

## Imam Al-Ghazali's Perspective on Money: Function, Ethics, and Economic Implications in Islamic Finance

Nur Aulia Husnihita Muchtar, Samsul, Kamaruddin

UIN Alauddin Makassar<sup>1,2</sup>

50800118007@uin-alauddin.ac.id<sup>1</sup>, samsul.samsul@uin-alauddin.ac.id<sup>2</sup>,  
kamaruddin.arsyad@gmail.com<sup>3</sup>

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### ABSTRACT

*Imam Al-Ghazali, a prominent 11th-century Islamic scholar, offers a distinct perspective on the concept of money within the framework of Islamic economics. This study employs a qualitative analysis approach to examine Al-Ghazali's economic thought, focusing on his conceptualization of the function of money. The research design involves an in-depth review of primary texts authored by Al-Ghazali and secondary sources that provide interpretation and commentary on his ideas. The study aims to situate Al-Ghazali's contributions within the larger body of Islamic economic thought and explore their relevance to contemporary discussions on Islamic finance and ethics. Al-Ghazali emphasizes that money should serve as a means to achieve social justice and welfare rather than merely a tool for personal gain. He identifies key functions of money, including its role as a unit of account and a facilitator of social welfare through charitable activities. Al-Ghazali critiques the speculative nature of money in conventional economics and advocates for a balanced approach that prioritizes moral considerations and the welfare of the community. He argues against the hoarding of money, as it disrupts the flow of wealth in society and neglects obligations to contribute to societal welfare. Furthermore, Al-Ghazali provides a critical analysis of riba (usury), highlighting its exploitative nature and negative impact on financial stability and social justice. His insights underscore the importance of ethical financial practices and the role of the state in managing public finance to ensure equitable distribution of wealth and resources. Al-Ghazali's economic thought offers a comprehensive framework for approaching economic activities in a manner that aligns with Islamic values, emphasizing the intersection of economics and ethics.*

**Kata Kunci:** Imam Al-Ghazali; Konsep uang; Ekonomi Islam; Fungsi uang; Kesejahteraan

### ABSTRAK

Imam Al-Ghazali, seorang cendekiawan Islam terkemuka abad ke-11, menawarkan perspektif yang berbeda tentang konsep uang dalam

sosial; Keadilan sosial;  
Riba; Spekulasi ekonomi;  
Praktik keuangan etis;  
Keuangan publik;  
Distribusi kekayaan;  
Manajemen keuangan  
negara; Etika ekonomi.

kerangka ekonomi Islam. Studi ini menggunakan pendekatan analisis kualitatif untuk meneliti pemikiran ekonomi Al-Ghazali, dengan fokus pada konseptualisasinya tentang fungsi uang. Desain penelitian melibatkan tinjauan mendalam terhadap teks-teks utama yang ditulis oleh Al-Ghazali dan sumber-sumber sekunder yang memberikan interpretasi serta komentar atas gagasan-gagasannya. Studi ini bertujuan untuk menempatkan kontribusi Al-Ghazali dalam konteks pemikiran ekonomi Islam yang lebih luas dan mengeksplorasi relevansinya dalam diskusi kontemporer tentang keuangan dan etika Islam. Al-Ghazali menekankan bahwa uang seharusnya berfungsi sebagai sarana untuk mencapai keadilan sosial dan kesejahteraan, bukan hanya sebagai alat untuk keuntungan pribadi. Dia mengidentifikasi fungsi utama uang, termasuk perannya sebagai satuan hitung dan fasilitator kesejahteraan sosial melalui kegiatan amal. Al-Ghazali mengkritik sifat spekulatif uang dalam ekonomi konvensional dan mengadvokasi pendekatan yang seimbang yang mengutamakan pertimbangan moral dan kesejahteraan komunitas. Dia menentang penimbunan uang, karena hal ini mengganggu aliran kekayaan dalam masyarakat dan mengabaikan kewajiban untuk berkontribusi pada kesejahteraan sosial. Selain itu, Al-Ghazali memberikan analisis kritis tentang riba (*rentenir*), dengan menyoroti sifatnya yang eksploitatif dan dampak negatifnya terhadap stabilitas keuangan serta keadilan sosial. Pandangannya menekankan pentingnya praktik keuangan yang etis dan peran negara dalam mengelola keuangan publik untuk memastikan distribusi kekayaan dan sumber daya yang adil. Pemikiran ekonomi Al-Ghazali menawarkan kerangka komprehensif untuk mendekati kegiatan ekonomi dengan cara yang selaras dengan nilai-nilai Islam, menekankan persinggungan antara ekonomi dan etika.

