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ECONOMIC ISLAMIZATION: CONCEPT, IMPLEMENTATION, CHALLENGES AND OPPORTUNITIES OF ISLAMIZATION OF MODERN ECONOMY

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Abstract

This study aims to examine the concept of the Islamization of economics from a contemporary perspective, its implementation in the modern economic system, and the challenges and opportunities for its development in Indonesia. The study employs a qualitative approach using library research and descriptive-analytical methods. Its sources consist of scholarly literature and relevant documents on Islamic economics, which are examined to explore the philosophical foundations, intellectual developments, and practices of economic Islamization. The findings indicate that the Islamization of economics should not be limited to replacing financial instruments or applying Sharia labels. Rather, it requires a transformation of economic paradigms, institutions, and policy orientations grounded in the Islamic principles of tawhid, justice, and maqasid al-shariah. Its implementation is reflected in the development of Islamic finance, zakat and waqf management, the halal industry, and Islamic digital economy. In Indonesia, this process faces structural and cultural challenges while offering opportunities through supportive public policies, demographic potential, and technological development. This study highlights the importance of an integrative approach that connects ethical values, institutional arrangements, and economic policies to promote public welfare and social justice.

Keywords: Islamization of economics; Islamic economics; maqasid al-shariah; modern economic system; Indonesia.

INTRODUCTION

The development of the modern economic system demonstrates that economic growth and market efficiency do not automatically guarantee social justice and equitable prosperity. The orientation toward capital accumulation, profit optimization, and market mechanisms needs to be examined alongside issues of wealth distribution, social responsibility, and economic sustainability. These issues encourage the development of thinking about an economic system that emphasizes not only material achievement but also ethical dimensions and the welfare of society. In this context, Islamic economics offers a perspective that places economic activity within the framework of the values of monotheism, justice ('adl), balance (tawazun), and welfare (maslahah) (Chapra, 2020; Kamali, 2022). This perspective serves as a foundation for reexamining the goals, principles, and practices of the modern economy so that it is not solely oriented toward growth but also considers the distribution of benefits and social welfare.

One emerging approach in Islamic economic thought is the Islamization of economics. This concept refers to efforts to integrate Islamic values and principles into

the construction of economic thought and practice. The Islamization of economics is not simply understood as replacing conventional instruments with those using Sharia terminology. Rather, this approach involves reviewing the basic assumptions, moral orientation, and objectives of economic activity. Janwari (2016) positions Islamic economic thought as evolving from a normative dimension to practical application, while Al-Attas (2021) provides a rationale for the importance of an Islamic outlook on life in the formation of knowledge. In an economic context, both perspectives are relevant for understanding that the integration of Islamic values needs to address perspectives on ownership, resource management, economic behavior, and human responsibility for social life. Thus, the Islamization of economics has both philosophical and practical dimensions that require an integrated analysis.

Conceptually, the Islamization of economics relates to three main dimensions: ontological, epistemological, and axiological. The ontological dimension relates to understanding human nature, ownership, and economic activity within the framework of monotheism. The epistemological dimension concerns the sources and processes of economic knowledge formation, including the relationship between revelation, reasoning, and empirical experience. Meanwhile, the axiological dimension relates to the goals and values that guide economic activity, particularly justice, welfare, and benefit. Within this framework, the maqasid sharia can be used as a perspective to assess the congruence between the normative goals of Islamic economics and the consequences of economic practices on human life (Auda, 2021; Kamali, 2022). This framework also provides a basis for distinguishing the formal application of sharia principles from more substantive transformations of economic orientation and governance. Therefore, studies of the Islamization of economics need to go beyond discussions of instrumental compliance and examine the relationship between values, institutions, policies, and socio-economic outcomes.

