". *The Pursuit of Human Well-Being: The Untold Global History*, pp. 109-131.

Jusoh, M., & Khalid, N. (2013, April). "A Model of the Demand for Islamic Banks Debt-based Financing Instrument". In AIP Conference Proceedings (Vol. 1522, No. 1, pp. 1079-1085). American Institute of Physics.

Kalim, R., & Arshed, N. (2023). "Exploring Stability of Ijarah Financing Market in Full Fledged Islamic Banks". *International Journal of Contemporary Economics and Administrative Sciences*, Vol. 13 No. 1, pp. 022-046.

Karacuka, M., & Zaman, A. (2012). "The Empirical Evidence Against Neoclassical Utility Theory: A Review of the Literature". *International Journal of Pluralism and Economics Education*, Vol. 3 No. 4, pp. 366-414.

Kassim, S. (2016). "Islamic Finance and Economic Growth: The Malaysian Experience". *Global Finance Journal*, Vol. 30, pp. 66-76.

Kayed, R. N., & Hassan, M. K. (2011). "The Global Financial Crisis and Islamic Finance". *Thunderbird International Business Review*, Vol. 53 No. 5, pp. 551-564.

Khan, A., Hassan, M. K., Paltrinieri, A., Dreassi, A., & Bahoo, S. (2020). "A Bibliometric Review of Takaful Literature". *International Review of Economics & Finance*, Vol. 69, pp. 389-405.

Khan, M. A. (1994). *An Introduction to Islamic Economics (Vol. 15)*. International Institute of Islamic Thought (IIIT).

Landefeld, J. S., Seskin, E. P., & Fraumeni, B. M. (2008). "Taking the Pulse of the Economy: Measuring GDP". *Journal of Economic Perspectives*, Vol. 22 No. 2, pp. 193-216.

Mabrouk, A., & Farah, L. (2021). “Liquidity Risk Management in the Islamic Banking: Portfolio of Ijara and Murabaha”. *European Journal of Islamic Finance*, No. 18.

Mergaliyev, A., Asutay, M., Avdukic, A., & Karbhari, Y. (2021). “Higher Ethical Objective (Maqasid al-Shari’ah) Augmented Framework for Islamic Banks: Assessing Ethical Performance and Exploring Its Determinants”. *Journal of Business Ethics*, Vol. 170, pp. 797-834.

Mirakhor, A., & Zaidi, I. (2007). “Profit-and-Loss Sharing Contracts in Islamic Finance”. *Handbook of Islamic Banking*, Vol. 49 No. 1, pp. 2-37.

Mirakhor, A., Iqbal, Z., & Sadr, S. K. (Eds.). (2020). *Handbook of Ethics of Islamic Economics and Finance (Vol. 5)*. Walter de Gruyter GmbH & Co KG.

Mol, A. P. (2002). “Ecological Modernization and the Global Economy”. *Global Environmental Politics*, Vol. 2 No. 2, pp. 92-115.

Mortensen, D. T., & Pissarides, C. A. (1994). “Job Creation and Job Destruction in the Theory of Unemployment”. *The Review of Economic Studies*, Vol. 61 No. 3, pp. 397-415.

Mügge, D. (2016). “Studying Macroeconomic Indicators as Powerful Ideas”. *Journal of European Public Policy*, Vol. 23 No. 3, pp. 410-427.

Muttaqin, Z., & Pusparini, M. D. (2019). “Redefining Consumer Utility in the Perspective of Islamic Economics Framework”. *Ihtifaz: Journal of Islamic Economics, Finance, and Banking*, Vol. 2 No. 1, pp. 1-20.

Naz, S. A., & Gulzar, S. (2022). “Impact of Islamic Finance on Economic Growth: An Empirical Analysis of Muslim Countries”. *The Singapore Economic Review*, Vol. 67 No. 01, pp. 245-265.

Perloff, J. M. (2009). *Microeconomics*. Pearson Education.

Permana, Y. (2019). “Market, Market Mechanism and Price Levels in Islamic Microeconomics Perspective”. *International Journal of Nusantara Islam*, Vol. 7 No. 2, pp. 167-175.

Pindyck, R. S. (2018). *Microeconomics*.

Prechter Jr, R. R., & Parker, W. D. (2007). “The Financial/Economic Dichotomy in Social Behavioral Dynamics: The Socionomic Perspective”. *The Journal of Behavioral Finance*, Vol. 8 No. 2, pp. 84-108.

