

A systematic literature review on the role of Islamic monetary policy in Indonesia's economic development

Raid Azhar Romadhan¹, Ely Yuliana², Elrizky Elsa Wisnuna³

^{1,2,3} Universitas Trunojoyo Madura, Indonesia

Corresponding author: 220721100065@student.trunojoyo.ac.id

JIEMB | 235

Abstract

This study examines the relationship between Islamic monetary policy and Indonesia's economic development through a systematic literature review (SLR) approach. The research aims to identify how Islamic monetary instruments contribute to achieving national economic goals of justice, equality, and sustainable growth. Data were collected from thirteen indexed journal publications in Scopus, DOAJ, and Sinta databases that discuss Islamic monetary policy and its role in Indonesia's economy. The results show that Islamic monetary instruments such as the Wadiah Bank Indonesia Certificate (SWBI) and the Interbank Mudarabah Investment Certificate (IMA) enhance liquidity management, stabilize prices, reduce unemployment, and promote equitable wealth distribution. The findings indicate that Islamic monetary frameworks contribute significantly to financial stability, real-sector productivity, and social welfare. However, structural and institutional challenges remain, including regulatory inconsistencies and limited integration between Islamic banking and national monetary policy. The study contributes theoretically by reinforcing the role of Sharia-based instruments in achieving *maqasid al-shariah* and practically by offering insights for policymakers to strengthen coordination, financial literacy, and innovation in Sharia-compliant monetary mechanisms. Future research should incorporate empirical and econometric models to assess the quantitative impact of Islamic monetary policy on key macroeconomic indicators such as inflation, employment, and GDP growth.

Keywords: Islamic monetary policy; economic development; sharia banking; financial stability; systematic literature review.

Introduction

Islamic monetary policy plays a vital role in maintaining macroeconomic stability by aligning financial instruments with Sharia principles that emphasize justice, balance, and social welfare. The main objective of monetary policy in Islam is to ensure fair distribution of wealth, encourage productive investment, and prevent speculative or exploitative practices that may harm economic stability (Ibrahim, 2012). However, Indonesia continues to

face complex economic challenges such as poverty, inflation, social inequality, unemployment, and fiscal imbalance. These persistent issues indicate that conventional monetary approaches have not fully addressed the multidimensional aspects of economic welfare and social justice required by Islamic economic principles.

The Indonesian economy has shown steady growth over the past decade, yet the benefits of development have not been distributed evenly. Economic inequality remains a serious concern, as reflected in the Gini ratio, which continues to fluctuate within a relatively high range (BPS, 2023). According to the Central Statistics Agency, the poverty rate in 2022 stood at 9.54 percent, while the unemployment rate reached 5.86 percent. Meanwhile, inflation increased to 5.51 percent due to post-pandemic disruptions and global market volatility (Bank Indonesia, 2023). These indicators reveal that Indonesia's economic growth has not been sufficiently inclusive, and the effectiveness of fiscal and monetary management remains limited in promoting equitable welfare.

Monetary policy plays a crucial role in maintaining price stability, promoting investment, and managing liquidity to ensure sustainable economic growth. In this context, Islamic monetary policy provides an alternative framework for addressing Indonesia's economic problems. It eliminates the use of interest-based mechanisms and prioritizes moral and ethical principles such as justice, equality, and brotherhood (Karim, 2014). According to Chaidir et al. (2022), the implementation of Islamic monetary policy can significantly influence the stability of the national economy by promoting fairness and equitable distribution of income. Saiyed (2021) also highlights that the adoption of sharia-compliant monetary systems can reduce inflation, improve financial inclusivity, and strengthen national resilience against global financial crises.

Despite the growing recognition of Islamic monetary principles, their practical application in Indonesia remains limited and fragmented. Previous studies, such as those by Mansur (2013) and Saiyed (2021), have primarily focused on theoretical concepts and central bank regulations, with limited empirical analysis of their impact on Indonesia's economic development. There is still a research gap in understanding how Islamic monetary policy contributes to real economic sectors, reduces inequality, and supports long-term sustainable growth. Therefore, this study aims to explore the relationship between Islamic monetary policy and

Indonesia's economic development by synthesizing evidence from various academic sources through a systematic literature review (SLR) approach.

Figure 1 illustrates the trend of Indonesia's monetary economic deficit from 2019 to 2024, reflecting persistent fiscal pressure that challenges the effectiveness of national monetary management in maintaining macroeconomic stability.

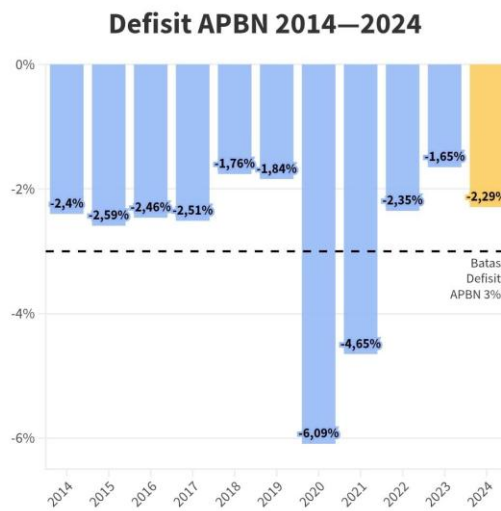


Figure 1. Monetary economic deficit in 2019–2024
(Source: Bisnis Indonesia, 2024)

As shown in Figure 1, the continuous deficit underscores the urgent need for comprehensive and integrated policies that align monetary management with sharia values. In line with this, Islamic monetary policy offers mechanisms that emphasize productive investment, fairness, and social justice. It aims to achieve stability not only in the financial sector but also in broader aspects of economic welfare. The integration of Islamic principles into national monetary systems could thus serve as a viable solution to bridge the gap between economic growth and equitable distribution.

