



The Alignment of Social, Economic and Environmental Aspects in Sustainable Finance of Islamic Green Banking

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Abstract. One of the paths towards its achievement is Islamic banking financial institutions which have a special concept based on Islamic law which is different from conventional banking. Aligning and unifying the 3 (three) fields, economic, social, and environmental, in a balanced way is not a simple matter. The three have different rationales and backgrounds, so this study aimed to examine the alignment of the three and seek guidelines as the basis for their alignment. This was normative legal research that applied statutory and analytical approaches. The main legal material was regulation which was processed using teleological and systematic interpretation analysis techniques. The research results show that Sustainable Finance in Islamic banking is a form of responsibility and a form of participation from Islamic financial institutions in improving green economic such as life systems, social systems, environmental problems, and the economy. In general, the values contained in the goals and principles of Sustainable Finance are in line with the goals and principles of Islamic law, namely benefit. However, there are fundamental differences in terms of transcendental value. Islam contains basic values that are comprehensive, thorough and balanced in all dimensions of life in the present, the world, and the hereafter.

Keywords: alignment · sustainable finance · Islamic green banking

1 Introduction

One of the roles of the environment is to provide the basis for the function of the economy in the development of a country. The sustainable development paradigm is a new paradigm in pursuing economics that binds commitments in many countries in the world. Thus, the United Nations (UN) cooperates with the government, civil society, and economic actors in formulating a sustainable development framework to bring together economic interests and sustainability or nature conservation [1]. The Indonesian constitution expressly takes a stance and states that “the national economy is organized based on economic democracy with the principles of togetherness, efficiency with justice, sustainability, environmental insight, independence, and by maintaining a balance of progress and national economic unity” [2], all of which are aimed at the greatest prosperity of the people. The free market, promoted by capitalism through the economic

liberalization movement, can no longer be used as a paradigm for a country's economic development. The weakness of the market economy leads to a belief in its inability to respond to economic, political, social and moral challenges. It is weak in guiding human beings in establishing an economic system that combines economic progress and justice and ensures a higher standard of living that goes hand in hand with high moral standards. This is supported by the demand for value-based economic development that requires appreciation. Emotional intelligence and spiritual intelligence are a manifestation of awareness of the value dimension in the aspect of development [3].

Social and environmental issues, which have been separated from economic calculations, must be considered. Profit is not only the main reason because the balance between profit, environment and social must be maintained. The philosophical foundation of the Indonesian state in the economic field is promoting general welfare, one of which is the development of a people's economy which is expected to be able to face the global economy and free competition. One of the paths of achievement is financial institutions, banking institutions are no exception. Several agreements and commitments from world financial institutions respond to this paradigm, for instance The Equator Principles. The principle is that there is no loan disbursement before the prospective debtor complies with social and environmental regulations. The Global Reporting Initiative also has guidelines for preparing sustainability reports that a company uses to disclose its economic, environmental, and social performance to stakeholders. Sustainable development, which prioritizes the alignment of economic, environmental and social aspects, is the core of Sustainable Finance. A comprehensive support by all services of financial institutions can be realized by bringing together three areas that have often been separated: economic, social, and environmental.

The function of the Financial Services Authority (OJK) is to organize a system of regulation and supervision of all activities in financial services and to respond well to these commitments. The establishment of the Sustainable Finance Roadmap for the period 2015 to 2019 is one of the serious steps taken. The Sustainable Finance Program outlines the conditions to be achieved related to sustainable finance, especially in Indonesia. This roadmap will serve as a reference for OJK, financial industry players, and various other parties to support this commitment, especially given Indonesia's current position in need of economic growth.

The Sustainable Finance Roadmap contains several dimensions of the Sustainable Finance program, including: highlighting industrial, social and economic advantages in order to reduce the threat of global warming and prevent other environmental and social problems; promote green investment in various sectors of the economy; and supports 4 (four) development principles (pro-growth, pro-jobs, pro-poor, and pro-environment) as stated in the Medium-Term Development Plan. As a program that is closely related to the environment, sustainable finance in Indonesia departs from the mandate of Law no. 32 of 2009 concerning Environmental Protection and Management (Law on Environmental Protection and Management). In this law, one of the important instruments to prevent environmental pollution is "command and control" and community empowerment. Activities that are pro-environmental must be accompanied by various rules and policies that are pro-environmental.

Regarding the environment and financial institutions, as an effort to create environmentally friendly economic activities, it requires the support of regulations and policies that require all things environmentally friendly in the financial institution system, including banking. Laws in the field of Indonesian Banking have actually responded to this. One of them is stated in Article 8 paragraph (1) of Law no. 10 of 1998 concerning Amendments to Law no. 7 of 1992 concerning Banking:

“Banks, in providing credit or financing based on Islamic principles, must also pay attention to the results of the Environmental Impact Analysis (AMDAL) for large-scale and/or high-risk companies so that the projects financed continue to preserve the environment”.

