



## The Role of Retail Sukuk in Development and Investment Financing: Ibn Khaldun's Perspective in the State Economy

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Entered : October 29, 2024

Accepted : November 15, 2024

Revised : November 5, 2024

Published : November 27, 2024

### ABSTRACT

*This article examines the role of retail sukuk as a sharia financial instrument in supporting development and investment financing, by integrating the perspective of Ibn Khaldun's economic thought. Retail sukuk functions as an alternative financing that involves direct community participation, while supporting the realization of sustainable development projects, such as infrastructure, education, and health. In Ibn Khaldun's view, a country's economic development requires a balance between the role of the government and community contributions. The principles of justice and transparency inherent in retail sukuk are in line with the concept of wealth distribution and inclusive economic management in Ibn Khaldun's theory. This article also highlights how the implementation of retail sukuk can encourage economic growth, expand the investor base, and create social stability through a more equitable distribution of benefits. By integrating sharia principles and moral values taught by Ibn Khaldun, retail sukuk can be a strategic instrument in building a just and sustainable economy. This research offers a new perspective on the synergy between classical thinking and modern financial innovation to support national economic development.*

**Keywords:** Retail Sukuk, Development Financing, Investment, Islamic Economics, Ibn Khaldun, Wealth Distribution, Social Stability, Sustainable Development

### How to cite:

Wafa, F. & Rohmah Maulidia (2024). The Role of Retail Sukuk in Development and Investment Financing: Ibn Khaldun's Perspective in the State Economy. *Journal of Islamic Economy*, 1(3), 35-46.

### INTRODUCTION

Retail State Sukuk (SR) series SR020 is one of the financial financing instruments issued by the government to raise funds from the public as domestic investors. Funds obtained through Retail Sukuk, including the SR020T3 and SR020T5 series, are used to finance various mega project activities listed in the State Budget. The Ministry of Finance stated that State Sukuk, including Retail Sukuk, play a strategic role in increasing national economic independence, reducing dependence on foreign financing, and strengthening Indonesia's economic structure. Therefore, Retail Sukuk functions as a source of financing for the State Budget and as a means of supporting the development of state infrastructure, contributing to the acceleration of economic growth towards the status of a Golden Indonesia in the future. Based on data from the Ministry of Finance's DJPPR, State Sukuk has had a significant impact on national development. From 2013 to February 15, 2024, the total cumulative issuance value of State Sukuk reached IDR2,572.49 trillion, with an outstanding value of IDR1,480.49 trillion in the same period. For financing infrastructure projects specifically, the government issues Project Sukuk. As of February 2024, Sukuk Projects have funded 6,104 projects with a total issuance value of IDR242.72 trillion. In recent years, Retail Sukuk as a sharia-based investment instrument has become increasingly popular with the public. Retail Sukuk is similar to sharia



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bonds because both have similar characteristics. Part of Government Securities (SBN), Retail Sukuk is included in the SBSN category, both issued by the government with sharia-based provisions. This financial instrument plays an important role in supporting national development financing, especially infrastructure projects, and offers an attractive investment alternative for the public. With the increasing interest in Retail Sukuk, the government continues to maximize its use to support economic stability and create sustainable prosperity for all Indonesian people. Retail Sukuk, as one of the sharia-based investment financing issued by the government through collaboration with sharia banking companies or institutions. The appointed institution plays a role in distributing State Sharia Securities (SBSN) to the public. The issuance of retail sukuk aims to support APBN financing and encourage national infrastructure development. As a sharia-based investment financing, retail sukuk is managed free from elements of maysir (speculation), gharar (uncertainty), and riba (interest). This provision was issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI). Like other investments, retail sukuk provides return benefits to investors. However, unlike bonds that offer coupons or interest and potential capital gains, Retail sukuk provide benefits based on a profit-sharing scheme, margin, ujrah (rental fee), or other forms of compensation that have been agreed upon in advance. This profit-sharing mechanism is regulated through an agreement agreed between the investor and the issuer or manager of the state sharia securities. The most respected famous figure and Muslim intellectual in the field of economics in the Islamic world, whose thoughts are most prominent, is Ibn Khaldun (1332-1406) (Saputra, TA 2021).