This study seeks to determine the extent to which Islamic monetary policy contributes to resolving Indonesia's economic challenges and to identify the factors that influence its implementation. By using the systematic literature review (SLR) method as proposed by Kitchenham and Charters (2007), this research systematically identifies, evaluates, and interprets relevant studies from reputable databases. The SLR approach allows the integration of diverse evidence into a comprehensive synthesis that

answers key research questions regarding the role of Islamic monetary policy in promoting economic development and social justice. The findings of this study are expected to contribute theoretically to the development of Islamic economic thought and practically to the formulation of monetary strategies that align with Indonesia's national development objectives.

Literature review

Islamic monetary policy theory

Islamic monetary policy is a mechanism designed to achieve stable exchange rates for fiduciary money by eliminating the use of interest rates and other instruments prohibited by sharia. Furthermore, monetary policy in Islamic economics is a branch of economics that examines the nature, function, and impact of monetary policy on a country's economic activities. Islamic monetary policy emphasizes not only the supply and demand for money but also the principles of equality, justice, and brotherhood, which aim to promote fairness and ensure an equitable distribution of wealth and income (Abdianti et al., 2023).

Currency stability is a top priority in monetary management because it reflects price stability, which ultimately influences the achievement of national economic development objectives. These objectives include fulfilling basic needs, promoting equitable income and wealth distribution, fostering optimal real economic growth, expanding employment opportunities, and maintaining overall economic stability. Therefore, monetary management activities are expected to contribute positively to the realization of these goals.

Monetary management in accordance with sharia principles is expected to help achieve the objectives of Islam. However, given the absence of interest, discount rate instruments, and open market operations based on interest-bearing securities, several questions arise regarding how to balance the supply and demand for money without relying on interest, and how monetary policy can actively contribute to achieving economic objectives. In this context, Islamic economics offers alternative instruments to replace conventional interest-based mechanisms. The primary goal is to accelerate money circulation and develop real sector infrastructure. The supporting factors for this acceleration include preventing the hoarding of liquidity and prohibiting lending with interest.

Meanwhile, the recommended mechanisms for mobilizing funds include *qard* (benevolent loans), almsgiving, and business partnerships in the form of *shirkah* or *muḍārabah*. The main advantage of this cooperative system is that both investors and funders share experiences, information, supervision methods, management, and knowledge of business risks. Furthermore, several theories related to monetary regulation from a sharia perspective have been developed, encompassing money demand, money supply, monetary policy, and the instruments applicable within this framework.

Indonesian economic development

Indonesia's economic development relies heavily on regional development, particularly through infrastructure transformation that prioritizes programs and projects implemented within the framework of the National Strategic Projects (*Proyek Strategis Nasional*, PSN). Economic development in Indonesia can be defined as a process of increasing both total and per capita income, taking into account population growth and involving structural transformations in the national economy, as well as the achievement of equitable income distribution among citizens.

The development process is supported by the utilization of technology, capital investment, and continuous improvement in human skills, knowledge, and organizational capabilities. Several key factors underpin Indonesia's economic development, including sustained economic growth, income equality, enhancement of human resource quality, infrastructure expansion, and the advancement of key economic sectors.

One of the main initiatives is the National Strategic Projects (PSN), which coordinates and accelerates major development projects across various regions. The government is currently completing 200 national strategic projects and 12 national strategic programs. Another significant policy framework is the National Long-Term Development Plan (*Rencana Pembangunan Jangka Panjang Nasional*, RPJPN) for the period 2005–2025, which aims to improve the efficiency, direction, and sustainability of Indonesia's economic planning.

In addition, the Master Plan for the Acceleration and Expansion of Indonesian Economic Development (*Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia*, MP3EI) serves as a

strategic guideline to enhance Indonesia's competitiveness and stimulate rapid economic growth. The National Economic Recovery Program (*Program Pemulihan Ekonomi Nasional*, PEN), launched in 2020, was specifically designed to mitigate the adverse impacts of the COVID-19 pandemic through comprehensive fiscal and monetary measures, including the allocation of state budget funds.

Furthermore, regional economic programs focus on empowering rural communities through inter-ministerial collaboration involving the Ministry of Development of Disadvantaged and Underdeveloped Regions, the Ministry of Finance, the Ministry of State-Owned Enterprises, the Ministry of Communication and Informatics, and Bank Indonesia. The Indonesian government also implements various complementary programs aimed at stimulating economic growth, including industrial and agricultural development, human resource improvement, and infrastructure expansion (Vanni et al., 2025).