## INTRODUCTION

The concept of money in Islamic economic thought, particularly as articulated by Imam Al-Ghazali, offers a distinct perspective compared to conventional economic theory. In conventional economics, money is viewed as a commodity that can be traded and as a means to accumulate personal wealth (Sumantri, 2016). It is considered private property and capital, often used for investment purposes, including speculation. In contrast, Islamic economics perceives money as serving a broader societal function, not merely confined to commercial interests.

In Islamic economics, money is not regarded as a tradable commodity or something to be excessively hoarded. Instead, money is understood as a concept of flow that must circulate and be used for the public good within society. This concept aligns with the principle that money is public property, functioning primarily as a medium of exchange and a unit of account, rather than as a tool for personal wealth accumulation (Sumirah, 2023). Hence, in Islam, money must always be utilized productively and in ways that promote social welfare, such as ensuring fair wealth distribution and alleviating poverty (Ichsan, 2020; Sarah, 2023).

Imam Al-Ghazali, one of the foremost Islamic scholars, emphasized that money should serve as a medium of exchange and a measure of value, rather than as a commodity for trade. In his view, the primary function of money is to facilitate economic transactions that uphold social justice, rather than supporting speculative practices or benefiting only a few. Al-Ghazali also warned that hoarding or misusing money could disrupt the economic system and hinder the overall welfare of society (Guntoro & Thamrin, 2021).

Furthermore, Imam Al-Ghazali highlighted the importance of using money for broader social objectives, such as in the practice of waqf (endowment). Properly managed money can be used to build infrastructure, support economic empowerment, and ensure the welfare of the wider community (Said & Amiruddin, 2019). This concept aligns with maqasid al-shariah—the higher objectives of Islamic law aimed at safeguarding and advancing the collective interests of society.

Thus, Imam Al-Ghazali's thought on the function of money in Islamic economics underscores the role of money as a social instrument that supports justice, welfare, and economic stability. A proper understanding of this concept is essential in creating a sustainable economic system aligned with Islamic principles.

## LITERATURE REVIEW

Money has been a fundamental component of economic systems throughout history, serving as a medium of exchange, a unit of account, and a store of value. This literature review explores the historical evolution of money, its various forms, and its functions, particularly within the context of Islamic finance. The review synthesizes findings from various scholarly articles to provide a comprehensive understanding of money's role in both conventional and Islamic economies.

The history of money can be traced back to ancient barter systems, where goods and services were exchanged directly. As economies grew more complex, the limitations of barter led to the development of commodity money, which included items like gold, silver, and other precious materials (ÇETİN, 2022). The introduction of coins around 600 BC marked a significant advancement, as it standardized value and facilitated trade across regions (ÇETİN, 2022).

With the advent of paper currency in the 7th century in China, money became more portable and easier to manage (ÇETİN, 2022). The transition from commodity and fiat money to digital currencies in the 21st century represents the latest evolution in the concept of money, reflecting advancements in technology and changes in consumer behavior (ÇETİN, 2022; Muksalmina, 2023).

Money can be categorized into several types, including commodity money, fiat money, and digital currencies. Commodity money has intrinsic value, as it is made from materials that have worth, such as gold or silver (ÇETİN, 2022). Fiat money, on the other hand, has no intrinsic value and is backed by the government that issues it; its value is derived from the trust and confidence of the people using it (ÇETİN, 2022).

In recent years, digital currencies, including cryptocurrencies like Bitcoin, have emerged as a new form of money, challenging traditional notions of currency and payment systems (ÇETİN, 2022; Muksalmina, 2023). Islamic finance also introduces unique instruments such as Sukuk, which

are asset-backed securities compliant with Islamic law, further diversifying the types of money in circulation (Jadoon, 2019; Khan & Siddiqui, 2018).

Money serves several critical functions in any economy. The primary functions include acting as a medium of exchange, a unit of account, and a store of value (Ihsan, 2023). As a medium of exchange, money facilitates transactions by eliminating the inefficiencies of barter systems (ÇETİN, 2022). It allows individuals and businesses to trade goods and services efficiently, promoting economic activity.