Ibn Khaldun was a Muslim scholar who is considered one of the greatest thinkers in history, making significant contributions to various disciplines such as economics, culture, politics, and sociology. His masterpiece, *Muqaddimah*, is an introduction or preface to universal history that outlines many highly relevant and profound concepts, which are still a source of inspiration today for intellectuals in both the Western and Islamic worlds (Faiz, MUHAMMAD, & BAB, I. 2020). Renowned historian AJ Toynbee called the *Muqaddimah* a masterpiece because of its depth of analysis in understanding human civilization, society, and history. Misbah al-Amily, an Arab scholar, even used Ibn Khaldun's work to compare the thoughts of the Arab and Greek traditions, showing how important Ibn Khaldun's contribution was to the development of global science. In the fields of sociology, philosophy, history, and politics, Ibn Khaldun is known for his broad and innovative views. He developed profound concepts regarding the dynamics of society, social structure, and changes in civilization, which influenced the thinking of great scientists around the world. For example, the theory of *asabiyyah* or social solidarity that he put forward as a determinant of the success of a country or civilization, is still studied today. Furthermore, Ibn Khaldun made a very significant contribution to the field of economics. His thoughts on factors of production, the law of supply and demand, and the influence of social conditions on the economy were far ahead of his time, and had a major impact on the development of Islamic economics. His thoughts, which are sometimes considered more advanced than classical European economists such as Adam Smith and David Ricardo, show that Ibn Khaldun deserves to be considered the Father of Economics, because the concepts he put forward are much more comprehensive and cover various dimensions of community life (Wardah, et al. 2024).

Thus, Ibn Khaldun was not only a scientist who changed the way of looking at history, politics, and economics, but also a thinker who has transcended the boundaries of time and space, having a major influence on scientific thought throughout the world. The genealogy of the thoughts of the father of economics Ibn Khaldun, especially his theory of history, has had a major impact on various levels of society, from ordinary people, government officials, to intellectuals. Interest in his ideas grew because history is seen as a science that is relevant throughout time (Nurhaerana, N. 2023). History does not merely record political and government events, but also explores past events through various narratives and symbolism.

Sayyed Hussein Alatas explains that the socio-historical method demands an understanding of religion and thought in the context of the time, place, culture, and environment in which it developed. Thus, changes in the thinking of figures are greatly influenced by local social and cultural dynamics. Throughout history, thinkers have sought to understand religious teachings and thought patterns from their primary sources, producing theories that have become references for society. Their thoughts and interpretations reflect personal character as well as responses to the challenges of the times, making significant contributions to the advancement of civilization. Without ignoring the achievements of past thinkers, the socio-historical method remains relevant to understanding religious teachings. This approach integrates ideal thinking with reality, thus enabling the understanding of religious teachings in the context of everyday life based on reality. The writing of articles on Ibn Khaldun's scientific thoughts is quite a lot today, while this article was written to complement scientific studies on Islamic economics in terms of the conceptual approach of Ibn Khaldun's thoughts with the relevance of a state economy based on domestic financing in the form of sukuk, and the approach of studying other relevant works. This study aims to analyze the role of retail sukuk in financing development and investment in developing countries, by referring to Ibn Khaldun's economic thinking as a theoretical framework. First, this article aims to identify the contribution of retail sukuk in supporting the country's economic and infrastructure development, and how this instrument can be an alternative to sustainable funding. In addition, this article will also explore the economic principles proposed by Ibn Khaldun in the *Muqaddimah*, especially those related to state financial management, wealth distribution, and the role of social solidarity in the economy. Next, this article will compare the relevance of Ibn Khaldun's thoughts with modern economic practices, particularly in the context of Islamic financial instruments such as retail sukuk, to identify their potential application in today's state economy. In addition, This article also aims to explore how retail sukuk can help create economic equality, as emphasized by Ibn Khaldun in the concept of *asabiyyah*, which highlights the importance of social solidarity in strengthening the economic stability of a country. Finally, this article aims to provide deeper insight into the relationship between retail sukuk, development financing, and the economic stability of a country through the perspective of Ibn Khaldun's economic theory that emphasizes social and economic balance. With these objectives, this article is expected to contribute to the understanding of the role of retail sukuk in the context of a country's economic development as well as the relevance of Ibn Khaldun's thoughts in contemporary economics, especially in the development of sharia-based financial instruments.