Islamic monetary policy in Indonesia

Sharia-based monetary policy in Indonesia carries specific implications for the functions of the central bank in relation to sharia-compliant banks. The statutory reserve, also known as the minimum reserve requirement, represents the minimum portion of deposits that commercial banks must hold in the form of reserves. Deposits at Bank Indonesia (BI) are determined as a percentage of third-party funds. In this context, third-party funds include wadiah current accounts, mudarabah savings, mudarabah investment savings, and other liabilities. Third-party funds in Rupiah exclude funds received by banks from Bank Indonesia (BI) and Rural Banks (*Bank Pembiayaan Rakyat Syariah*, BPRS), whereas third-party funds in foreign currencies comprise current accounts, investment savings, and other obligations.

The inter-bank Islamic Mudarabah Investment Certificate (*Sertifikat Investasi Mudarabah Antarbank*, IMA) serves as a profit-generating instrument for Islamic banks with surplus funds and functions as a short-term financing mechanism for banks experiencing liquidity shortages. The Wadiah Bank Indonesia Certificate (*Sertifikat Wadiah Bank Indonesia*, SWBI) is a BI-issued instrument equivalent to an Islamic sharia-compliant tool used in open market operations. SWBI can be utilized by Islamic banks with excess liquidity to place short-term funds securely and productively.

Islamic central banking policy must be designed to influence the growth of the money supply in a manner that supports medium- and long-term production expansion while aligning with other macroeconomic objectives such as price stability and sustainable financing. The goal is to ensure adequate financial growth –neither excessive nor insufficient– so that it can foster equitable economic development and prosperity within society. This objective reflects a realistic and long-term vision consistent with Islamic principles.

Achieving these Islamic economic objectives requires not only the implementation of comprehensive economic and social reforms that adhere to Islamic law but also an active governmental role in harmonizing all national policies, including taxation, fiscal, and revenue policies. Monopolistic practices must be eliminated, and continuous efforts should be directed toward promoting all productive factors that can enhance the availability of goods and services in the economy.

The relationship between Islamic monetary policy and Indonesian economic development

The relationship between Islamic monetary policy and Indonesia's economic development can be explained by the suitability of Islamic financial principles within the Indonesian economic system. Islamic monetary policy does not merely concern the supply and demand of money, but emphasizes the principles of justice, solidarity, equality, and equitable distribution of wealth and income. Considering that a large portion of the Indonesian population still experiences wage inequality and limited access to fair economic opportunities, the implementation of Islamic monetary policy offers an alternative framework for achieving inclusive and sustainable growth.

Islamic monetary policy represents the central bank's effort to manage national financial stability and promote equitable profit-sharing mechanisms. By avoiding dependence on interest rates, the Indonesian economy demonstrates greater stability during global downturns or crises, such as the global financial crisis in 2008 and the monetary crisis in 1998. Unlike conventional systems that rely on interest rate fluctuations, the Islamic monetary approach reduces vulnerability to external shocks that often lead to economic turmoil and instability.

The relationship between Islamic monetary policy and Indonesia's economic development can be identified through the following aspects:

1. Price stability: Islamic monetary policy promotes price stability, which is a fundamental condition for sustainable economic development.
2. Financial soundness: It enhances financial system health through the application of sharia-compliant instruments based on moral and ethical values.
3. Economic resilience: By discouraging speculative activities and emphasizing asset-backed transactions, Islamic monetary policy strengthens economic resilience.
4. Economic growth facilitation: It supports investment and productivity that contribute to balanced and inclusive economic growth.
5. Social protection: The policy framework encourages social welfare through equitable resource distribution and risk-sharing mechanisms.
6. Economic freedom: Islamic monetary policy upholds economic freedom within the boundaries of ethical and legal principles derived from Islamic law.
7. Sustainable development: It ensures long-term economic sustainability by aligning monetary objectives with moral and social considerations.

In Indonesia, Islamic monetary policy has been adopted as an instrument to ensure price stability, maintain financial health, strengthen economic resilience, promote economic growth, and guarantee social protection and sustainable development since its initial implementation by Bank Indonesia around 2010 (Kurniawan & Wibowo, 2019).

Research methods

This study employed a systematic literature review (SLR) approach using data from various journal sources. Specific criteria were established regarding the data sources utilized. The data were obtained from electronically indexed journals with ISSN and E-ISSN, including Scopus-indexed journals that meet at least the Q3 standard, and DOAJ-indexed journals with reputable international

recognition. Nationally, the data sources also include journals accredited by Sinta with a minimum rating of Sinta 5. Data collection was carried out through several academic databases, including Google Scholar, Dimensions, and the Web of Science.

The data population consists of journals that focus on Islamic monetary policy in relation to economic development and the challenges that hinder the implementation of Islamic monetary policy in Indonesia. A total of thirteen indexed journals from various publishers were identified and selected through a rigorous screening process to ensure that the studies analyzed could provide comprehensive insights into Islamic monetary policy and its role in Indonesia's economic development.

According to Kitchenham and Charters (2007), a systematic literature review (SLR) is a process of identifying, assessing, and interpreting all available research evidence to answer specific research questions. The present study follows the guidelines proposed by Kitchenham and Charters (2007), ensuring methodological rigor and transparency.

As illustrated in Scheme 1, the SLR was conducted in three main stages: planning, data collection, and reporting of findings. The first stage involved identifying and reviewing relevant literature related to Islamic monetary policy and its role in Indonesia's economic development. The selected studies were critically evaluated and systematically analyzed for their relevance to the research objectives.