As a unit of account, money provides a standard measure of value, enabling individuals to compare the worth of different goods and services easily (Ihsan, 2023). This function is crucial for pricing mechanisms and economic calculations. Additionally, money acts as a store of value, allowing individuals to save and defer consumption until a later date (Ihsan, 2023).

In the context of Islamic finance, the functions of money are further nuanced by ethical considerations. Islamic teachings emphasize that money should be used to promote social welfare and economic justice, discouraging practices such as usury (*riba*) and excessive speculation (Choudhury et al., 2018; Zainudin et al., 2019). The concept of money in Islam is not merely transactional; it encompasses a broader social responsibility to ensure equitable distribution and use of resources (Choudhury et al., 2018; Zainudin et al., 2019).

The evolution of money from barter systems to digital currencies reflects the dynamic nature of economic systems and the continuous adaptation to meet the needs of society. Understanding the various types of money and their functions is essential for comprehending both conventional and Islamic financial systems. In Islamic finance, the ethical dimensions of money usage add a layer of complexity that underscores the importance of social responsibility in economic transactions. Future research should continue to explore the implications of emerging financial technologies on the traditional roles of money and their alignment with Islamic principles.

## RESEARCH METHODS

The research design of this study adopts a qualitative analysis approach to thoroughly examine Imam Al-Ghazali's economic thought, with a particular emphasis on his conceptualization of the function of money within the framework of Islamic economics. This methodology facilitates a comprehensive exploration of Al-Ghazali's writings, offering researchers an opportunity to delve into and interpret his views on monetary theory and practice, while grounding these ideas within the broader context of Islamic principles. The qualitative analysis involves an in-depth review of both primary texts authored by Al-Ghazali and secondary sources that provide interpretation and commentary on his economic ideas.

To achieve a nuanced understanding of Al-Ghazali's thoughts on money, researchers will employ a variety of analytical techniques such as content analysis, hermeneutics, and comparative analysis. Content analysis will enable the systematic identification and categorization of key themes in Al-Ghazali's writings. Hermeneutics, focusing on interpretation, will assist in unpacking the philosophical underpinnings of his economic ideas, particularly regarding the ethical and moral dimensions of monetary use in Islamic society. Comparative analysis may also be applied to position Al-Ghazali's ideas relative to other scholars of his time, as well as to contemporary Islamic economic theories. Through this multifaceted approach, the study seeks to situate Al-Ghazali's contributions within the larger body of Islamic economic thought, potentially revealing the extent

of his influence on or divergence from modern perspectives on the role of money in Islamic economies.

The study is based on a literature review methodology, focusing on both primary sources (the writings of Imam Al-Ghazali himself) and secondary sources that analyze his contributions to Islamic economic theory, particularly the function of money. The literature review will concentrate on Al-Ghazali's works related to Islamic economics and monetary functions, as well as scholarly discussions that have examined or critiqued these works. By including both direct writings and interpretations, the study ensures a comprehensive analysis of his views on the role of money in Islamic economic thought.

The data for this study will be collected exclusively through an extensive literature search, ensuring the inclusion of relevant sources that directly address Imam Al-Ghazali's economic ideas. The inclusion criteria consist of primary and secondary sources specifically addressing Al-Ghazali's views on Islamic economics and monetary theory. Any sources not directly relevant to these topics will be excluded from the analysis. Given the nature of this study, no participants are involved, and as such, there is no need for statistical analysis. Instead, the focus remains on qualitative interpretation, drawing insights from textual sources.

Ethical considerations have been addressed, with the study adhering to guidelines set forth by the relevant ethics committee. Although this research does not involve human participants, all ethical protocols, including informed consent and confidentiality, have been meticulously followed for any secondary data sources used in the study.

This qualitative and literature-based approach will illuminate the significance of Al-Ghazali's thoughts on the function of money and their enduring relevance within the field of Islamic economics, while also exploring the intersections between his medieval context and contemporary Islamic monetary theory.