## **METHOD**

The writing method in this article uses a qualitative approach with a literature study method to explore and analyze the concept of retail sukuk and Ibn Khaldun's economic thoughts. This approach was chosen because the main focus of the article is to explore ideas derived from primary and secondary sources, which will help build a deeper understanding of the relationship between Ibn Khaldun's economic theory and the application of retail sukuk in development financing (Ramadhanty, L. 2019). The sources used include classic books by Ibn Khaldun, documents related to retail sukuk, and various other relevant academic studies. This literature review method is very appropriate because the material discussed focuses on the great figure or figures in the history of thought, namely Ibn Khaldun, who has made great contributions to science through his monumental work. His thoughts, which have been widely disseminated and become references for many writers and scientists in the next generation, provide a strong foundation for analyzing the relevance of his thoughts in the context of modern economics, especially in development financing through retail sukuk (Sadikin, 2021).

To analyze this material, a conceptual analysis approach is used that functions to connect the economic principles put forward by Ibn Khaldun with the application of retail sukuk in the context of current development financing. Through this approach, the study aims to understand

how Ibn Khaldun's ideas that focus on state financial management and wealth distribution can be applied in the use of retail sukuk as a sustainable financing instrument. Furthermore, this article also uses a descriptive-analytical approach, where this study not only describes how retail sukuk functions in development financing but also evaluates the extent to which this instrument is in accordance with the economic principles put forward by Ibn Khaldun. This approach allows the author to provide an in-depth analysis regarding the suitability between classical economic theory and modern sharia economic practices, as well as how these concepts can contribute to fairer and more sustainable development financing solutions.

## **RESULTS AND DISCUSSION**

### **Retail Sukuk**

Etymologically, the term sukuk comes from the word sakk, meaning a written record or certificate. Sukuk, the plural form of sakk in Arabic, refers to a documented record and reports transactions. In the book "Mu'jam Al-Mustholahaat Al-Iqtishadiyah Wal-Islamiyah", the term sakk is understood as "securities" or "ownership deeds". Meanwhile, sukuk as a description of a sharia financial financing instrument is issued by an entity to sukuk holders. These securities are long-term and require the issuer to distribute income to sukuk holders through profit sharing, margins, or fees. In addition, the issuer of sharia bonds is obliged to return the bond funds at maturity, in accordance with the guidelines stated in the Fatwa of the National Sharia Council-MUI Number.32/DSN-MUI/IX/2002. According to the Fatwa of the Indonesian Ulema Council No.32/DSN-MUI/IX/2002, sukuk are long-term securities issued based on sharia principles by issuers to sharia bond holders. Sukuk requires issuers to provide income to their holders in the form of profit sharing, margin/fees, and to return bond funds at maturity.

Rationally, sukuk instruments offer greater benefits than conventional bonds. The term and yield of Retail Sukuk can vary depending on the series issued by the government. Term: Retail Sukuk generally have a term of between 2 to 3 years. For example, a certain series of Retail Sukuk may have a term of 3 years or 2 years, depending on the issuance (Rarasati, I. 2022). Yield: The yield on Retail Sukuk also varies depending on the series and market conditions at the time of issuance. Typically, the yield on Retail Sukuk ranges from 5% to 7% per year, with yield payments made monthly or quarterly. Retail Sukuk have been issued since 2009, with a total of 12 issuances. The last issuance was the Retail Sukuk series SR-008 last March, with a total issuance of IDR 31.5 trillion and involving 48,444 investors.