Over time, the application of Islamic economic principles has been seen in various sectors, including Islamic banking and finance, Islamic investment instruments, zakat and waqf management, the halal industry, and digital economic services. These developments demonstrate the applicability of Sharia principles to a wide range of modern economic activities. However, the existence of Sharia institutions and instruments does not in itself prove that a comprehensive transformation of the economic system has occurred. Asutay (2021), through his discussion of Islamic moral economy and Islamic finance, serves as a reference for examining the relationship between the ethical orientation of Islamic economics and the practices of Islamic financial institutions. The question that needs to be addressed is whether the application of Sharia principles merely results in adjustments to contracts and procedures or whether it also strengthens distributive justice, social responsibility, and a focus on the welfare of the people. Therefore, evaluating the implementation of economic Islamization requires an approach that links adherence to Sharia principles with the socio-economic goals to be achieved.

This issue is crucial in the Indonesian context. Policy support for the development of Islamic economics and finance, the growth of the halal industry, the development of digital financial services, and the potential for zakat and waqf management create opportunities for strengthening the Islamic economy. The document of the National Committee for Islamic Economics and Finance (KNEKS,

2023) can be used as a reference for understanding the development and direction of Islamic economic policy in Indonesia. However, this development still needs to be analyzed in relation to structural and institutional challenges, the level of public understanding, the quality of human resources, and the consistency between normative principles and policy implementation. Furthermore, the development of Islamic institutions and products needs to be placed within a broader evaluation framework so that the success of the Islamic economy is measured not only by industrial growth but also by its contribution to economic inclusion, equitable distribution of benefits, and social welfare. This situation highlights the importance of discussions that connect the conceptual dimensions of economic Islamization with the reality of its implementation in Indonesia.

Based on this description, the analytical gap that this study focuses on lies in the need to connect three issues that are often discussed separately: the conceptual basis of economic Islamization, its implementation within the modern economic system, and the challenges and opportunities for its development in Indonesia. A conceptual discussion is needed to explain the underlying values and orientation of economic Islamization, while an implementation study is needed to assess how these principles are applied in economic institutions and activities. Furthermore, an analysis of the Indonesian context is needed to identify factors that can support or hinder this process. This gap is formulated as the focus of the research's conceptual synthesis, not as a claim that previous research has not addressed these three issues at all. The assertion of this research's position should be read with the consideration that systematic exploration and comparison with previous research is still needed to definitively strengthen claims of novelty.

Based on this, this study aims to analyze the concept of economic Islamization from a contemporary perspective, examine its implementation in the modern economic system, and identify challenges and opportunities for its development in Indonesia. The research was conducted through a literature review using a qualitative approach and descriptive-analytical analysis of scientific literature and relevant documents. The expected contribution is the development of a conceptual understanding that connects Islamic values, institutional implementation, and economic policy orientation within a single analytical framework. Through this framework, economic Islamization is examined not only as a process of adapting instruments to sharia provisions, but also as an effort to assess the alignment between normative principles, economic practices, and the objectives of public welfare. The results of this study are expected to enrich academic discussions on the development of Islamic economics and provide a conceptual foundation for evaluating sharia economic policies and practices in Indonesia.

RESEARCH METHODS

This study employed a qualitative approach with library research and descriptive-analytical analysis methods. The qualitative approach was chosen because the research focused on examining concepts, values, arguments, and developments in thought regarding the Islamization of the economy, rather than on statistically testing relationships between variables. Literature review allows researchers to examine and synthesize various theoretical perspectives to gain a more comprehensive

understanding of an issue. Snyder (2019) explains that literature review can be used to integrate existing knowledge, evaluate theoretical developments, and identify issues requiring further development. Similarly, document analysis can be used to examine the content, context, and relevance of various written sources in qualitative research (Bowen, 2009).

The research sources consist of scientific literature and documents relevant to the focus of the study, including books, journal articles, and official documents on Islamic economics, the Islamization of economics, Islamic finance, and Islamic economic development policies in Indonesia. Sources were searched using two methods: manual search and scientific database search. The literature used includes classical sources that serve as the foundation of Islamic economic thought, as well as more recent publications to understand the development of the concept and practice of economic Islamization in the contemporary context. The use of sources from different periods is intended to connect fundamental foundations of thought with the developments and challenges of the modern economy. In the literature review, the suitability of sources to the research question is a crucial consideration because the quality of the synthesis depends on the relevance and adequacy of the literature analyzed (Snyder, 2019).