The term green banking is also known in the banking world. Banks must be able to adapt interdependence with the environment as a way to win market competition while protecting the environment and preserving the environment. Environmentally sound banking financing is proven to increase competitiveness and is a distinct advantage in business strategy [4].

Various regulations that support the relationship between the environment and financial institutions, especially banking institutions, are spread in many regulations and policies, including regulations on risk management, the implementation of sustainable finance, Bank Indonesia Circular Letters regarding the inclusion of Environmental Impact Analysis documents, etc. In order to support the Sustainable Finance program, OJK has appointed 8 (eight) banks as pilot projects, 6 (six) conventional banks and 2 (two) Islamic banks, namely Bank Muamalat Indonesia and Bank Rakyat Indonesia Syariah. In addition to economic and environmental aspects, social aspects are also a priority in alignment steps. As mandated by Article 34 of the 1945 Constitution of the Republic of Indonesia which is in a chapter with Article 33 entitled National Economy and Social Welfare, Article 33 paragraphs (2) and (3) shows a clear direction that people's prosperity is the focus in managing the earth, water and the natural resources contained therein. In the above roadmap, the principles of sustainable finance programs in Indonesia related to social aspects can be traced to the Principles of Sustainable Priority Economic Sector Development which is inclusive by providing financial services to communities that generally have limited or no access to financial services in the formal sector. In addition, the Principles of Capacity Building and Collaborative Partnerships through collaboration between financial service institutions are expected to encourage sustainable financial progress.

All problems in Indonesia, including economic problems, as well as all matters relating to the environment and social, as the main topic of Sustainable Finance, are the responsibility of Muslims as the majority people in this country. Muslims have the right and responsibility to play a role and improve so that the life system, social system, environmental problems, and the economy are based on Islamic values. This is because intrinsically Islam contains basic values that are comprehensive, thorough and balanced in all dimensions of life, including economic life [5]. With this background, Islamic economic law should contribute more to the success of the Sustainable Finance program.

Islamic economics is an integral part of the Islamic system that cannot be separated from Islamic principles. It has the nature of devotion through activities that have lofty aspirations with the supervision of actual activities. One of the other characteristics of Islamic economics is realizing a balance between individual interests and the interests of society. Islamic economics formulates the basis for attention to common interests and efforts to maintain a balance between the two. Islam recognizes both interests. However, if there is a conflict between the two that cannot be balanced, the interests of the community must take precedence over individual interests [6]. Islamic banking, as part of Islamic economics, has also successively contributed to this success. As mentioned above, Islamic banks are involved as pilot projects. As a sharia-based financial institution, this financial institution has a special concept, namely based on Islamic law, where some things are very likely to have differences with conventional banking. The concept of Islamic economics and laws relating to Islamic economics are built on the general principles of Islamic economics (*al-qawaid al-'ammah al-iqtisadi al-Islamyyah*), namely: ownership (*al-milkiyyah*), wealth management mechanisms (*kayfiyyah al-tasarrufi al-mal*) and the distribution of wealth among humans (*al-tawzi' al-tharwah bayna al-nas*) [7]. All three are closely related to the social aspect. The concept of legitimacy of private property in Islam is placed on morals associated with social aspects. The state has an important role in carrying out the distribution of wealth for the prosperity of the people. This is also in accordance with the spirit of Article 33 of the 1945 Constitution of the Republic of Indonesia which is based on a social spirit.

Aligning and unifying 3 (three) three areas: economic, social, and environmental in a balanced way is not a simple matter. All three have different rationale and background. Thus, it requires an in-depth study to bring the three together. Islamic banking, as part of financial institutions and financial systems, also has an obligation to carry out sustainable finance. In addition to aligning the 3 (three) fields above, Islamic banking is also required to pay attention to the principles and principles of Islamic banking as stipulated in the Islamic Banking Law no. 21 of 2008. Article 2 of the Islamic Banking Law affirms 3 (three) principles of Islamic banking which consist of Islamic principles, as the first principle; economic democracy; and the precautionary principle.