## RESULTS AND DISCUSSION

### 1. Biography of Imam Al-Ghazali

Imam Al-Ghazali, born in 1058 CE in Tus, Persia (modern-day Iran), is one of the most influential Islamic scholars in history. He is renowned for his contributions to philosophy, theology, and Islamic jurisprudence, particularly in the realm of ethics and economics. Al-Ghazali's early education began in his hometown, where he studied under various scholars, eventually moving to Nishapur to study under the prominent theologian Al-Juwayni. His quest for knowledge led him to travel extensively across the Islamic world, including Baghdad, where he engaged with various intellectual traditions and schools of thought.

Al-Ghazali's most significant work, "*Ihya' Ulum al-Din*" (Revival of the Religious Sciences), integrates Islamic teachings with philosophical inquiry, addressing the spiritual and ethical dimensions of human existence. In this work, he emphasizes the importance of intention and the moral implications of actions, which extends to economic behavior. His writings reflect a deep concern for the ethical use of wealth and the responsibilities of individuals within society.

In the context of Islamic economics, Al-Ghazali's thoughts on money are particularly noteworthy. He argued that money should serve as a means to achieve social justice and welfare, rather than merely a tool for personal gain. His perspective on the function of money aligns with the broader Islamic principles of fairness, equity, and the prohibition of usury (*riba*). Al-Ghazali

believed that wealth should be distributed fairly and that individuals have a moral obligation to assist those in need, which is a recurring theme in his economic writings.

Al-Ghazali's influence extends beyond his lifetime, as his ideas have shaped Islamic thought and practice for centuries. His works have been studied and revered by scholars across various disciplines, including economics, theology, and philosophy. His ability to synthesize Islamic teachings with rational inquiry has made him a pivotal figure in the development of Islamic intellectual tradition.

In addition to his scholarly contributions, Al-Ghazali held various administrative and teaching positions throughout his life, including a notable role as a professor at the Nizamiyya madrasa in Baghdad. His tenure there allowed him to influence a generation of scholars and students, further disseminating his ideas on ethics, economics, and spirituality.

Al-Ghazali passed away in 1111 CE, leaving behind a rich legacy that continues to resonate in contemporary discussions on Islamic finance and ethics. His emphasis on the moral dimensions of economic behavior remains relevant today, as scholars and practitioners seek to align financial practices with Islamic values.

Imam Al-Ghazali's life and work represent a profound intersection of spirituality and economics, advocating for a just and ethical approach to wealth and financial transactions. His contributions have laid the groundwork for future generations to explore the relationship between faith and economic practice within the framework of Islamic teachings.

## 2. Concept of Money from Imam Al-Ghazali's Perspective

Imam Al-Ghazali, a prominent Islamic scholar of the 11th century, offers a profound understanding of money within the framework of Islamic economics. His thoughts on money are intricately linked to his broader philosophical and ethical views, emphasizing the moral implications of economic behavior. This section explores Al-Ghazali's conceptualization of money, its functions, and its role in promoting social welfare.

In Al-Ghazali's perspective, money is not merely a medium of exchange or a store of value; it is a tool that should be utilized in accordance with Islamic ethical principles. He defines money as a "*qimam al-dunya*," or a means to facilitate worldly transactions, which underscores its importance in daily life (Sholihin, 2023). Al-Ghazali emphasizes that money should be viewed as a blessing from Allah (SWT) and should be used responsibly to fulfill both personal and communal needs (Sholihin, 2023). This perspective aligns with the Islamic view that wealth is a test and a means to achieve greater social justice and welfare.

Al-Ghazali identifies several key functions of money that extend beyond its conventional roles. Firstly, he views money as a unit of account, which allows individuals to measure and compare the value of goods and services (Zahra, 2023). This function is crucial for establishing fair trade practices and ensuring transparency in economic transactions. Secondly, he emphasizes the role of money as a facilitator of social welfare. Al-Ghazali argues that money should be used to support charitable activities, such as *zakat* (almsgiving) and *waqf* (endowments), which contribute to the well-being of society (Gunariah, 2023).

Moreover, Al-Ghazali critiques the speculative nature of money in conventional economics, where it is often treated as a commodity for trading rather than a means to achieve ethical ends

(Gunariah, 2023). He warns against the dangers of treating money as an end in itself, which can lead to greed and social inequality. Instead, he advocates for a balanced approach that prioritizes moral considerations and the welfare of the community over mere profit maximization (Sholihin, 2023).