Source selection was based on the relevance of the substance to the research objectives and the author's consideration of the sources' contributions in explaining the three focus areas of the study: the concept of economic Islamization, its implementation in the modern economic system, and the challenges and opportunities for its development in Indonesia. Literature discussing the philosophical foundations and principles of Islamic economics was used to develop the conceptual framework. Meanwhile, publications on institutional practices, Islamic finance, the halal industry, the digital economy, and Islamic economic policy were used to expand the analysis of implementation and the Indonesian context. The documents used were analyzed with attention to their content and context, considering that document analysis is not only concerned with collecting written information but also with examining the meaning and relevance of that information to the research problem (Bowen, 2009). This study does not specify a rigid publication year range because both classical sources and recent literature are used according to their conceptual and contextual functions.

Data analysis was conducted descriptively and analytically through grouping and synthesis based on themes. The analysis stage began by reviewing the content of relevant sources, identifying main ideas, grouping information based on research focus, then comparing and connecting ideas across sources to develop a conceptual synthesis. This process focused on three main themes. First, the concept of economic Islamization from a contemporary perspective, including the foundations of monotheism, justice, balance, benefit, and maqashid sharia. Second, the implementation of economic Islamization in the modern economic system, particularly in the Islamic financial sector, zakat and waqf management, the halal industry, and the digital economy. Third, the challenges and opportunities for developing economic Islamization in Indonesia, particularly those related to institutional structures, policies, Islamic economic literacy, human resources, and technological developments. These grouping themes were used to organize the

literature and identify conceptual relationships among the various perspectives discussed (Snyder, 2019).

The analysis results are then synthesized using normative-philosophical, conceptual, and historical perspectives. The normative-philosophical perspective is used to examine the compatibility between economic practices and Islamic values. The conceptual perspective is used to explain the relationship between the basic principles of economic Islamization and their application in modern economic systems. The historical perspective is used to understand the development of economic Islamization thought from normative foundations to contemporary applications. The synthesis is aimed at identifying gaps between normative objectives and institutional practices, while also explaining factors that have the potential to support or hinder the development of economic Islamization in Indonesia. Thus, the research results are expected to produce a conceptual understanding that connects the dimensions of values, institutions, and economic policy without claiming any empirical testing of causal relationships.

RESULTS AND DISCUSSION

5.1 The Concept of Economic Islamization in Contemporary Perspective

From a contemporary perspective, economic Islamization can be understood as an effort to build harmony between economic knowledge, activities, and institutions with Islamic values. This understanding goes beyond simply replacing conventional economic instruments with products that comply with Sharia requirements. Economic Islamization also encompasses assumptions about human nature, resource ownership, the purpose of economic activity, and social responsibility in the processes of production, distribution, and consumption. Thus, the fundamental issue of economic Islamization is not only the permissible forms of transactions, but also the economic objectives and resulting social consequences.

In Islamic economic thought, monotheism serves as the foundation that connects economic activity with human responsibility as resource managers. This principle places the ownership and utilization of wealth within a framework of moral responsibility, so that the pursuit of profit cannot be separated from considerations of justice and welfare. Chapra (2020), as referenced in the initial manuscript, places Islamic economics within discussions related to the development of Islamic economic thought and objectives. Meanwhile, Janwari (2016) discusses the development of Islamic economic thought from a normative dimension to practical application. Both references are relevant in explaining that Islamic economics has conceptual and implementative dimensions that must be understood simultaneously. However, the bibliographic identity and edition details of the sources used still need to be checked before the manuscript is published.

Analytically, the concept of economic Islamization can be explained through three interrelated dimensions. First, the ontological dimension relates to the perspective on humans, resources, and economic activity. From an Islamic perspective, humans are understood not only as individuals pursuing material interests but also as moral subjects with responsibilities to society and the environment. Second, the epistemological dimension relates to the sources and formation of economic knowledge, including the relationship between revelation,

reasoning, and empirical experience. Third, the axiological dimension concerns the goals and values to be realized through economic activities, particularly justice, welfare, and welfare. These three dimensions constitute the analytical framework used in this article to examine the scope of economic Islamization, not the results of empirical measurements of a specific economic system.

