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Philosophical Perspective of Islamic Economics

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ABSTRACT

This paper aims to investigate philosophical perspective of Islamic economics since it is believed that religion is a provision from God to humans to live in the order of religious values. Through literature studies, the study concludes that human's nature is good and continuously attempting to purify or tazkiyah him/herself. This purification process that is termed in Islam as hifdzun al aql or tazkiyatun nafs, will place an element of peace, including in the development of knowledge in the study of economics.

1. Introduction

Currently, capitalistic financial behavior is still contradictory to the Islamic economic system, namely rent-seeking behavior in society. As guided by Allah SWT, usury in practice has a binding effect of dependence on debtors. Specifically the Qur'an states لَّ للَّهُ لْبَيْعَ لرِّبَوٰاْ "*Allah has permitted trading and forbade usury*" (Q.S. Al-Baqarah: 275).

The practice of money lending occurs in a community because there are still people who use the operational services of moneylenders themselves. The underlying factor is the lack of knowledge about financial literacy. Loan behavior must be avoided since it is a virus that is detrimental to Islamic economic system. The behavior of seeking customers to borrow money is strictly prohibited in Islam and is haram. Philosophically, rent-seeking behavior creates dependence on only one party, thus hindering the power of innovation in economic development. Rent behavior is contrary to logic. Namely, the loss is on the borrower because the interest charged burdens the borrower's financial and psychological obligation.

This study aims to analyze the financial behavior of borrowing money from moneylenders that have been going on for generations to date. The indicator is that many loan sharks are still operating in the community, especially in traditional markets.

2. Method

This study uses qualitative methods by analyzing financial behavior in society based on the philosophical perspective of Islamic Economics. Through literature studies, the study shows that human nature is good and continuously attempts to purify or tazkiyah themselves. Many people in debt indicate the reality of this behavior to loan sharks. The obligation is not prohibited as long as you can pay it—the basis for financial action by going into debt.

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3. Results and Discussion

The factor that underlies the widespread practice of moneylenders in society is the loan amount. Official financial institutions such as LKS generally do not serve loans of less than IDR 1,000,000, and if you borrow more than IDR 1,000,000, you will ask for collateral. But not with loan sharks. They can lend up to IDR 2,000,000 without collateral if you know each other. Just ask for a photo of their KTP on their smartphone. They can even deepen the loan amount if they still need money. It can be seen that if one moneylender has 5 to 10 customers multiplied by the number of loan sharks, how many traders are tied to moneylenders? Deepen the money loan if it still needs to be paid off. The customer can borrow back the amount of money required. In addition, moneylenders, from the perspective of their customers, have their conveniences, i.e., unlimited hours of operation. Moneylenders use cultural and social communication methods so that even though their presence is considered detrimental to many people, there are still people who use their services.

3.1. Islamic Philosophy and Islamic Economic System

Philosophy itself comes from the Arabic word philosophy and the Greek word *Philosophia*. A compound word derived from the word *Philos* which means love or like, and *Sophia*, which means wise, which gives the meaning of love of wisdom. However, there will be contradictions and distortions in human civilization, but peace must still be [1]. Islamic studies from the perspective of philosophy that humans are equipped with all the gifts to survive on earth. From there, a sense of questioning, wondering, and analyzing or thinking about a fundamental assumption is born [2].

Islamic economic philosophy and system advocate economic prosperity to be free from poverty, with the understanding that what is formed and implemented must be in a lawful and *thayyib* system. Philosophically, it can be said that halal and *thayyib* are productive. Thus halal has a significant economic role in the development and advancement of overall welfare. As for *thayyib*, it can be interpreted that the systematics used can be accounted for. Meanwhile, what is practiced in the behavior of moneylenders is the opposite. That is, loan sharks feel their money must increase and continue to increase by lending to people who need funds—examples of loan shark practices in Temanggung Regency. Rationally, the interest paid by customers to moneylenders is a form of injustice. A customer who borrows IDR 1,000,000, but only IDR 800,000 was handed over under the pretext of administrative costs and the first month's installments. Within ten weeks, the customer must return a total of IDR 1,200,000. They do not include the calculation of additional interest if unable to pay on time.

> "*Read in the name of your Lord who created. He created man from a clot of blood. Recite, and it is your Lord, the Most Gracious, Who teaches (people) with the word. He taught man what he did not know*." (Q.S. Al-Alaq: 1-5).

The importance of education in financial management is that people who know financial management greatly influence financial behavior, especially in moneylender practices that occur in society. Part of the interpretation of the verses of the Qur'an seeks knowledge for every people [3].

To protect against the influence of moneylenders in society, we can use Rational-Emotive Behavior Therapy (REBT). Islamic origins in rational-emotive behavior therapy

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can be traced to the philosophy of stoicism in ancient Greece, which distinguished action from interpretation. Epictetus and Marcus Aurelius, in their book "The Enchiridion," stated that humans are not so much influenced by what happens to them but by how humans perceive or interpret what happens to them. Moneylender customers think that borrowing money from moneylenders is a solution even though, in reality, it is the opposite, namely increasing the financial burden [4].