All three aim to support the implementation of national development in order to improve justice, togetherness, and equitable distribution of people's welfare (Article 3 of the Islamic Banking Law), while adhering to sharia principles as a whole (*kaffah*) and consistently (*istiqomah*). This is the importance of alignment and harmonization. Islam is a religion that really maintains balance and alignment. Balance is one of the characteristics of Islamic law. Islam has a realistic view of life which includes material and spiritual aspects, both of which are interconnected [8]. One of the characteristics of Islamic law is balance (*wasathiah*). Balance means a balanced path, not too heavy to the right or to the left, a balance between mental and material things. This balance is seen between old and new, west and east, not frozen and not thawed, but somewhere between the two [9]. Balance covers all aspects, including economic life. The core of Islamic economics is an economy that pivots on the teachings of the divine *aqidah*, upholds ethical values (morals) and promotes balance (*tawazun*). The goal is for the benefit of oneself and society, and not limited to life in this world, but also the life of the hereafter. Compliance with this provision covers all aspects of life, including economic life. Based

on the above, this study aimed to examine and analyze the alignment of social, economic, and environmental aspects of sustainable finance of Islamic banking in the perspective of Islamic law.

2 Research Methods

This article methods used legal research. The method is used to analyze the legislation and legal views. This study examines and analyzes various laws and regulations in analyzing sustainable finance Islamic banking in Indonesia. The research was conducted with a statutory approach, namely legal studies through applicable positive legal regulations, in the form of laws and regulations and decisions of competent institutions [10] in the field of Islamic banking, laws and regulations in the field of other financial institutions and environmental law. The second approach is an analytical approach to analyze the understanding of legal principles and legal meanings [11]. The legal materials in the form of primary and secondary legal materials were analyzed using teleological interpretation techniques, an appropriate method for interpreting a rule based on the objectives to be achieved and the rationale and rational explanation. In addition, systematic interpretation relates one rule to another based on the underlying principle.

3 Results and Discussion

3.1 “Balance” as a Characteristic of Islamic Law

Alignment has a close relationship with balance. Alignment comes from the word “harmonious”, which means equal, appropriate, commensurate. To harmonize means to make to fit, commensurate, balanced. Alignment means conformity. There is a close relationship between alignment and balance. Islam really maintains alignment and balance, among others, in the physical-spiritual balance, personal life-social life, material-spiritual and world-hereafter. Therefore, Muslims are referred to as “*ummatan wasathan*”, a perfect and just people so that “they are witnesses for all mankind.” “*Wasath*” literally means something in the middle. It can also mean “something that is guarded, valuable, and chosen”. Fakhruddin Al-Razi said that there are several meanings that are close to each other and complement each other. The first means fair. This meaning is based on meaningful verses. The second means choice, in accordance with the verse “You are the best people who were born into the midst of humans...” translation of the Qur’an Surah Ali Imrân (3) verse 110. Third, means the best, and fourth means middle class people. The four are meaningful and not contradictory, the *Wasath* community is a just and elected people.

Islam has a realistic view of life which includes material and spiritual aspects, both of which are interconnected [8]. Balance is one of the characteristics of Islamic law. Ash-Shiddieqy explained that the characteristics of Islamic law are balanced (*wasathiah*), intact (*takamul*) and dynamic (*harakah*). Whole means complete, perfect, and forms various views of life. Islamic law forms a unified whole even though it has cultural differences. Islamic law can serve every class and survive every era by wanting reforms. Islamic law still maintains its personality but is not old or frozen. Dynamic is moving

according to the times, because it has basic principles, which is called *ijtihad*. Balance is a balanced path, not too heavy to the right or to the left, a balance between mental and material things. This balance is seen between the old and the new, the west and the east, not frozen not melting, but somewhere between the two [12].

Balance covers all aspects, including economic life. Quraish Shihab stated:

“The principle of balance prevents all forms of monopoly and concentration of economic power in one hand or one group. On this basis also, the Qur’an strongly rejects if wealth only revolves around certain people or groups” [13].

The core of Islamic economics is an economy that pivots on the teachings of the divine *aqidah*. Allah SWT upholds ethical values (morals) and promotes balance (*tawazun*). Djakfar explains the meaning of balance here as:

“Harmonizing between obligations and rights, in accordance with what every business person must fulfill to others with the rights that must be accepted for him/herself. It also applies to physical and spiritual demands, and so forth” [8].

3.2 Analysis of the Alignment of the Goals and Principles of Sustainable Financing in Islamic Green Banking Based on the Objectives of Islamic Law

Knowing that alignment is close to the meaning of balance, it is associated with the purpose of Islamic law in order to achieve human benefit. The following is an analysis of sustainable financing of Islamic banking based on the objectives of Islamic law.

Each *maqashid* (goal) in *maqashid sharia* is every benefit, in the form of benefits achieved or harms that are avoided. The main substance is benefit [14]. This can be deduced from the Qur’anic texts that stipulate the general and detailed objectives of Islamic law, namely “to prevent corruption from the human world and bring benefit to them, to control the world with truth, justice and virtue, and to explain the signs of the path that must be traversed before the human mind” [9]. In general, the purpose of Islamic law is for the happiness of human life in this world and in the hereafter, through a way that is beneficial and prevents things that contain harm. So, the benefit or advantage of human life includes the benefit of spiritual and physical human life, individual and social [15]. The benefits that humans get individually are not only for themselves, but also for the wider social community.