In the axiological dimension, maqasid al-shariah plays a crucial role as a perspective for assessing the relationship between Islamic normative principles and economic goals. Marwah et al. (2025), through a study of the integration of maqasid al-shariah into Islamic economic practices, demonstrated that the application of these principles faces limitations when normative interpretations are not accompanied by adequate institutional adjustments. These conceptual findings reinforce the argument that simply incorporating sharia principles into a product or policy is not sufficient to demonstrate the achievement of sharia goals. Assessments also need to consider how these practices contribute to the protection of wealth, welfare, and social interests.

This issue is clarified by Güney (2024), who discusses the complexity of defining, interpreting, and applying maqasid al-shariah in modern Islamic financial discourse. The study demonstrates that the use of maqasid requires conceptual caution because the objectives of sharia cannot always be simply translated into indicators or institutional decisions. Thus, the Islamization of economics requires an analytical framework that goes beyond normative statements but also explains how these principles are interpreted and applied in concrete economic contexts.

Based on this comparison, two tendencies need to be distinguished. The first approach emphasizes adjusting instruments, contracts, and procedures to comply with sharia provisions. The second approach places Islamic principles as the basis for assessing the objectives, institutional structure, distribution of benefits, and social impact of economic activities. The two approaches should not be in conflict, as sharia compliance remains a crucial element. However, such compliance must be linked to the objectives to be achieved so that it does not stop at fulfilling formal procedures.

Thus, economic Islamization from a contemporary perspective is more accurately understood as a process of value integration and transformation of economic orientation that occurs at the levels of knowledge, practice, and institutions. The conceptual contribution of this section lies in affirming that the success of economic Islamization must be analyzed through the relationship between value foundations, institutional implementation, and socio-economic objectives. This framework provides a foundation for assessing the implementation of economic Islamization in modern economic systems.

5.2 Implementation of Economic Islamization in the Modern Economic System

The implementation of economic Islamization can be observed through the development of Islamic finance, Islamic social finance, the halal industry, and the digital economy. These various sectors demonstrate that Islamic economic principles have been applied in various forms of modern economic activity. However, the existence of Islamic instruments and institutions must be distinguished from the success of overall economic transformation. The crucial analytical question is not simply whether a product complies with Sharia requirements, but also how these

products, institutions, and policies contribute to justice, economic access, and societal well-being.

1) *Islamic financial sector*.Islamic banking, sukuk (Islamic bonds), Islamic insurance, and Islamic investment are all examples of the application of Islamic principles in intermediation and fund management. Contracts such as mudharabah and musyarakah provide business cooperation mechanisms based on Islamic contractual provisions. However, assessing the contribution of Islamization to the economy is not sufficient simply by identifying the type of contract used. Analysis also requires considering the financing objectives, business actors' access to capital, risk sharing, and the financing's contribution to productive economic activities.

   From this perspective, there is a difference between the operational success of Islamic financial institutions and their success in achieving Islamic socio-economic goals. Asset growth, product numbers, or increased transactions may reflect industry development, but they do not automatically indicate a more equitable distribution of financing or greater access to underserved groups. Therefore, evaluating the implementation of economic Islamization needs to combine institutional indicators with indicators related to socio-economic goals.
2) *Zakat, infaq, alms and waqf*Islamic social financial instruments have distinct functions from commercial instruments because they relate to wealth distribution, protection of vulnerable groups, and strengthening community welfare. Zakat has specific recipient requirements, while infaq, sedekah, and waqf have distinct characteristics and governance. Effective management can expand social benefits, but its effectiveness depends on institutional governance, targeted targeting, transparency, and program sustainability.

   Marwah et al. (2025) positioned social economic and financial practices as a crucial area for integrating the maqasid al-Shariah into economic activities. This perspective suggests that the assessment of Islamic social instruments needs to go beyond the existence of programs and the amount of funds raised. Assessments should also consider the benefits received by the community and the appropriateness of resource use to Sharia objectives.