Raboy, D. G. (2017). “An Introductory Microeconomics In-Class Experiment to Reinforce the Marginal Utility/Price Maximization Rule and the Integration of Modern Theory”. *International Review of Economics Education*, Vol. 24, pp. 36-49.

Ridwan, A. M., Pimada, L. M., & Asnawi, N. (2019). “Zakat Distribution and Macroeconomic Performance: Empirical Evidence of Indonesia”. *International Journal of Supply Chain Management*, Vol. 8 No. 3, pp. 952-957.

Sapuan, N. M. (2016). “An Evolution of Mudarabah Contract: A Viewpoint from Classical and Contemporary Islamic Scholars”. *Procedia Economics and Finance*, Vol. 35, pp. 349-358.

Selim, M. (2021). "The Effects of Eliminating Riba in Foreign Currency Transactions by Introducing Global FinTech Network". *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 14 No. 3, pp. 506-523.

Selim, M., & Hassan, M. K. (2019). "Interest-Free Monetary Policy and Its Impact on Inflation and Unemployment Rates". *ISRA International Journal of Islamic Finance*, Vol. 11 No. 1, pp. 46-61.

Setianingsih, L., & Widyastuti, E. (2020). "Does Sukuk, Domestic Investment, Foreign Investment, and Inflation Contribute to Economic Growth in Indonesia". *Jurnal Ekonomi Syariah Teori dan Terapan*, Vol. 7 No. 12, pp. 2375-2384.

Shahzad, A., Ahmed, T., & Rehman, K. U. (2012). "Islamic Financial System: A System to Defeat Inflation". *Kuwait Chapter of the Arabian Journal of Business and Management Review*, Vol. 2 No. 4, pp. 69.

Shaikh, M. A. (2011). "Contemporary Islamic Banking: The Issue of Murābaḥah". *Islamic Studies*, pp. 435-448.

Sharpe, W. F. (1964). "Capital Asset Prices: A Theory of Market Equilibrium Under Conditions of Risk". *The Journal of Finance*, Vol. 19 No. 3, pp. 425-442.

Siddiqi, M. N. (2004). "Riba, Bank Interest and the Rationale of Its Prohibition". *Jeddah: Islamic Research and Training Institute*.

Stockhammer, E. (2011). "The Macroeconomics of Unemployment". *A Modern Guide to Keynesian Macroeconomics and Economic Policies*, pp. 137-164.

Suharto, U. (2023, July). "Introduction to Islamic Economic Methodology". In 6th FIRST T3 2022 International Conference (FIRST-SS 2022) (pp. 181-195). Atlantis Press.

Tahir, S., & Aidit Ghazali, S. O. S. A. (Eds.). (2017). "Readings in Microeconomics: An Islamic Perspective". In The Name of Allah, The most Beneficent, The most Merciful, 104.

Terry, R. (2020). "Business and Religion: The Intersection of Faith and Finance". *BYU Studies Quarterly*, Vol. 59 No. 1, pp. 17.

Uddin, M. A. (2015). "Principles of Islamic Finance: Prohibition of Riba, Gharar and Maysir".

Ullah, S., Harwood, I. A., & Jamali, D. (2018). "'Fatwa Repositioning': The Hidden Struggle for Shari'a Compliance within Islamic Financial Institutions". *Journal of Business Ethics*, Vol. 149, pp. 895-917.

Wahab, A. R. A., Lewis, M. K., & Hassan, M. K. (2007). "Islamic Takaful: Business Models, Shariah Concerns, and Proposed Solutions". *Thunderbird International Business Review*, Vol. 49 No. 3, pp. 371-396.

Wibbels, E. (2000). "Federalism and the Politics of Macroeconomic Policy and Performance". *American Journal of Political Science*, pp. 687-702.

Yusoff, M. (2013). "Riba, Profit Rate, Islamic Rate, and Market Equilibrium". *International Journal of Economics, Management and Accounting*, Vol. 21 No.1.

Zafar, F. (2012). "Ijarah Contract: A Practical Dilemma". *Journal of Islamic Accounting and Business Research*, Vol. 3 No. 1, pp. 67-69.

Zarrouk, H., El Ghak, T., & Abu Al Haija, E. (2017). "Financial Development, Islamic Finance and Economic Growth: Evidence of the UAE". *Journal of Islamic Accounting and Business Research*, Vol. 8 No. 1, pp. 2-22.

Zulkhibri, M. (2015). "A Synthesis of Theoretical and Empirical Research on Sukuk". *Borsa Istanbul Review*, Vol. 15 No. 4, pp. 237-248.