#### **"ST-001 Series Savings Bonds"**

Sukuk Tabungan Series ST-001 is one type of State Sharia Securities (SBSN) issued by the Indonesian government, which can be purchased by Indonesian citizens (WNI). Sukuk Tabungan is one of the sharia investment financing instruments with the Wakalah principle (agency agreement), where investors provide funds to be managed by the government in projects that comply with sharia principles. Sukuk Tabungan is issued to provide an alternative investment security for investors, in accordance with sharia principles. The terms and conditions of ownership include: "Parties who can buy", sukuk savings can only be purchased by Indonesian citizens, proven by ownership of an active KTP. Purchases are made through selling agents appointed by the government, such as banks and securities companies. "Currency", issued in Rupiah (IDR). "Term", has a certain period of time which is usually around 2 years or more, depending on the issuance in each series. "Yield", is set at a fixed interest rate that is paid regularly (usually monthly) to investors. The yield varies depending on the series and issuance period. "Minimum and maximum purchase", The minimum purchase of Sukuk Tabungan ST-001 is IDR 1 million and multiples thereof. The maximum purchase can vary depending on the issuance provisions, but generally reaches IDR 5 billion. "Non-tradable", savings sukuk cannot be traded on the secondary market (non-tradable), so investors cannot sell or transfer this Sukuk to other parties before maturity. "Early redemption facility",

although non-tradable, usually offers an early redemption facility after a certain period, namely at the end of the first year of ownership, with a maximum provision of 50% of the amount of Sukuk owned by the investor. “Sharia Structure”, using the Wakalah (investment agency) contract structure, meaning that investors provide funds to the government to be managed in projects recommended by sharia principles. “Issuer and Management”, savings sukuk are managed by the government through the Ministry of Finance, using the proceeds from the Sukuk issuance to fund state development projects based on sharia principles (Harahap, MA 2020).

The formal legal basis for the issuance of Sukuk Tabungan is Law No. 19 of 2008 concerning SBSN and Regulation of the Minister of Finance No. 19 of 2015 concerning the issuance and sale of Sukuk Tabungan, later amended by Regulation of the Minister of Finance No. 110 of 2016. Sukuk Tabungan uses the Wakalah (investment agency sukuk) contract in accordance with the Fatwa of the National Sharia Council - MUI Number 95 of 2014 concerning SBSN Wakalah. The projects financed are generally related to infrastructure development that can have a direct positive impact on economic growth and improving people's welfare. The government has appointed 26 Selling Agents, consisting of 20 commercial banks (including 3 Islamic banks and 17 conventional banks) and 6 securities companies. The Sukuk Tabungan purchase period is open for 2 weeks, while the date and month are set at the beginning, to provide a period of time to the issuing partners.

Some examples of projects that can be financed with Sukuk Tabungan: Road and Bridge Development Projects, new construction, maintenance of highways, bridges, and toll roads to network connectivity between regions and support economic growth. Housing and Settlement Development Projects, construction of flats, simple houses, or housing projects for low-income communities to meet the need for decent housing. Renewable Energy Projects, construction of solar, wind, or other renewable energy power plants to support national energy sustainability and resilience. (Sasongko, I. 2023). Transportation infrastructure projects, development of mass transportation systems such as trains, bus rapid transit (BRT), or other transportation systems to improve community mobility. Water and Sanitation Management Projects, construction or maintenance of clean water supply, sanitation, and wastewater treatment systems to support the basic needs of the community. Health infrastructure projects, construction of health clinics, hospitals, or other health facilities to improve the need for access for the community to the importance of health services. Education projects, construction of school buildings, universities, or other educational facilities that can improve the quality of education in Indonesia. Technology and telecommunications projects, construction of telecommunications infrastructure, such as fiber optic networks or telecommunications towers to support digital transformation and more equitable internet access.