The second stage included defining research questions, developing research strategies, selecting studies through inclusion and exclusion criteria, assessing quality, and performing data extraction and synthesis. The third stage involved reporting the research findings based on the reviewed literature from the previous stages. These findings are discussed in the results section and summarized in the conclusion.

Research questions

Research questions were formulated to maintain the focus and depth of the systematic review. The questions were developed using the Population, Intervention, Comparison, Outcomes, and Context (PICOC) framework (Kitchenham and Charters, 2007). Table 1 presents the PICOC structure of the research questions on Islamic monetary policy in Indonesian economic development.

Table 1. Summary of PICOC for Islamic monetary policy

Component	Description
Population	Islamic monetary policy and its role in improving Indonesia's economy
Intervention	The use of Islamic monetary policy compared to conventional policy
Comparison	Conventional monetary policy
Outcomes	Economic growth, equality, and stability in inflation and prices
Context	Policies to enhance growth, reduce poverty and inequality, and stabilize prices in the context of Islamic monetary systems

Table 2 presents the list of research questions developed for this study.

Table 2. Research questions in the systematic literature review

ID	Research Question	Motivation
RQ1	What journals discuss Islamic monetary policy in Indonesia's economic development or general economic development?	Identify journals relevant to the topic
RQ2	How significant is the influence of Islamic monetary policy on economic development?	Determine the extent of influence
RQ3	What issues affect Islamic monetary policy in Indonesia's economic development?	Identify influencing factors
RQ4	What government policies address issues that hinder Islamic monetary policy in Indonesia?	Identify policy responses
RQ5	What is the relationship between Islamic monetary policy and economic development in Indonesia?	Explore interrelations
RQ6	What research methods are used in studying Islamic monetary policy and economic development?	Identify methodological approaches
RQ7	What frameworks are used in Islamic monetary policy to enhance Indonesia's economic development?	Identify commonly applied theoretical frameworks

From Table 2, RQ3 and RQ7 serve as the main research questions, while RQ1 and RQ2 help identify relevant journals and determine the magnitude of the policy's impact on Indonesia's economy.

Scheme 2 illustrates the predictive framework related to the impact of Islamic monetary policy on economic development. Since this study focuses on Indonesia, the discussion emphasizes economic development policies and their implications for national welfare. Islamic monetary policy offers significant potential benefits, as Islam promotes fairness in all economic activities and prohibits

practices that lead to inequality or oppression. The circulation of money is a key concern in Islamic economics, ensuring equitable distribution and preventing problems such as inflation and social disparity. The central bank plays a vital role in maintaining this balance through sound monetary regulation.

Search strategy

The search strategy in this SLR involved multiple activities: selecting journal sources from academic databases, defining search strings, refining keywords, and retrieving relevant studies from digital repositories. Appropriate databases were carefully chosen to maximize the likelihood of identifying relevant articles.

Search strings were developed from validated journals indexed in Scopus, Sinta, and DOAJ. The search process involved identifying terms from the PICOC framework, focusing on population and intervention, as well as defining relevant keywords from titles, abstracts, and subject areas. Boolean operators (AND, OR) and synonyms were employed to broaden or refine search results.

The search process was restricted to publications within the last ten years and included journal articles, conference proceedings, and reports. The search results were then refined to ensure that only relevant studies aligned with the research objectives were retained.

Study selection

Inclusion and exclusion criteria were applied to select studies that met the research objectives. Table 3 summarizes these criteria.

Table 3. Inclusion and exclusion criteria

Criteria	Inclusion	Exclusion
Scope	Studies on Islamic monetary policy using small or large data sets	Studies lacking empirical or theoretical evidence
Focus	Studies discussing Islamic monetary policy in Indonesia's economic development	Studies unrelated to Indonesia or Islamic monetary policy
Indexing	Journals indexed by Scopus, DOAJ, or Sinta with ISSN	Non-indexed or unverified publications
Language	Written in English or Indonesian	Written in other languages
Period	Published within the last 10 years	Published earlier than 10 years ago

Data extraction

Data were extracted from the selected studies to address the research questions. A data extraction form was designed to collect relevant information from primary sources. The extracted data were categorized based on the properties identified in the research questions and analytical process. Table 4 shows the mapping of data extraction properties to the corresponding research questions.

Table 4. Data extraction mapping

Property	Research Question
Identification and publication of journals	RQ1, RQ2, RQ3
Policy influence and issues related to Islamic monetary implementation	RQ4, RQ5
Research methods used in Islamic monetary policy studies	RQ6
Frameworks applied to Islamic monetary policy for economic development	RQ7

Quality evaluation and data synthesis

The evaluation process was conducted to assess the quality and reliability of the selected studies. This stage aimed to ensure that the conclusions drawn were based on strong empirical or conceptual evidence. The synthesis process integrated both qualitative and quantitative findings to generate a comprehensive understanding of the topic.

High-quality studies were given greater weight in the synthesis process, allowing the results to be interpreted with greater accuracy and confidence. The evaluation and synthesis outcomes serve as valuable references for future research on Islamic monetary policy and its implications for economic development in Indonesia.