If it is associated with the objectives of sustainable finance, the objectives are:

1. Increase resilience and competitiveness in order to develop and grow sustainably. Endurance is carried out by risk management capabilities, and competitiveness is carried out through product innovation;
2. Provide sources of funds needed by the community;
3. Contribute to global warming commitments that are either mitigation/prevention or adaptation [16].

In general, there is a common ground for the general benefit, and this is in accordance with the objectives of Islamic law, which is related to the benefit, welfare and good of the community.

Happiness is the main goal of human life. Humans will be happy if all their needs are met, from the material, spiritual, short-term and long-term aspects. Sustainability is the key word when it comes to meeting long-term needs. The main value of Islamic teachings in looking at long-term needs is not only finished in the life of the world, but

also after. In addition, the guidance for its adherents has been clearly and decisively regulated. Islam views the purpose of law as preventing damage and bringing benefit. This is based on obedience to God's commands, and his goodness is not only to the human person as the perpetrator, but also to society.

Ahmad Azhar Basyir classified 3 (three) purposes of Islamic law. The first is the personal aspect to educate humans to be a source of goodness for society, the second is to uphold justice, starting from the smallest, namely oneself, legal justice, social justice to world justice, and third is maintaining the goodness of life and the interests of human life, including primary needs (*dharuriyat*), secondary (*hajiyyat*) and tertiary (*tahsiyyat*), for the benefit of humans themselves [17]. More broadly and even in detail, the purpose of the law can be interpreted in terms of *syara'* that the purpose of enforcing the law is for the benefit of the servants for the benefit of the world and the hereafter. This is actually the ultimate goal of the law. The law contains essential benefits, which although it is not visible to some people, it will always be manifested in all Islamic law. Besides, the other goals only follow after this main goal is achieved [9].

Based on the explanation above, the purpose of law in Islam is to emphasize obedience to Allah's provisions in the context of benefiting oneself and society, and not only in life in this world, but also in the hereafter. Compliance with Allah's provisions covers all aspects of life, including economic life. In Islam, something called *maslahah*, the barometer is Islamic law, not reason. Al-Ghozali, explained that according to its origin, *maslahah* means something that brings benefits or advantages and keeps away harm (damage) which in essence is to maintain the purpose of *syara'* in establishing law. Judging from the meaning of seeking and establishing law, *maslahah* is also called *munasib* or the compatibility of *maslahah* with legal goals. Thus, there is a main rule was said by Muhammad Sa'id Ramadhan al-Buthi, "where there is benefit there is law" [18].

Islamic jurists agree that *maslahah* is a proposition that can be used in establishing law [19]. The basis of the argument is to maintain human benefit. *Maslahah* is widely used to solve problems by friends and *mujtahids*, and human needs are always evolving according to the times. *Mashlahah* is divided into three types [20], namely: 1. *Mashlahah Al-Mu'tabarah*, namely *mashlahah* which is calculated by *syara'* because it has instructions from *syara'* either directly or indirectly, where the indication of the existence of this *mashlahah* is the reason in establishing the law. 2. *Mashlahah Al-Mulghah*, or *mashlahah* that is rejected is *mashlahah* that is considered good by reason, but is not considered by *syara'* and there are *syara'* instructions that reject it. Here, the mind considers it good and in line with what is demanded by the *mashlahah*. 3. *Mashlahah Mursalah*, or what is also known as *istishlah*. It is what is considered good by reason, in line with the purpose of the *syara'* law in establishing the law, but there is no *syara'* guidance that takes it into account and there is no *syara'* guide that rejects it.

Based on this type of division, benefit can be taken from those whose arguments are clear, or there are no arguments. Ash-Shiddieqy mentions that Islamic law is aimed at various types of people. So legal development must pay attention to the benefit of each in accordance with customs and culture as well as the climate that surrounds it. If these benefits conflict with one another, then the general benefit takes precedence over the specific benefit, and one is required to reject the larger harm by doing the smaller

harm”[12]. Islamic law is relatively positioned by considering the unequal position of benefit. Different *syara'* demands result in these differences. Likewise, in the case of what is forbidden, the position of the prohibitions is different because the damage that occurs is also different [9]. However, the benefit must be able to realize the purpose of the law.

The main discourse on the purpose of law is the Maslahat Theory with its universal thesis “*every rule of law is oriented towards realizing the benefit of humans, in this world and in the hereafter*”. The conception recommends that law be based on something that is not called law, but is more fundamental than “human values”. Benefit is the most basic of the building of thought about law. Benefit is a barometer of the formation, formulation and application of laws that are just for everyone. Therefore, in the offer of any legal concept, supported by sharia arguments or not, it is able to guarantee the realization of benefit. The law will be valid if it is able to guarantee human benefit [18].