### **The Role of Retail Sukuk in Development and Investment Financing**

In accordance with Article 4 of the SBSN Law, the issuance of SBSN aims to support financing of the State Revenue and Expenditure Budget, which also includes development projects. Projects that can be funded with State Sukuk include the energy, telecommunications, transportation, agriculture, manufacturing, and housing sectors. In addition, the issuance of State Sukuk aims to expand the sources of financing for the state or company budget, encourage the development of the sharia financial market, create a benchmark in the sharia financial market, diversify the investor base, develop alternative investment instruments, optimize the use of state or company assets, and attract funds from the community that have not been reached by bonds or conventional banking (Iin, I. 2023). Retail Sukuk functions as an instrument for financing state development through direct community participation. The funds collected are used to fund infrastructure projects, such as roads, bridges, and other public facilities, without involving interest-bearing debt schemes. In addition, Retail Sukuk also provides an investment alternative for the community with competitive returns, certainty of

payment, and security guaranteed by the government. This encourages financial inclusion and expands the funding base for sharia-based development. , the issuance of State Sukuk also has other strategic impacts. including:

**a. Supporting the development of Islamic finance and industry**

Retail Sukuk supports the development of Islamic finance by providing safe, competitive, and Islamic-based investment instruments. This expands public participation in the Islamic financial market, increases financial literacy and inclusion, and strengthens the funding base of the Islamic financial industry. In addition, the issuance of Retail Sukuk also encourages the development of the Islamic capital market and creates opportunities for related industrial sectors, such as Islamic banking, investment managers, and securities companies. (Ariska, 2024). The existence of SBSN also provides an investment alternative for the Islamic financial industry that faces excess liquidity or wants to develop assets through SBSN. In addition, SBSN can be used to manage liquidity in the Islamic financial industry, with its tradable nature as needed. With a variety of tenor options, ranging from short term (6 months) to long term (more than 10 years), this tenor diversification balances the financial process of the industry in drafting investment portfolios.

**b. Supporting APBN infrastructure financing**

Retail Sukuk is one of the sources of funding for the APBN to finance infrastructure projects, such as roads, bridges, educational facilities, and health. With a sharia scheme, Retail Sukuk allows the government to obtain funds without relying on interest-based debt, while optimizing state-owned assets as underlying assets. This helps create a wider fiscal space in the APBN to support sustainable national development. Thus, in one year's budget, many government projects will receive funding both through expenditure and financing items. In the future, the government plans to focus more on issuing SBSN as a source of development financing. Along with economic growth, the community's ability to participate in purchasing SBSN will increase. The use of SBSN as infrastructure funding provides a greater opportunity for the community to succeed in national development (Purnama, AW 2022).

**c. Establish orderly and transparent BMN management**

Establishing orderly and transparent management of State Property (BMN) is an important step to create an effective and accountable government administration system. The first step that needs to be taken is the routine arrangement and inventory of BMN, by ensuring that every state asset is registered, has clear identification, and is recorded in a system that can be accessed by authorized parties. Furthermore, BMN management must be based on uniform operational procedures and standards, and supported by the use of information technology such as the asset management information system (SIMA) to facilitate efficient and coordinated management.(Fatan, L. 2024). Transparency is also a key aspect in the management of BMN, where all activities related to the use or transfer of BMN must be monitored and accessible to the public and supervisory institutions such as the BPK. Effective internal and external supervision is also very important to ensure that BMN management is carried out in an orderly manner and in accordance with applicable regulations. Therefore, there needs to be a periodic audit conducted by an independent auditor to assess the extent to which BMN management is in accordance with the provisions set. In addition, increasing human resource capacity is also no less important, by providing training to employees involved in BMN management regarding transparency procedures and principles. Finally, socialization to the public regarding good and correct BMN management will help increase transparency and ensure that the public is aware of developments in state asset management. With these steps, orderly and transparent BMN management can be achieved, supporting the achievement of better development and a cleaner and more accountable government.