Results and discussion

The systematic literature review identified thirteen journal publications that analyzed Islamic monetary policy in Indonesia's economic development, along with various issues and challenges related to its implementation. These studies, drawn from reputable databases and indexed journals, contribute to the growing body of research exploring the relationship between Islamic monetary instruments, macroeconomic performance, and social welfare. The journals that met the inclusion criteria are listed in Table 5, and the selected studies are summarized in Table 6.

Table 5. Journal publications that have been searched and filtered

No	Publisher name (publication)	Category and year
1	European Journal of Islamic Finance	e-ISSN 2421-2172 (2019) DOAJ
2	Jurnal Ekonomi & Studi Pembangunan (JESP)	e-ISSN 2541-5506 (2021) DOAJ and Sinta 2
3	Journal of Management, Accounting, Economics and Business	e-ISSN 2985–6205 (2021) Sinta 4
4	Jurnal Penelitian Ekonomi Akuntansi (JENSI)	e-ISSN 2615-1227 (2023) Sinta 5
5	Studia Economica: Jurnal Ekonomi Islam	e-ISSN 2809-4964 (2015) Sinta 3
6	Jurnal Ilmiah Ekonomi Islam (JIEI)	e-ISSN 2579-6534 (2022) Sinta 3
7	Jurnal Keislaman	e-ISSN 2089-7413(2023) Sinta 5
8	BISNIS: Jurnal Bisnis dan Manajemen Islam	e-ISSN 2477-5533 (2018) Sinta 3
9	Syariati: Jurnal Studi Al-Qur'an dan Hukum	e-ISSN 2599-1507 (2017) Sinta 4
10	Ekonis: Jurnal Ekonomi dan Bisnis	e-ISSN 2549-5003 (2019) Sinta 5
11	Jurnal Asy-Syukriyyah	e-ISSN 2715-6753 (2021) Sinta 5
12	Jurnal Ekonomi Syariah	e-ISSN 2548-5032 (2023) Sinta 4
13	Islamic Banking: Jurnal Pemikiran dan Pengembangan Perbankan Syariah	e-ISSN 2686-5149 (2018) Sinta 4

Table 6. Selected studies on Islamic monetary policy and Indonesian economic development

No	Researchers	Topic	Method	Results
1	Uddin et al., 2019	Can GDP Growth Link Instrument Be Used For Islamic Monetary Policy?	Descriptive quantitative	The study discusses the impact of Islamic monetary policy on a country's GDP growth.
2	Nasution et al., 2021	Islamic Monetary Instruments Contribution to Economic Growth: Literature Study	Qualitative descriptive with literature study	Islamic monetary policy instruments increase economic growth in a country and demonstrate their practical application.
3	Hubara et al., 2021	Penerapan Kebijakan Moneter Islam pada Sistem Perekonomian Indonesia	Qualitative descriptive with library study	The implementation of Islamic monetary policy in the Indonesian economy has a major impact on Indonesia's economic growth.

No	Researchers	Topic	Method	Results
4	Nasution & Batubara, 2023	Penerapan Kebijakan Moneter Islam pada Sistem Perekonomian Indonesia	Qualitative descriptive with library study	The implementation of Islamic monetary policy has begun in Indonesia but still requires improvements for fair distribution and optimal growth.
5	Latifah, 2015	Kebijakan Moneter dalam Perspektif Ekonomi Syariah	Descriptive qualitative	Islamic monetary policy positively affects economic growth, equality, and public welfare.
6	Hiya, 2022	Studi Literatur Kebijakan Moneter Islam tanpa Bunga	Qualitative descriptive with literature study	Interest-free Islamic monetary policy promotes money circulation and broad employment opportunities.
7	Maharani, 2023	Kebijakan Moneter dalam Prespektif Ekonomi Islam pada Pembangunan Ekonomi	Qualitative descriptive with literature study	Islamic monetary policy supports sustainable development, stabilizes prices, and promotes equitable money distribution.
8	Tambunan & Nawawi, 2018	Analisis Kausalitas Cranger Kebijakan Moneter Syari'ah Terhadap Perekonomian Indonesia	Quantitative with VAR model	Islamic monetary policy positively affects Indonesia's economy and reduces social inequality.
9	Purwanto, 2017	Kebijakan Pengendalian Moneter di Indonesia dalam Perspektif Perbankan Syari'ah	Descriptive qualitative with literature study	Islamic monetary instruments support Indonesia's economic growth.
10	Setiawan, 2019	Peran Perbankan Syariah terhadap Pengangguran dalam Sistem Perbankan dan Moneter Ganda di Indonesia	Descriptive quantitative with var model	Islamic banking reduces unemployment by providing financing that creates new job opportunities.
11	Alim & Suryadi, 2021	Uang dan Moneter Islam dalam Sistem Moneter Ganda di Indonesia	Descriptive qualitative with literature study	Money management in Islamic monetary policy enhances welfare through fair money circulation.
12	Lukito et al., 2023	Kebijakan Moneter Syariah di Indonesia	Qualitative descriptive with	Islamic monetary policy has a broad impact on

No	Researchers	Topic	Method	Results
			research review study	national economic development and public welfare.
13	Amri, 2018	Analisis Kebijakan Moneter pada Awal Pemerintahan Islam terhadap Pembangunan Perekonomian Islam	Qualitative descriptive	The study shows that Islamic monetary policy historically contributed to economic growth and remains relevant in Indonesia today.