As explained earlier, the purpose of Islamic law is for the happiness, welfare and safety of mankind in this world and the hereafter. Islamic law is based on wisdom and benefit in life. Islamic Shari’ah is justice, mercy (compassion), benefit and complete wisdom. Every problem that comes out and leads to persecution, deviates from compassion, deviates from benefit to *mafsadat*, deviates from wisdom to futility, these are not Islamic laws. Islamic law is fair and places Allah’s justice in the midst of His servants [21]. Islamic economics is an integral part of the Islamic system that cannot be separated from sharia. It has the nature of devotion, through activities that have lofty aspirations, with the supervision of actual activities. One of the other characteristics of Islamic economics is to realize a balance between individual interests and the interests of society.

In sustainability finance, there are several main principles [19]: 1. Principles of risk management; 2. The principle of sustainable priority economic sector development; 3. Principles of environmental governance and reporting; 4. The principle of capacity building and collaborative partnerships. The fourth principle is capacity building and collaborative partnerships, developing human resource capacity, information technology and operational processes of each financial institution related to sustainable finance principles, as well as establishing cooperation between financial institutions, regulators, governments, and utilizing partnerships with domestic and international institutions. in order to encourage the progress of sustainable finance [19].

The balance of interests is the key word in the fourth principle. Like every economic system, it realizes the interests of its followers and so does Islamic economics. The weakness of the capitalist and socialist economic systems is the lack of a balance of interests. The capitalist economic system is too in favor of individual interests. On the other hand, the socialist economic system favors the interests of the community and even ignores individual interests. Islamic economics does not define this conflict of interest. Islam formulates the basis for attention to common interests and efforts to maintain a balance between the two. Islam recognizes both interests. However, if there is a conflict between the two that is impossible to balance, the interests of the community take precedence over individual interests [6].

Based on some of the principles above, when described in the regulation, there are several principles in the regulation of sustainable finance. The first is profit as the most

important element for the company to be able to grow and develop. The second is people in the form of a commitment to participate or participate. Then, the third is the planet or commitment to environmental issues and the preservation of the earth.

Based on Islamic law, *aqidah* in regulation can be obtained through *fiqh maqashid*. Legal rules based on priorities that put every matter (law, value or action) fairly and proportionally and prioritize what is more important than what is important based on *syar'i* standards. It puts what must come first. Some of the rules of *fiqh muwazannah* are:

- “Prioritizing strong long-term benefits over current but weak benefits”
- “Prioritizing substantive benefits over formal benefits”
- “Prioritizing eternal benefits over temporary benefits”
- “Prioritizing the benefit of the general public over the benefit of the individual”
- “Dharar (danger) cannot be eliminated by a similar dharar or a greater dharar”
- “The lighter dharar (danger) should be chosen”.
- “Dharar (danger) which is limited in nature is done to prevent wider dharar” [22].

3.3 The Alignment of Social, Economic, Environmental and Institutional Aspects of Islamic Green Banking in Sustainable Finance

Within the framework of sustainable development, there are 4 aspects of obligations, as follows [16]:

1. Social Aspects, including: Equity, Health, Education, Security, Housing, Population.
2. Economic Aspects, including: Economic structure, consumption and production patterns, food security, energy security, and infrastructure/connectivity.
3. Environmental Aspects, including: Atmosphere, Soil, Coastal and sea, clean water, Biodiversity.
4. Institutional Aspects, including: Institutional framework, Institutional capacity and apparatus.

The 1945 Constitution of the Republic of Indonesia, as a state constitution in substance, not only regulates state institutions and government structures, but also regulates the economic and social welfare dimensions as stated in Article 33 of the 1945 Constitution of the Republic of Indonesia. Article 33 of the 1945 Constitution of the Republic of Indonesia is considered as the basis Pancasila economy. Thus, if the basis for the Islamic economy in the Indonesian constitution is traced, in addition to Article 29 which has given freedom to embrace one's religion and practice one's worship, Article 33 also has an equally important meaning.

Article 33 of the 1945 Constitution of the Republic of Indonesia is the basis for the Pancasila economic system. The economic constitution can be seen in article 33. There are several important principles that can be extracted from article 33, namely: the principle of kinship; control by the state; people's prosperity; economic democracy; the principle of togetherness; efficiency of justice; sustainable; environmentally friendly; independence; maintain a balance of progress; maintain national economic unity. Article 33 is closely related to Article 34. Both are in a chapter entitled National Economy

and Social Welfare since both are closely related. Article 34 regulates the poor and neglected children, the social security system and empowerment of the weak, as well as the responsibility of the state for the provision of health facilities. This economic constitution must be a substantive reference in every policy taken in the process of economic development. Therefore, all economic policies taken, especially in the context of Indonesia, must refer to and must not conflict with the economic constitution, in this case the 1945 Constitution of the Republic of Indonesia.

