

Towards Economic Welfare through an Islamic Monetary System

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ABSTRACT

The discourse on the Islamic monetary system remains fragmented, often adapting conventional economic assumptions rather than presenting a comprehensive framework rooted in Islamic principles. This study aims to construct a holistic Islamic monetary system based on the Qur'an, the teachings of the Prophet, and the insights of Islamic scholars. This study focused on an in-depth interpretation of the Islamic view of money as the scientific basis of the monetary system. It critically evaluates existing theories and highlights the need for an alternative approach distinct from conventional monetary models. The findings suggest that inflation in monetary is not inherently negative in Islam and that money must serve its true function in driving the real economy. A transition toward a full-reserve system and more promoting equity-based financing, particularly among OIC member states, is recommended to ensure financial stability. Effective implementation requires strong institutional integrity, public awareness, and the establishment of a dedicated Islamic monetary task force. This research contributes to the development of a structured roadmap for an Islamic monetary system that aligns with ethical and economic justice principles.

Keywords: Inflation, Islamic monetary system, Money, Economic welfare, OIC

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