A significant aspect of Al-Ghazali's thought is the ethical dimension of economic behavior. He posits that the use of money should be guided by Islamic moral values, which prioritize the common good (*maslahah*) and discourage harmful practices (*mafsadah*) (Sarif & Ahmad, 2018). This ethical framework encourages individuals to engage in economic activities that not only benefit themselves but also contribute positively to society. Al-Ghazali's emphasis on ethical consumption and responsible financial practices resonates with contemporary discussions on sustainable and socially responsible finance (Anriani, 2023).

Imam Al-Ghazali's perspective on money offers valuable insights into the intersection of economics and ethics within Islamic thought. His understanding of money as a tool for social welfare, coupled with his emphasis on moral responsibility, provides a comprehensive framework for approaching economic activities in a manner that aligns with Islamic values. By integrating ethical considerations into financial practices, Al-Ghazali's teachings remain relevant in contemporary discussions on Islamic finance and economic justice.

The book *Adab Ad-Dunya Wa Ad-Din* by Al-Mawardi provides a comprehensive framework for understanding the ethical principles that should guide business practices within an Islamic context. Several key concepts emerge from this text that are essential for building and running a business ethically.

#### **a. The Prohibition of Hoarding Money in Islamic Economics from the Perspective of Imam Al-Ghazali**

Imam Al-Ghazali, a prominent Islamic scholar of the 11th century, provides a comprehensive framework for understanding the ethical implications of wealth and the prohibition of hoarding money (*al-Ihtikār*) within Islamic economics. His thoughts are deeply rooted in the principles of justice, social welfare, and moral responsibility, which are essential to the Islamic economic system.

Al-Ghazali emphasizes that money should not be viewed merely as a commodity for personal gain but as a means to achieve social justice and welfare. He argues that hoarding money disrupts the flow of wealth in society, leading to economic stagnation and inequality. According to Al-Ghazali, the act of hoarding is not only detrimental to the individual but also harmful to the community at large, as it prevents resources from being utilized for productive purposes and social benefit.

In his seminal work, "*Ihya' Ulum al-Din*," Al-Ghazali discusses the moral implications of wealth accumulation and the ethical responsibilities of individuals towards their community. He posits that wealth is a trust from Allah (SWT) and should be used to promote the common good. The prohibition of hoarding aligns with the broader Islamic principle of ensuring that wealth circulates within the community, thereby fostering economic activity and supporting those in need.

Al-Ghazali's perspective on hoarding also reflects the Islamic teachings on zakat (charitable giving) and waqf (endowments), which are mechanisms designed to redistribute wealth and

alleviate poverty. By hoarding money, individuals neglect their obligations to contribute to societal welfare, which is a fundamental aspect of Islamic ethics.

From an economic standpoint, hoarding money can lead to several negative consequences, including inflation and reduced liquidity in the market. Al-Ghazali's insights resonate with contemporary economic theories that highlight the importance of money circulation for economic stability. By discouraging hoarding, Al-Ghazali advocates for a dynamic economy where resources are actively utilized for production and consumption, benefiting society as a whole.

Furthermore, Al-Ghazali's teachings encourage individuals to engage in ethical financial practices that prioritize social responsibility over mere profit maximization. This approach not only aligns with Islamic values but also contributes to the overall health of the economy by promoting equitable distribution of wealth.

Imam Al-Ghazali's perspective on the prohibition of hoarding money offers valuable insights into the ethical and economic dimensions of wealth in Islamic thought. His emphasis on social justice, moral responsibility, and the circulation of wealth underscores the importance of using money as a tool for community welfare rather than personal accumulation. By adhering to these principles, individuals can contribute to a more just and equitable economic system that reflects the core values of Islam.

#### **b. The Problems of Riba from Imam Al-Ghazali's Perspective**

Imam Al-Ghazali, a towering figure in Islamic thought, provides a critical analysis of *riba* (usury or interest) and its implications for individuals and society within the framework of Islamic economics. His perspective on *riba* is rooted in ethical, social, and economic considerations, emphasizing the detrimental effects of interest-based transactions on both personal morality and communal welfare.

Al-Ghazali argues that *riba* is fundamentally exploitative, as it allows lenders to profit at the expense of borrowers, often leading to increased poverty and social inequality. He posits that the prohibition of *riba* is not merely a legalistic concern but a moral imperative that reflects the Islamic commitment to justice and fairness in economic transactions (Hati et al., 2020; Nordin et al., 2022). By allowing *riba*, society risks fostering an environment where wealth is concentrated in the hands of a few, undermining the principles of equity and social responsibility that are central to Islamic teachings (Setiawan, 2023).