The analysis of these studies reveals five dominant themes related to Islamic monetary policy in Indonesia: (1) its influence on national economic growth, (2) its implementation within Indonesia's macroeconomic structure, (3) the role of Islamic monetary instruments, (4) the contribution of Islamic banking in addressing unemployment and inflation, and (5) its impact on GDP and social welfare.

Across the literature, most scholars agree that Islamic monetary policy has a positive and significant effect on Indonesia's economic development. Studies such as those by Nasution and Batubara (2023), Hubara et al. (2021), and Latifah (2015) demonstrate that the application of sharia-based monetary systems fosters equitable income distribution, improves welfare, and strengthens economic stability. These findings align with Islamic economic theory emphasizing justice, equality, and the prohibition of usury as core principles for sustainable development. Maharani (2023) further reinforces that Islamic monetary policy enhances price stability and prevents economic distortions by discouraging speculative practices and promoting real-sector financing.

In addition, Lukito et al. (2023) and Tambunan and Nawawi (2018) emphasize the contribution of Islamic monetary policy to inclusive and sustainable growth by reducing social inequality and promoting wealth circulation. These results support the argument that Islamic monetary mechanisms can serve as effective instruments for addressing persistent issues of poverty and disparity within developing economies such as Indonesia.

The reviewed studies also highlight the importance of the government's active role and institutional coordination in implementing sharia-based monetary frameworks. Hubara et al. (2021) and Nasution and Batubara (2023) point out that despite

notable progress, there remain structural and regulatory barriers that limit the full integration of Islamic monetary principles into national economic policy. These gaps indicate a need for policy alignment between Islamic financial institutions and the central bank to achieve coherent and effective monetary governance. The literature agrees that policy coordination between the government, Bank Indonesia, and Islamic financial institutions is essential to ensure monetary stability and equitable economic outcomes.

Islamic monetary instruments play a central role in operationalizing these policies. Nasution et al. (2021) and Purwanto (2017) identify key tools such as the Wadiah Bank Indonesia Certificate (SWBI) and the Interbank Mudarabah Investment Certificate (IMA) as crucial in promoting liquidity management and stable money circulation. These instruments, based on partnership and ethical finance principles, provide effective alternatives to interest-based tools in the conventional system. Their success depends on regulatory support and strong supervision by the central bank to maintain transparency and public trust in sharia financial products.

Another important theme in the reviewed studies is the contribution of Islamic banking to employment and inflation management. Hiya (2022) finds that interest-free Islamic monetary systems encourage productive investment, which leads to job creation and stable income distribution. Setiawan (2019) shows that Islamic banks actively contribute to reducing unemployment by providing accessible financing for micro, small, and medium enterprises, creating new business opportunities and enhancing household welfare. Alim and Suryadi (2021) add that money circulation in Islamic monetary systems must remain active and fair, as hoarding or stagnation of capital contradicts Islamic ethical principles. These findings demonstrate that Islamic banking not only serves financial functions but also acts as a socio-economic agent for equitable growth.

The relationship between Islamic monetary policy and GDP growth is another significant focus of the reviewed studies. Uddin and Radwan (2019) argue that GDP-linked monetary instruments can enhance national economic performance when applied within Islamic frameworks. The implementation of Islamic monetary policy has been shown to increase investment productivity and stimulate national income through real-sector activities. This supports the

assertion that Islamic monetary systems directly contribute to GDP growth by linking financial transactions to tangible assets and productive sectors rather than speculative capital movements.

Collectively, the reviewed studies demonstrate that Islamic monetary policy plays an essential role in promoting Indonesia's economic development. Its emphasis on ethical finance, equitable wealth distribution, and sustainable growth aligns with the national goals of social justice and macroeconomic stability. However, despite the positive impacts identified, several authors emphasize that challenges remain, including regulatory inconsistency, public awareness, and limited integration between Islamic banking and monetary policy frameworks. These challenges need to be addressed through institutional reform and continuous collaboration between policymakers, financial authorities, and scholars.

The synthesis of findings from the thirteen reviewed studies affirms that Islamic monetary policy contributes not only to financial stabilization but also to broader social welfare objectives. It provides a moral and ethical foundation for economic development that balances growth with justice and inclusivity. The review also highlights research gaps that warrant further investigation, particularly empirical assessments of the quantitative impact of Islamic monetary instruments on inflation control, financial inclusion, and long-term sustainability. Future studies are encouraged to integrate macroeconomic modeling and socio-religious perspectives to strengthen theoretical and practical understanding of how Islamic monetary policy can enhance Indonesia's economic resilience.

Quality assessment and study limitations

The quality assessment process ensured that only credible and relevant studies were included in this review. Each selected article was evaluated based on journal indexing status, methodological rigor, theoretical consistency, and clarity of analysis. Studies published in Scopus, DOAJ, or Sinta-accredited journals with clear methodological explanations received higher weighting during synthesis. This approach helped minimize bias and maintain analytical reliability across the reviewed studies. However, some limitations remain. First, variations in research design and measurement indicators among the reviewed studies created challenges in establishing direct comparability. Second, the majority

of the literature focused on qualitative and conceptual approaches, with limited quantitative validation of Islamic monetary policy impacts. Third, most studies relied on secondary data without cross-regional or longitudinal perspectives, which restricts the generalization of findings. Future research should therefore expand the empirical scope by integrating econometric modeling, macro-financial simulations, and multi-country comparative analyses to deepen the understanding of how Islamic monetary policy influences Indonesia's long-term economic resilience.