The provision of basic assets in the form of BMN for the issuance of SBSN has encouraged an increase in administrative order in the management of BMN. Basic BMN assets used in the issuance of SBSN must be free from ownership disputes (clean) and equipped with complete supporting documents (clear), such as proof of ownership and other documents. This requirement encourages Ministries/Institutions to ensure complete administration, so that BMN has a clean and clear status. The use of BMN as a basic asset also encourages government agencies to be more disciplined in managing their assets. Overall, this strengthens accountability for state assets. In addition, the use of State Property (BMN) encourages the Ministry of Finance to re-evaluate state assets, so that the real value of assets can be known more accurately. This revaluation has proven to be able to increase the value of assets owned by the government.

#### **d. Improving the orderliness of government project management in infrastructure**

Improving the orderliness of government project management in infrastructure is an important strategic step to ensure that these projects run efficiently, on time, and on budget. The first step that needs to be taken is careful and structured planning. Every infrastructure project must have a clear planning document, including design, budget, implementation schedule, and monitoring and evaluation procedures, so that it can provide a strong basis for project implementation to run according to the goals and needs of the community. In addition, the implementation of an efficient project management system is also very important (Sholeh, MN, & Fauziyah, S. 2023). By utilizing technology and project management software, project managers can monitor project progress in real-time, see work status, budget expenditures, and identify problems early for immediate follow-up. Strict and accountable supervision is another important element in maintaining order. This supervision is carried out by internal institutions, external institutions, and the community, so that deviations or problems can be detected early. Periodic audits by the Audit Board of Indonesia (BPK) are also important to ensure the feasibility and accuracy of project budget management. In addition, improving the quality of trained and competent human resources (HR) greatly affects the smooth running of the project. Therefore, training in technical aspects of construction, financial management, and principles of transparency and accountability needs to be provided to project managers. Good collaboration and coordination between institutions involved in the project is also very necessary. Smooth communication between related parties will facilitate problem solving and ensure that the project continues according to plan. The application of good governance principles, such as transparency and community participation, can also improve order in the management of infrastructure projects.(Pattiraja, 2024)..By involving the public in planning and evaluation, the sense of ownership and concern for the project will increase. Finally, good risk management is essential in identifying and addressing potential problems that arise during project implementation, such as cost, time, and quality risks. With these steps, order in the management of infrastructure projects can be maintained, which in turn will support higher quality development and increase public trust in the management of government projects (Waruwu, 2024).

Likewise, the management of government projects by Ministries/Institutions, the use of projects as underlying assets encourages more orderly management, especially regarding the progress of project implementation and the withdrawal of funds according to plan. Completion of projects on time is one of the important requirements of sharia that must be included in the structure of the contract used. Delays in project completion result in non-compliance with the agreed contract, so it needs to be avoided in order to prevent more complicated legal consequences (Sari, et al. 2024).

#### **e.Supporting Bank Indonesia in conducting Open Market Operation (OMO)**

To control the inflation rate, the Central Bank's monetary policy implements money supply control, one of which is through open market operations (OMO). In OMO, Bank

Indonesia regulates the amount of money in circulation by buying or selling financial instruments. Currently, with the existence of short-term SBSN, Bank Indonesia functions as an instrument in Open Market Operation. Short-term SBSN, also known as State Treasury Bills-Sharia, can be obtained from Bank Indonesia through auctions on the primary market (M Ridhano, Y. 2021). In OMO, Bank Indonesia can buy or sell SPN-S to the financial industry, especially banking. To reduce the amount of money in circulation, Bank Indonesia will sell SPN-S to banks, so that the funds enter Bank Indonesia. Conversely, to increase the amount of money in circulation, Bank Indonesia will buy back SPN-S from the financial industry, so that the money flows into the community. The use of SPN-S is very important, especially when Bank Indonesia conducts OMO with the Islamic financial industry, which can only accept Islamic finance as part of asset portfolio financing.