From an economic standpoint, Al-Ghazali highlights the negative impact of *riba* on financial stability and economic growth. He asserts that interest-based lending creates a cycle of debt that can lead to financial crises, as borrowers struggle to repay loans that accrue interest over time (Marlina, 2023; Zainudin et al., 2019). This perspective is particularly relevant in light of contemporary financial crises, which have often been linked to excessive reliance on debt and speculative practices (Anjum, 2022). Al-Ghazali's insights suggest that an economy built on *riba* is inherently unstable and prone to collapse, as it lacks the ethical foundations necessary for sustainable growth.

Al-Ghazali emphasizes that the prohibition of *riba* is essential for promoting social justice and welfare. He advocates for financial practices that prioritize risk-sharing and equitable profit distribution, as opposed to the exploitative nature of interest-based transactions (Hati et al., 2020;



Jatmiko et al., 2023). By adhering to Islamic principles that reject *riba*, individuals and institutions can contribute to a more just economic system that benefits all members of society, particularly the marginalized and disadvantaged (Othman et al., 2020). This aligns with the broader Islamic economic framework, which encourages charitable giving (*zakat*) and community support as means to alleviate poverty and promote social cohesion.

Imam Al-Ghazali's perspective on *riba* underscores its multifaceted problems, encompassing ethical, economic, and social dimensions. His critique of interest-based transactions highlights the need for an Islamic economic system that prioritizes justice, equity, and moral responsibility. By prohibiting *riba*, Islamic finance aims to create a more stable and just economic environment, fostering social welfare and promoting the common good. Al-Ghazali's insights remain relevant today as scholars and practitioners seek to align financial practices with Islamic values, addressing the challenges posed by conventional economic systems.

### c. Currency Trading from the Perspective of Imam Al-Ghazali

Imam Al-Ghazali strongly opposes the practice of hoarding currency, particularly in the form of gold and silver, which have historically been used as money due to their homogeneity, durability, and scarcity. He asserts that hoarding such currency disrupts the natural flow of wealth within society, contradicting the principles of Islamic economics that emphasize circulation and fair distribution. According to Al-Ghazali, the amount of money circulating in society should ideally correspond to the reserves of gold and silver held by the government. This alignment ensures stability in the value of money and helps maintain economic equilibrium (Aryanti, 2022).

In addition to condemning hoarding, Al-Ghazali is highly critical of practices that lead to the devaluation or counterfeiting of currency. This includes actions such as mixing inferior metals with gold and silver coins or reducing the metal content in the currency, resulting in debased or counterfeit money. Al-Ghazali refers to such practices as unethical and harmful, as they undermine trust in the monetary system and erode economic stability. He advises individuals to remain vigilant regarding counterfeit currency, urging them to identify its origin and dispose of it appropriately. Furthermore, in transactions where counterfeit money is unknowingly received, the individuals involved are not held accountable for sin, as the act was committed without knowledge or intent (Sholihin, 2023).

Counterfeiting, according to Al-Ghazali, is not merely an individual sin but poses a significant threat to society as a whole. It distorts the economic system by reducing the value of currency, harming not just the individual but the collective economic well-being of the community. Therefore, fraudulent actions that lead to currency devaluation should be penalized by authorities to prevent further harm (Sudiarti & Syarvina, 2022).

However, Al-Ghazali also makes a notable distinction when such practices are officially sanctioned by the state. If the state mixes metals in coins and this action is acknowledged by all users in the economy, then such practices are permissible. This reflects the concept of representative money (or token money), where the currency no longer has intrinsic value based solely on its metal content but rather serves as a representation of value. Al-Ghazali recognizes the right of public authorities, such as the state treasurer, to adjust the metal content in currency under specific circumstances. This practice underscores the monopoly of the ruling authority over the

monetary system, particularly during the feudal era, when such adjustments were sometimes necessary to maintain control over the economy (Ayios et al., 2013).

Through these insights, Al-Ghazali emphasizes the ethical responsibility that both individuals and the state must uphold in maintaining the integrity of currency and ensuring that it functions as a stable medium of exchange that supports justice and societal welfare.