   In this context, integrating Islamic social finance with economic empowerment programs could be a relevant development direction. However, such integration must maintain the distinct provisions and objectives of each instrument. Zakat, for example, cannot be treated as discretionary funds whose use can be equated with waqf or commercial financing. Therefore, strengthening the Islamic economic ecosystem requires governance that can build synergy without neglecting sharia provisions and the accountability of each institution.
3) *Halal industry and digital economy*.The development of the halal industry is expanding the application of Islamic principles to the food and beverage, fashion, and tourism sectors, as well as various related value chains. Meanwhile, digitalization is opening up opportunities for the development of financial services, e-commerce, and technology-based market access. These developments demonstrate that the application of Sharia principles is not limited to the banking sector but can encompass a wider range of economic activities.

Bank Indonesia's 2023 report on Indonesia's Islamic economy and finance outlines efforts to develop a halal product ecosystem, strengthen Islamic finance, and promote a halal lifestyle as part of the national Islamic economic policy direction (Bank Indonesia, 2023). This information demonstrates that the implementation of the Islamic economy also occurs through policy coordination and ecosystem development, not solely through individual decisions by financial institutions.

However, the expansion of the market for halal products or Sharia-compliant digital services is not enough to conclude that economic transformation has achieved the goal of economic Islamization. This growth needs to be examined alongside issues of service affordability, job quality, opportunities for micro and small businesses, consumer protection, and the distribution of economic benefits. Digitalization, for example, can increase the efficiency and reach of services, but its benefits depend on technological access, user literacy, transaction security, and the quality of service provider governance.

From all these sectors, it can be concluded that the implementation of economic Islamization has two aspects that require simultaneous analysis. The first aspect is the development of instruments and institutions that comply with Sharia principles. The second aspect is the ability of these instruments and institutions to generate benefits that align with Islamic socio-economic goals. The two are interrelated, but they cannot be considered identical. This distinction serves as the basis for assessing the challenges and opportunities for economic Islamization in Indonesia.

5.3 Challenges and Opportunities for Economic Islamization in Indonesia

Indonesia has the opportunity to develop an Islamic economy through policy support, the development of the halal industry, the existence of Islamic financial institutions, and Islamic social finance instruments. However, these opportunities do not in themselves guarantee successful economic transformation. The development of an Islamized economy requires addressing emerging challenges at the paradigm, institutional, human resource capacity, and policy coordination levels.

1) *The dominance of the conventional economic paradigm***.**One conceptual challenge is the tendency to assess economic success primarily through growth, efficiency, and profitability. These indicators remain relevant for assessing economic performance, but they are insufficient to capture the full objectives of Islamic economics. If Islamic economic development solely follows conventional measures of success without considering the distribution of benefits and the goal of public welfare, the integration of Islamic values risks being limited to changes in instruments.

   This challenge does not imply that all conventional economic mechanisms contradict Islamic principles. The more fundamental issue is how mechanisms are assessed, selected, and implemented based on their compliance with Sharia principles and their socio-economic consequences. Therefore, the Islamization of the economy requires a critical evaluation of incentive structures, market practices, and policy orientations, not simply a blanket rejection or acceptance of existing systems.

2) *The gap between formal compliance and substantive objectives*.The development of the sharia industry can expand transaction options for the public, but adherence to the contractual form does not automatically guarantee distributive justice. Güney (2024) points out that the application of maqasid al-shariah in Islamic finance involves complex issues of interpretation and goal-setting. This reinforces the need to develop evaluations that consider the context and consequences of economic practices, not just formal conformity to specific legal categories.