In economics, philosophy can also be used as the goal of consumption, production, economic development, monetary policy, and fiscal policy. With this philosophy, a paradigm with values that are logical, ethical, and can be incorporated into the behavior of humans who carry out economic activities will emerge. Meanwhile, what is learned from Islamic economics is following the instructions of Allah SWT through the Al-Qur'an, As-Sunnah, Qiyas, Ijma', and Ijtihad—studying economics according to Islamic law [5]. The Islamic economic methodology is needed to answer the question of how and whether the conditions of behavior in the economy can be said to be correct according to Islam. This Islamic economic methodology will help find the truth [6]. The truth from the Al-Qur'an and As-Sunnah underlies human knowledge and the ability to make financial decisions.

3.2. Al-Qur'an as a Guide to Life

In connecting the Qur'an's content with society's current condition, it is necessary to explain methodological principles and ideas relevant to the contextualist approach. Al-Quran, as a way of life for Muslims, must be understood universally to meet the needs of society. Abdullah Seed is a figure who studies the interpretation of the Koran. The debate about the understanding of the Qur'an impacts contemporary issues without compromising the overall framework of the Qur'an in its essence and practice. Interpretation of the Qur'an begins with beliefs, legal decisions, commands, prohibitions, and instructions. Belief includes belief in God's existence, prophets' existence, and life after death. Regulations regarding marriage, divorce, and division of inheritance. The rules given relate to fasting, pilgrimage, and paying zakat.

One of the goals of the historically oriented Qur'anic text is to teach morals. Lessons from this historical event can be identified by exploring its impact on people in modern times. Koran. We increase the reflection sensitivity. Our minds become smarter at distinguishing between houses, caves, water, and electricity. If we are in the place, we must also be able to tell which is the door and which is the window. According to Muh Arqoun, all this time, a rigid mindset must be remodeled to compete and apply the true meaning of zuhud. Zuhud realizes that whatever happens to us is time management as long as we live in this world. We will leave knowledge, wealth, and everything in us, and we will be held accountable hereafter [7].

Allah SWT created us with all the gifts entrusted to us so that we are knowledgeable. As the word of Allah SWT in surah Al-Alaq. "Read and begin by chanting the name of your Lord who created all creatures" (Al-Alaq: 1). In simple Islamic logic, our limbs can move. Hands can take or do something. Then our eyes can blink. Our bodies can excrete waste. Then we can also sleep, wake up, do activities, and so on. All humans undergo self-priming and have no roles; everything is clean. Knowledge also comes from Allah SWT. We humans only analyze and solve what humans don't know yet. Therefore, God's power is absolute for

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humans who are not atheists, and the proof is in each of us. His strength and knowledge are limitless. Humans will never be able to calculate the power of this Rabb. According to Charles Sander Piece, trust is essential to reveal the truth. Because with this belief, a person is ready with attitudes and behaviors that will influence his habits.

3.2. Islamic-Based Economic Awareness Concept

Generally, a good life can be influenced by the social progress of a society. The main Islamic study is how to build an economy that is not indoctrinated or an economy that is not intervened. Procedures for halal and haram worship. The rules are clear, and the government has set them in the religious department. So what is essential is to prepare a rich mentality for every community member through the path of development, especially religious education, with more insight. It needs to be instilled in the study of Muslims that Allah SWT is much richer and more powerful. Humans are born into the world with the permission of Allah SWT. However, humans must think, and all knowledge is still inspired by nature, technology, and science as a form of self and community purification [8]. This purification process is known as *hifdzun al aql* or *tazkiyatun nafs* in Islam.

Openness in thinking makes us curious and always want to know. No human being is born into the world in a state of stupidity. The difference is that someone is called an expert or a scientist because their curiosity is more dominant and caring. Therefore, humans who do not use their interests will automatically be controlled by people who know better. Furthermore, curiosity makes humans expand to the outside world so that it will give birth to change. Change can be obtained because people move outside the regional circle. Change is needed to unlock mindsets and make them happen. This applies to all purposes of human thought. It will give birth to changes in science, economic changes, and so on.

4. Conclusion

The practice of moneylenders has been going on for generations. The community, especially traders, prefers to borrow money from moneylenders rather than official financial institutions. For their customers, moneylenders are considered to have flexibility in terms of loans, representation, and terms that are easy to agree on between moneylenders and their customers. Eliminating moneylenders' practice is difficult, but its existence can be managed with knowledge. Islamic economics advocates economic prosperity, which must be formed and implemented with a legal system and *thayyib*. In Islam, a purification process is known as *hifdzun al aql* or *tazkiyatun nafs*. *Tazkiyatun nafs* will place elements of peace, including in the development of science in the study of economics.

The novelty of this research is the presence or practice of moneylenders in terms of Islamic economic philosophy. The limitation of this research is that the number of moneylenders cannot be known with certainty in the community, but their presence in traditional markets is easily known.

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