#### **d. The Role of Money According to Imam Al-Ghazali: Public Finance, State Role, Revenue, Public Debt, and Expenditure**

Imam Al-Ghazali, a prominent Islamic scholar, provides a comprehensive framework for understanding the role of money within the context of public finance, the responsibilities of the state, revenue generation, public debt, and expenditure. His insights are deeply rooted in Islamic principles that prioritize social welfare, justice, and ethical governance.

Al-Ghazali emphasizes that the state plays a crucial role in managing public finance to ensure the equitable distribution of wealth and resources. He argues that the government should oversee the circulation of money, ensuring that it aligns with the reserves of gold and silver, which serve as the foundation of the monetary system. This alignment is essential for maintaining economic stability and preventing inflation (Ibrahim, 2020; Prasanth, 2023). The state is responsible for implementing policies that promote economic growth while safeguarding the interests of the community, reflecting the Islamic principle of *maslahah* (public interest).

In terms of revenue, Al-Ghazali advocates for a diversified approach that includes taxation, *zakat* (almsgiving), and other forms of public revenue. He underscores the importance of transparency and fairness in tax collection, ensuring that the burden of taxation is equitably distributed among the populace (Wiguna et al., 2020). Al-Ghazali's teachings suggest that revenue generation should not solely focus on maximizing income but also consider the social implications of fiscal policies, promoting welfare and reducing inequality.

Al-Ghazali's perspective on public debt is nuanced. He acknowledges that borrowing can be necessary for financing public projects and addressing economic challenges. However, he warns against excessive debt accumulation, which can lead to fiscal instability and undermine the economic well-being of future generations (Bialek-Jaworska, 2021; Carissimo et al., 2023). Al-Ghazali emphasizes that any public debt incurred should be sustainable and used for productive purposes that benefit society, rather than for frivolous expenditures.

When it comes to public expenditure, Al-Ghazali advocates for responsible and ethical spending practices. He argues that government expenditures should prioritize essential services such as education, healthcare, and infrastructure, which contribute to the overall welfare of the community (Jha & Sharma, 2004; Rahman et al., 2022). Al-Ghazali's teachings highlight the importance of accountability in public spending, ensuring that funds are allocated effectively and transparently to achieve the desired social outcomes.

Imam Al-Ghazali's insights into the role of money in public finance, the responsibilities of the state, revenue generation, public debt, and expenditure provide a comprehensive framework for understanding Islamic economic principles. His emphasis on ethical governance, social welfare, and responsible financial management remains relevant today as policymakers seek to create

equitable and sustainable economic systems. By adhering to these principles, governments can foster a more just society that aligns with the core values of Islam.

## CONCLUSION

Imam Al-Ghazali, an influential 11th-century Islamic scholar, offers a distinct perspective on the concept of money in Islamic economics. Unlike conventional economics, which views money as a tradable commodity and a means for personal wealth accumulation, Al-Ghazali emphasizes money's role as a medium of exchange and a tool for promoting social welfare and economic justice. He argues that money should circulate in society and be used productively to uphold the principles of fair wealth distribution and poverty alleviation.

Al-Ghazali warns against hoarding money, as it disrupts the economic system and hinders societal well-being. He also highlights the importance of using money for broader social objectives, such as building infrastructure and supporting economic empowerment through practices like waqf (endowment). Al-Ghazali's thoughts underscore the role of money as a social instrument that supports justice, welfare, and economic stability in alignment with the higher objectives of Islamic law (maqasid al-shariah).

As we move forward, future studies should explore the contemporary relevance of Al-Ghazali's economic thought in addressing modern financial challenges. This includes examining the implications of his teachings on current issues such as digital currencies, the impact of globalization on local economies, and the ethical dimensions of emerging financial technologies. Additionally, research could focus on the application of Al-Ghazali's principles in developing sustainable economic policies that align with the goals of Maqasid al-Shariah, thereby fostering a more just and equitable economic system.

Furthermore, interdisciplinary studies that integrate Al-Ghazali's economic philosophy with contemporary fields such as behavioral economics, environmental sustainability, and social entrepreneurship could yield valuable insights. By bridging traditional Islamic economic thought with modern economic practices, scholars can contribute to a more holistic understanding of how to navigate the complexities of today's financial landscape while remaining true to the ethical foundations laid by Imam Al-Ghazali.

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