Conclusion

This study concludes that Islamic monetary policy plays a fundamental role in promoting Indonesia's economic development by integrating ethical, social, and economic dimensions rooted in sharia principles. The systematic review of thirteen indexed journal publications reveals that Islamic monetary instruments such as the Wadiah Bank Indonesia Certificate (SWBI) and the Interbank Mudarabah Investment Certificate (IMA) effectively support liquidity management, enhance price stability, and promote equitable wealth distribution. Islamic monetary frameworks contribute positively to economic growth, reduce unemployment through real-sector financing, and strengthen resilience against financial crises. These outcomes indicate that the implementation of Islamic monetary policy aligns closely with Indonesia's broader development goals of justice, inclusivity, and sustainability.

Despite these positive impacts, the findings also indicate that several structural and institutional barriers still limit the optimal application of Islamic monetary principles in Indonesia. Regulatory inconsistencies, limited policy coordination between Bank Indonesia and Islamic financial institutions, and low public awareness hinder the full realization of Islamic monetary objectives. Moreover, most current implementations focus on financial stabilization rather than comprehensively integrating Islamic values into fiscal and macroeconomic policies. Addressing these challenges requires harmonized regulatory frameworks, enhanced financial literacy, and stronger institutional collaboration to align sharia-based monetary mechanisms with national economic strategies. Theoretically, the findings contribute to Islamic monetary economics by reinforcing the relevance of sharia-based instruments as alternatives to interest-driven systems, while also demonstrating their role in

achieving *maqāṣid al-sharī'ah* through justice, equality, and sustainable growth.

This study acknowledges several limitations. The reviewed literature primarily consists of qualitative and conceptual analyses with limited quantitative validation and comparative scope. Differences in methodology and indicators across studies also restrict the generalization of findings. Future research should therefore incorporate empirical and econometric models to measure the direct impact of Islamic monetary policy on key macroeconomic indicators such as inflation, employment, financial inclusion, and GDP growth. Longitudinal and cross-country comparative studies are also recommended to deepen the understanding of Islamic monetary systems and to develop practical frameworks that can guide policymakers in formulating inclusive and sustainable sharia-based monetary policies. Practically, this study provides insights for policymakers and financial regulators to integrate Islamic monetary policy into national fiscal planning, strengthen coordination among financial institutions, promote public awareness, and encourage innovation in sharia-compliant instruments to enhance Indonesia's long-term economic stability and social welfare.

References

- Abdianti, D., Restu, A., Al Ayyubi, S., & Hidayat, F. (2023). Konsep Kebijakan Moneter dalam Perspektif Ekonomi Islam. *Trending: Jurnal Manajemen dan Ekonomi*, 1(3), 213-226. <https://doi.org/10.30640/trending.v1i3.1140>
- Alim, M. N., & Suryadi, D. (2021). Uang dan Moneter Islam dalam Sistem Moneter Ganda di Indonesia. *Jurnal Asy-Syukriyyah*, 22(2), 211-238. <https://doi.org/10.36769/asy.v22i2.169>
- Amri, H. (2018). Analisis Kebijakan Moneter Pada Awal Pemerintahan Islam terhadap Pembangunan Perekonomian Islam. *Islamic Banking: Jurnal Pemikiran dan Pengembangan Perbankan Syariah*, 3(2), 1-16. <https://doi.org/10.36908/isbank.v3i2.41>
- Chaidir, T., Rois, I., & Jalaluddin. (2022). Konsistensi Waktu Optimal Mekanisme Transmisi Kebijakan Moneter pada Sistem Moneter Ganda di Indonesia. *Elastisitas: Jurnal Ekonomi Pembangunan*, 4(1), 59–76. Retrieved from <https://elastisitas.unram.ac.id/index.php/elastisitas/article/view/57>