Several writings state that Bung Hatta's ideas and thoughts greatly influenced the content of Indonesia's economic constitution. There are also those who argue and provide an assessment that in addition to the characteristics and distinctive features of the cultural character of the Indonesian people, the Indonesian economic constitution actually shows a pattern that is strongly influenced by religion. Although editorially the religious symbols are not very visible, religion has a strong influence on the material, especially in Article 33 paragraphs (2) and (3) that "(2) production branches which are important for the state and which affect the livelihood of the people are controlled by the State. (3) The earth, water and natural resources contained therein shall be controlled by the state and used for the greatest prosperity of the people".

Article 33 paragraphs (2) and (3) above are in accordance with Islamic teachings. In this case, the fundamental principle that must be considered in the production process is the principle of economic welfare. Although there are similarities with capitalist principles which also aim for economic welfare, in Islamic teachings, economic welfare cannot ignore the wider general welfare considerations, which involve issues of morals, education, religion, and many other things. In short, the production system in an Islamic state must be controlled by both objective and subjective criteria. Objective criteria will be reflected in the form of welfare which can be measured in terms of money, and subjective criteria in the form of welfare can be measured in terms of economic ethics based on the commands of the Qur'an and Sunnah [23].

To achieve the above objectives, Islam recognizes various ownerships. It includes private ownership, state ownership, and religious ownership. As a separate system, Islamic economics has explained everything related to the mechanism of acquiring ownership, procedures for managing and developing ownership, and how to distribute wealth among humans in detail through the provisions of its laws. On that basis, laws concerning economic issues in Islam are built on the general principles of Islamic economics (*al-qawaid al-'ammah al-iqtisadi al-Islamiyyah*), namely: ownership (*al-milkiyyah*), wealth management mechanisms (*kayfiyyah al-tasarrufi al-mal*) and the distribution of wealth among humans (*al-tawzi' al-tharwah bayna al-nas*) [24].

The concept of the legitimacy of private property in Islam is placed on morals associated with social. When compared with socialism and capitalism, the concept of ownership in Islam certainly has a different premise. Private property is the basis of capitalism, its abolition is the main goal of socialism. In addition, Islam maintains a balance between opposites. It recognizes personal rights, but also guarantees the widest and most beneficial distribution of wealth through established institutions and moral warnings [23]. In private ownership, there are things that are obstructive. For example, something related to the public interest. In this case, the state holds the power which is expected to have

an important role, especially in carrying out the rules of distribution of wealth among humans in the context of the greatest prosperity of the people [23].

The soul of Article 33 of the 1945 Constitution of the Unitary State of the Republic of Indonesia is based on a social spirit that places control of goods for the public interest (such as natural resources) in the state. The government is the holder of the mandate to carry out state life in Indonesia. Thus, the government must have legitimacy and a supervisory system. This is in accordance with Islamic teachings which state that there is an obligation to act fairly. Justice in distributing wealth according to Islamic teachings started from the time of the prophet. In Surah al Hadid (57:25) it is stated:

“Indeed, We sent Our messengers with clear proofs, and with them We sent down the Scripture and the balance ‘of justice’ so that people may administer justice. And We sent down iron with its great might, benefits for humanity, and means for Allah to prove who ‘is willing to’ stand up for Him and His messengers without seeing Him. Surely Allah is All-Powerful, Almighty.”

The three types of objects mentioned in the verse, in concrete terms, are “books, balances, and iron”. They are a symbol of maintaining community unity. Books, meaning “revelation”, which contains commands and prohibitions for evil; Balance, means justice, which must be given to everyone in accordance with their rights, legal force, and the implementation of sanctions; and Iron is a symbol of strength, power, discipline, legal sanctions and so forth [25].

It shows how important justice in wealth according to Islamic economics. The Prophet pointed out the consequences of unequal distribution of wealth in society “On the one hand excess wealth can harm faith and morals, and on the other hand, poverty can lead them to kufr”. Therefore, the Prophet emphasized the attitude of not exaggerating, to maintain a balance in viewing wealth not only for the benefit of this world but also of the hereafter, as the Prophet Muhammad said: “*The best of you are those who do not leave the world for the hereafter, and leave the world behind. Hereafter for the world, and should not be a burden on others*” [25]. The last phrase refers to the independence, prosperity and general well-being that starts from each individual. This is in accordance with the preamble to the 1945 Constitution of the Republic of Indonesia.