   In the Indonesian context, these challenges relate to the need to strengthen governance, sharia oversight, information transparency, and institutional accountability. Substantive evaluation is not intended to replace sharia compliance, but rather to complement it with an assessment of objectives and impact. Thus, the legitimacy of sharia economic institutions can be strengthened through consistency between stated principles, implemented practices, and generated benefits.
3) *Sharia economic literacy and human resource capacity*The development of Islamic economics requires adequate understanding from the public, business actors, academics, institutional managers, and policymakers. Literacy that focuses solely on terminology or product knowledge is insufficient to help the public understand the differences between contracts, the rights and obligations of the parties, transaction risks, and the socio-economic objectives of Islam. At the institutional level, competency requirements also include the ability to integrate an understanding of sharia, business management, technology, risk management, and governance.

   Consequently, Islamic economic education and literacy need to be developed not only as product promotion activities but also as a means to improve the ability to critically evaluate transactions and policies. However, the extent of the literacy gap and human resource capacity in Indonesia needs to be proven using official data or relevant empirical research. This article presents this as an analytical issue based on the initial draft, rather than as a problem scale that has been measured in this research.
4) *Policy coordination and institutional integration*.Sharia economic development involves many sectors and stakeholders, including regulators, financial institutions, zakat and waqf administrators, halal industry players, universities, and micro, small, and medium enterprises. These intersectoral linkages create opportunities for synergy but also necessitate coordination, role allocation, and clear performance measurement.

   A 2023 Bank Indonesia report identified strengthening the halal product ecosystem, developing Islamic finance, and promoting a halal lifestyle as key development areas for Indonesia's Islamic economy. This demonstrates that Islamic economic policy requires an ecosystem approach. However, the existence of programs and policy directions alone is insufficient to demonstrate the effectiveness of coordination or the magnitude of its impact. Assessing policy outcomes requires performance indicators, implementation data, and traceable evaluations.

Despite these challenges, there are opportunities to be developed. First, policy support provides space to strengthen the relationship between Islamic finance and the real sector. Second, the halal industry opens opportunities for business development and value chains involving various economic actors. Third, digitalization can expand access to information, financial services, and marketing. Fourth, zakat and waqf management has the potential to complement economic empowerment efforts and strengthen community welfare if implemented in accordance with regulations and supported by accountable governance.

These opportunities should not be understood as a guarantee of success, but rather as resources and enabling conditions that need to be translated into tangible outcomes. Success depends on the ability of institutions and policymakers to link the growth of the sharia sector to the goals of justice, economic access, and well-being. Therefore, the primary challenge of economic Islamization in Indonesia is not simply expanding the presence of sharia institutions or products, but ensuring that such development is consistent with the values and objectives of Islamic economics.

5.4 Conceptual Synthesis: Integration of Islamic Values, Institutions, and Economic Policies

Based on conceptual, implementation, and contextual discussions, this article proposes an integrative framework for understanding the Islamization of economics. This framework is built on the argument that Islamic values, institutions, and economic policies are interrelated. Values provide normative orientation; institutions translate values into rules, procedures, and practices; and policies provide direction, incentives, coordination, and evaluation mechanisms. The relationship between these three determines the extent to which Islamic principles can be consistently applied in a modern economic system.

The first dimension is value integration. The values of monotheism, justice, balance, and welfare form the basis for assessing the goals and consequences of economic activity. Within this framework, maqasid al-shariah serves as a perspective for linking normative provisions to welfare goals. However, as demonstrated in the studies of Marwah et al. (2025) and Güney (2024), the application of maqasid requires careful interpretation and adjustment to avoid becoming merely normative statements or conceptual labels.

The second dimension is institutional integration. Islamic values need to be translated into governance, decision-making procedures, risk management, transparency, and accountability. Strong institutions not only ensure compliance with Sharia provisions but also provide mechanisms to assess whether practices align with stated objectives. In this context, Sharia supervision, management of Islamic social funds, and governance of the halal industry must be seen as part of a broader system. Institutional quality serves as a link between normative principles and expected outcomes.

The third dimension is policy integration. Public policy can create conditions conducive to the development of the Islamic economy through regulations, education, incentives, digital infrastructure, and cross-sector coordination. However, policies that support industrial growth are not always synonymous with policies that successfully expand welfare. Therefore, Islamic economic policies need to be

evaluated using metrics that encompass economic performance as well as social aspects, accessibility, and benefit distribution. The direction of development of the Islamic economic ecosystem outlined in Bank Indonesia's (2023) report provides policy context for the importance of these intersectoral relationships.