- Hiya, N. N. (2022). Studi Literatur Kebijakan Moneter Islam tanpa Bunga. *Jurnal Ilmiah Ekonomi Islam*, 8(1), 868–875. <https://doi.org/10.29040/jiei.v8i1.4307>
- Ibrahim, Z. (2012). Sistem Moneter dalam Perspektif Ekonomi Islam. *Alqalam*, 29 (1), 141-160, doi:10.32678/alqalam.v29i1.592.
- Karim, A. A. (2016). *Ekonomi Makro Islami*. Depok: PT RajaGrafindo Persada
- Kitchenham, B., & Charters, S. (2007). Guidelines for Performing Systematic Literature Reviews in Software Engineering. *Technical report, EBSE Technical Report EBSE-2007-01*. <https://docs.edtechhub.org/lib/EDAG684W>
- Kurniawati, F. (2018). Pengendalian Inflasi dalam Perspektif Ekonomi Islam (Studi Efektivitas Instrumen Moneter Syari'ah di Lampung). *Adzkiya: Jurnal Hukum dan Ekonomi Syariah*, 6(2). <https://doi.org/10.32332/adzkiya.v6i2.1252>
- Latifah, N. A. (2015). Kebijakan Moneter dalam Perspektif Ekonomi Syariah. *Jurnal Ekonomi Modernisasi*, 11(2), 124-134. <https://doi.org/10.21067/jem.v11i2.873>
- Lestari, D. P., & Rani, L. N. (2022). Analysis of Internal and External Factors Affecting the Liquidity of Sharia Commercial Banks in Indonesia. *Jurnal Ekonomi Syariah Teori Dan Terapan*, 9(4), 559–572. <https://doi.org/10.20473/vol9iss20224pp559-572>
- Lukito, R. M., Wulpiah, W., & Taufik, A. (2023). Kebijakan Moneter Syariah di Indonesia. *EJESH: Journal of Islamic Economics and Social*, 1(1), 34-43. <https://doi.org/10.32923/ejesh.v1i1.3250>
- Maharani, D. (2023). Kebijakan Moneter dalam Prespektif Ekonomi Islam pada Pembangunan Ekonomi. *Jurnal Keislaman*, 6(2), 360-368. <https://doi.org/10.54298/jk.v6i2.3915>
- Mansur, A. (2013). Kebijakan Moneter dan Implikasinya terhadap Pembangunan Ekonomi dalam Perspektif Islam. *Tsaqafah*, 9(1), 57-74.
- Nasution, A.M., & Batubara, M. (2023). Penerapan Kebijakan Moneter Islam pada Sistem Perekonomian Indonesia. *Jurnal Penelitian Ekonomi Akuntansi (JENSI)*, 7(1), 144 - 154. <https://doi.org/10.33059/jensi.v7i1.7665>
- Nasution, J., Soemitra, A., Ismal, R., Al Jawi, A., Nasution, M. I. M., & Afrizal, A. (2021). Islamic Monetary Instruments Contribution to Economic Growth: Literature Study. *E-Mabis: Jurnal Ekonomi Manajemen dan Bisnis*, 22(2), 42-51. <https://doi.org/10.29103/e-mabis.v22i2.690>

- Purwanto, H. (2017). Kebijakan Pengendalian Moneter di Indonesia dalam Perspektif Perbankan Syariah. *Syariat: Jurnal Studi Al-Qur'an dan Hukum*, 3(01), 103-118. <https://doi.org/10.32699/syariat.v3i01.1146>
- Uddin, M. A., Ali, M. H., & Radwan, M. (2019). Can GDP Growth Link Instrument Be Used For Islamic Monetary Policy?. *European Journal of Islamic Finance*, (13). <https://doi.org/10.13135/2421-2172/3543>
- Romadhan, R. A., Serli, S., Aghliyah, S. P., Oktanti, R. A., & Putra, T. R. (2024). Pemikiran Al-Maqrizi dan Keynesian Tentang Teori Perbandingan Inflasi dalam Perspektif Islam dan Konvensional. *Buletin Ekonomika Pembangunan*, 5(2). <https://doi.org/10.21107/bep.v5i2.25933>
- Romadhan, R. A., Zakaria, A., Rifki, M., & Mashudi. (2025). Comparative Analysis of Roman-Persian Political and Economic Periods with Contemporary in Islamic Perspectives. *JPW (Jurnal Politik Walisongo)*, 7(1), 41–56. <https://doi.org/10.21580/jpw.v7i1.24846>
- Saiyed, R. (2021). Pengendalian Inflasi, Moneter dan Fiskal dalam Perspektif Ekonomi Makro Islam. *Jurnal Ilmiah Bongaya*, 5(1), 42-49.
- Setiawan, I. (2019). Peran Perbankan Syariah Terhadap Pengangguran Dalam Sistem Perbankan Dan Moneter Ganda Di Indonesia. *Ekonis: Jurnal Ekonomi dan Bisnis*, 21(1).
- Sugianto, Harmain, H., & Harahap N. (2015). Mekanisme Transmisi Kebijakan Moneter di Indonesia Melalui Sistem Moneter Syariah. *Human Falah: Jurnal Ekonomi dan Bisnis Islam*, 2(1), 50-74.
- Tambunan, K., & Nawawi, M. I. (2018). Analisis Kausalitas Cranger Kebijakan Moneter Syariah terhadap Perekonomian Indonesia. *BISNIS: Jurnal Bisnis dan Manajemen Islam*, 5(2), 225-238. <http://dx.doi.org/10.21043/bisnis.v5i2.3012>
- Tian, M., Deng, P., Fan, R., & Li, C. (2018). How Can Culture Affect Innovation? A Systematic Literature Review. *Academy of Management Proceedings*, 2018(1), 15506. <https://doi.org/10.5465/ambpp.2018.15506abstract>
- Triandini, E., Jayanatha, S., Indrawan, A., Werla Putra, G., & Iswara, B. (2019). Metode Systematic Literature Review untuk Identifikasi Platform dan Metode Pengembangan Sistem Informasi di Indonesia. *Indonesian Journal of Information Systems*, 1(2), 63–77. <https://doi.org/10.24002/ijis.v1i2.1916>
- Vanni, K. M., Yahya, M., Murtadho, A., & Faizah, F. N. (2025). Sharia-compliant financing as fiscal policy instrument: an Islamic economic approach to budget deficit management. *Journal of Islamic Economics Management and Business (JIEMB)*, 7(1), 1-24. <https://journal.walisongo.ac.id/index.php/JIEMB/article/view/26208>