Islamic economics is also expected to play a role in the intellectual life of the nation, because moral improvement is very important to improve human character in economic life based on Islamic teachings. Humans are the bearers of responsibility for the system to run well. For this reason, noble character needs to be formed, by instilling an understanding that only Allah maintains and provides provisions for sustenance to His creatures. So, humans are obliged to work hard in picking up their sustenance in a predetermined way and in a corridor that does not violate religious provisions.

As explained above, Article 33 of the 1945 Constitution of the Unitary State of the Republic of Indonesia becomes a unified chapter with Article 34 which provides the basis for social welfare. Regarding the principle of social welfare, Manan explained that the principle of benevolence and protection for the poor is a universally recognized principle in Islam, and as an inseparable part of the distribution of wealth, which the state is also obliged to regulate and supervise its implementation [23]. Islam regulates in detail about how to obtain objectivity in the distribution of assets fairly and equitably

in society, in legal steps and choices, in the form of recommendations and prohibitions [25].

On the social aspect, it seems to prioritize justice for the community in the form of equity, health, education, security, housing, and population. Justice in the Islamic perspective is the basis, the foundation. Justice is interpreted broadly which includes justice in treating oneself, others, socially and the world. Through law that contains justice, the purpose of the law will be achieved. Justice is the estuary of benefit. This is the close relationship between justice and benefit. Etymologically justice comes from the word “*al-adl*”, impartial, balanced, equating one another. It is equivalent to the word “*al-qist, al misl*” which means the same or similar part. Terminologically, it means equating something in its place [26]. There are also those who translate it as proper or equity and justice. Balanced is not always equal between two parties, but proportional and professional.

Murthada Muthahari defines justice in 4 (four) concepts: 1. Balanced (*mauzun*), not one-sided. Describe the physical balance of nature. 2. Equality (*musawah*), not discriminatory. 3. Granting rights to those who are entitled. 4. God’s justice in bestowing grace on someone according to the ability to accept self-existence towards perfection [27]. The first to fourth concepts are very appropriate in describing the justice needed to explain the relationship between justice and balance. It is not one-sided, not discriminatory, does not differentiate the interests of financial institutions, the community, all stakeholders and the government. All of them are given a place according to their rights and proportionally. If it is associated with the fourth concept, every human being as a legal subject gets the same grace of love according to his position towards perfection. In this case, there is a process of developing towards goodness.

Khadduri made an assertion at the beginning of his book entitled “*Islamic Perspective of Justice Theology*” [28], that essentially justice is actually a relative concept. The scale of justice varies from nation to nation, from country to country. Each scale is defined and determined by the community in accordance with the social order of the community concerned. Although there are differences in scale, they generally have certain elements that can be divided into 2 (two) categories. The first is justice based on the category of people who think they are able to determine their individual and collective interests, and know exactly what they need and aspire to. This kind of justice is called positive justice. It is certainly an imperfect justice because it will always try to filter and be sustainable according to the process of social change. Ideal justice is said to be a mere mirage because real justice will develop from generation to generation.

The second is divine justice or relational justice (or justice based on revelation). Humans are inherently weak, capable of making mistakes and mistakes, so divine authority is needed to provide the source and basic principles of a public order in which standards of justice are built. This authority of justice was tested by both philosophers and prophets who received revelation, which aroused respect and had lasting impact on its administration. In addition to Islam, Judaism and Christianity also support this concept, where God appears through revelation, communicates with humans through prophets, and His justice is realized and applies to all humans. Thus, this divine justice is closely related to religion and ethics. It is similar to reason and as natural justice. That is why

Aristotle calls it natural justice because it cannot be separated from ethics. Muslim experts call this eternal law the term “sharia” which means “the way”.

In Islam, eternal justice is enshrined in the revelations contained in the Qur’an, while Divine wisdom was revealed to the Prophet, revealed and disseminated as sunnah which is hereinafter known as hadith. The position of justice that originates in the Qur’an is clearly emphasized in the Qur’an, among others: Asy-Syuura verse 17, which means, “*It is Allah Who has revealed the Book with the truth and the balance of justice. You never know, perhaps the Hour is near*”. Al-Maa’idah verse 8 which means, “*...Be just! That is closer to righteousness. And be mindful of Allah. Surely Allah is All-Aware of what you do.*” This verse implies that the substance of the value of justice is to protect the rights and obligations of every human being and to direct humans to the right path and be pleased by Allah. Some other verses that command justice and balance the justice of oneself and one’s family are Surah An-Nissa verse 135, the point of which is that Allah commands humans to uphold justice, fair witnesses, both to themselves, their parents and relatives. It is also found in Surah Shaad verse 26 which in essence, Allah commands the rulers, law enforcers as caliphs who carry out the law as well as possible and treat all humans fairly.