These three dimensions form a conceptual relationship that can be explained as follows: Islamic values form the basis for goal setting; institutions translate goals into rules and practices; policies strengthen coordination and create enabling conditions; and outcome evaluation is used to assess the alignment between normative goals and socio-economic consequences. The evaluation results can then serve as the basis for improving institutions and policies. This relationship is cyclical because the application of values, policy implementation, and outcome evaluation need to be continually adjusted to changing societal needs and economic developments.

This framework is a conceptual synthesis formulated in this article based on a discussion of the literature. It has not been empirically tested and is not intended as a proven causal model. Its contribution lies in affirming the relationship between normative, institutional, and policy dimensions as three aspects that require integrated analysis when assessing the development of economic Islamization.

Based on this synthesis, the success of economic Islamization cannot be solely measured by the growth of the Islamic finance industry, the number of products, or the expansion of the halal market. These indicators need to be complemented by assessments of public access to services and financing, institutional governance, transparency, benefit distribution, and contributions to welfare. Determining these indicators and testing the relationships between them requires further research with appropriate empirical data.

Thus, the Islamization of the economy in a modern economic system can be understood as a continuous process of harmonizing Islamic principles, institutional practices, and economic policies. This integrative perspective provides a basis for avoiding two equally limiting tendencies: approaches that emphasize only formal compliance and approaches that promote normative objectives without adequate institutional mechanisms. Islamic economic development requires both adherence to sharia principles and systematic efforts to achieve socio-economic goals consistent with those principles.

CONCLUSION

This research demonstrates that economic Islamization, from a contemporary perspective, needs to be understood as the process of integrating Islamic values into economic thought, practice, institutions, and policies. Economic Islamization is not simply defined as replacing conventional instruments or fulfilling formal sharia requirements, but rather needs to be directed toward aligning the principles of monotheism, justice, balance, and the maqasid of sharia with the goals and consequences of economic activity. Thus, the normative and practical dimensions are interrelated aspects of Islamic economic development.

The implementation of economic Islamization in the modern economic system has progressed through Islamic finance, zakat and waqf management, the halal industry, and the digital economy. However, the development of these instruments and institutions does not in itself prove the achievement of comprehensive Islamic

socio-economic goals. Assessment of implementation needs to consider not only Sharia compliance and institutional performance, but also governance, accessibility, benefit distribution, and contribution to societal welfare.

In the Indonesian context, the development of the Islamization of the economy faces challenges such as gaps between normative principles and institutional practices, the need to improve literacy and human resource capacity, and the need for more effective policy coordination. At the same time, policy support, the development of the halal industry, digitalization, and the potential of Islamic social finance provide opportunities to strengthen the role of the Islamic economy in national development. Seizing these opportunities requires an approach that consistently connects value strengthening, institutional governance, and economic policy.

The conceptual contribution of this research lies in the formulation of an integrative framework that connects three main dimensions of economic Islamization: Islamic values as the normative foundation, institutions as the translation of values into rules and practices, and economic policies as guides and reinforces implementation. These three dimensions need to be continuously evaluated based on the alignment between sharia objectives and achieved socio-economic outcomes. This framework represents a conceptual synthesis developed from a literature review and has not yet been empirically tested.

This research has limitations due to its use of a literature review, with sources selected based on relevance and the author's judgment. It does not present a fully standardized literature search and screening procedure, and it does not use field data to test the applicability of the proposed integrative framework. Therefore, future research is recommended to conduct a more systematic literature search and test the framework through empirical studies of Islamic financial institutions, zakat and waqf management institutions, the halal industry, or policy-making institutions in Indonesia. Further research could also develop indicators linking sharia compliance, governance quality, economic access, benefit distribution, and community welfare. Such efforts are needed to more measurably assess the extent to which the Islamization of the economy is able to bridge normative Islamic principles with the practices and outcomes of economic development.

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