Justice in Islamic law is emphasized so important because justice in Islam is “divine” justice [3], which is guided by Allah’s guidance. “Divine” justice is justice that cannot be separated from morality and is based on absolute and absolute values from God, and humans are obliged to obey them. Justice in Islam is not the result of human construction as in the contemporary ideological tradition. Islamic justice is a derivative link of the values of monotheism, monotheism, and justice. Justice is the foundation in achieving legal goals where human benefit cannot be separated from transcendental relationships. As the basis of faith, the belief of a Muslim is based on the instructions of the Qur’an to carry out justice. Thus, justice is something that must be embedded in the soul of a Muslim which is hidden and hidden. But it must be realized which is based on the motivation to carry out Allah’s commands, fear of Allah’s threats if you do not carry out them, hope of rewards if you do them, fear of sin if you neglect them. Because, this relates to rights and obligations, in terms of the rights and obligations of oneself, family, social, and to the broadest extent. Al-Qur’an Chapter 4: An-Nissa verse 58 states, “*Indeed, Allah commands you to return trusts to their rightful owners; and when you judge between people, judge with fairness. What a noble commandment from Allah to you! Surely Allah is All-Hearing, All-Seeing*”.

The word “justice” comes from the word “*al-adl*”. Etymologically it means “not one-sided, impartial or equating something with others (*al-musawah*)”, closely with the meaning of balance. In terminology, “fair” is also closely related to “balance”, that is, equating something in its place. Khadduri [28] detailed that literally the word *adl* is an abstract noun that comes from a verb which means: 1. Straighten or sit straight, 2. Run away, leave or evade from one wrong path to another right path, 3. Equal or commensurate or equalize, 4. To balance or balance, to be comparable or to be in a state of balance.

Furthermore, Khadduri grouped the basic principles of justice into 2 (two) categories, namely the substantive and procedural aspects, each of which covers one aspect of different justice. The substantive aspect is in the form of elements of justice in the

substance of the Shari'a, while the procedural aspect is in the form of elements of justice in the procedural law that is implemented. When procedural rules are ignored or applied inappropriately, procedural justice will emerge. Meanwhile, substantive justice is an internal aspect of a law where all actions that are obligatory must be fair because of God's word and those that are unlawful must be unfair.

In an Islamic economic system based on sharia principles, balance is not only a means to maintain the balance of economic life, but also a means of relocating resources to people who are entitled according to sharia so that the goals of economic efficiency and justice can be achieved simultaneously. Thus, a perfect social environment will be achieved [29]. Islam has given guidelines and rules that form the basis of the system of life. This foundation is known as "*sharia*". *Sharia* is the source of the rules of conduct covering all areas of life, goals, and strategies for achieving them. This goal is based on the concepts of human welfare (*falah*) and a good life (*hayatan thoyyibah*). It is explained in Islam that welfare does not only meet material needs, but also spiritual needs [5].

As the purpose of Islamic law is benefit, the laws that are set are of course for the benefit of society. *Sharia* or Islamic law is for the benefit and to prevent harm or deliberation. According to Al-Khwaizmi in Al-Syaukani, the purpose of *mashlahah* is to maintain the purpose of Islamic law by rejecting disasters or dubious damage from human beings [30]. In addition, there is a Memorandum of Understanding between the Minister of Environment and the Financial Services Authority on Increasing the Role of Financial Institutions in Environmental Protection and Management through Sustainable Financial Services Development in 2014. Some of the agreements referred to are: 1) Harmonization of policies in the financial services sector with policies in the field of environmental protection and management; 2) Harmonization of policies in the field of environmental protection and management with policies in the financial services sector; 3) Provision and utilization of environmental data and information for the development of sustainable financial services; 4) Research in the context of formulating policy concepts in the field of sustainable finance; 5) Capacity building and competence of human resources in the financial services sector in the field of environmental protection and management.

4 Conclusion

Sustainable Finance carried out by Islamic banking institutions is a form of responsibility and a form of the role of Islamic financial institutions in improving life systems, social systems, environmental problems, as well as the economy. The values embodied in the goals and principles of Sustainable Finance are generally in line with the goals and principles of Islamic law, namely benefit. However, Islamic law has a fundamental difference regarding the existence of transcendental values. Islam contains basic values that are comprehensive, comprehensive and balanced in all dimensions of life, present, in this world and the hereafter. Everything in the world will have an impact on the afterlife, including economic, social and environmental life. So that in its concretization, it must still be done without violating what is prohibited in Islam. For example, in terms of economic equity, risk management and others, it is not allowed to violate things that are forbidden, *maysir*, *gharar* and usury.

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