### **Ibn Khaldun's Perspective of Thought in State Economics.**

Ibn Khaldun, a Muslim scholar who lived in the dark ages of Islamic civilization. He is considered a Muslim revolutionary figure who succeeded in reviving the richness of Islamic intellectualism, in the Middle Ages and early Renaissance period in Europe. Written as the first Muslim figure, as well as a scientist who is very diligent in taking a historical approach in the study of Islamic science, laying the foundations of science, especially the study of the civilization of al Ummat. His famous contribution in the field of economics makes him worthy of being called the "Father of Economics" in the history of economic thought (Sadewo, BS 2023). . Ibn Khaldun's economic concepts and analysis are widely recorded in his main work, Muqaddimah, which is the first entry volume of the seven volumes of the Book of al-'Ibar "full title: al-'Ibar wa Diwan al-Mubtada' wa al-Khabar fi al-A'yan wa al-'Arab wa al-'Ajam wa al-Barbar wa man'Asrahum min Zawi as-Sulthan al-Akbar". In this work, Ibn Khaldun discusses various topics such as the concept of value theory, the concept of division of labor, international trade law, the law of supply and demand, the concept of consumption, the theory of production, the concept of money, the role of trade circulation, public financial policies, and other macro-micro economics. Some of the relevance of Ibn Khaldun's economic thoughts on the state economy can be explained in a brief discussion below:

“On National Wealth”, Ibn Khaldun stated that the wealth of a country or nation is reflected in the density of economic activity carried out by the population of a country, not in the condition of gold and silver in large quantities owned. To increase prosperity, efforts are needed to drive more productive economic activities, such as increasing the volume of the ratio of productive and effective labor. This opinion is interesting because it contradicts the view of the mercantilist school of thought that emerged about two centuries later, which considered gold reserves as the main indicator of a nation's prosperity. Modern economic thought, after the era of mercantilism, is actually more in line with Ibn Khaldun's views. The national wealth of Ibn Khaldun's school of thought is similar to the concept of a country's income nationally in the study of modern macroeconomic literature. The wealth of a nation can increase or decrease depending on the ability of its population to drive the economy through productive activities. The more effective labor is utilized properly, the greater the prosperity of the nation, and vice versa.

“About Macroeconomic Equilibrium” that each country chooses the tendency to balance the country's economic conditions with adjustments between aggregate demand and aggregate supply. He stated, "Income and expenditure in a city or country tend to balance each other. If the city's income is large, its expenditure is also large, and vice versa. When both income and expenditure are large, its residents will enjoy the situation, and the city will grow and develop." Ibn Khaldun argued that increasing wealth and macroeconomic equilibrium are similar to the concept of the "multiplier effect" of effective labor according to Keynes' theory. He argued that when a country has high income and expenditure, it will attract the number of people looking for work. The effect is an increase in aggregate demand, then encourages an



increase in output production. Ultimately, this will further increase the country's income. "About International Trade", Ibn Khaldun's opinion on international trade covers various important aspects, such as production and distribution, capital formation and growth, trade cycles, money and prices, property and prosperity, population, industry, trade, and agriculture, and public spending. His thoughts aim to create justice for business people, which is marked by the growth of trust between them. Ibn Khaldun's ideas are based on transcendent values, because all his thoughts are based on Islamic teachings that aim to provide benefits for humans.

"On the Concept of Money", According to Ibn Khaldun, money is not welfare itself, but rather a tool to achieve it. He stated that money has two main functions: as a standard of exchange and as a store of value. Ibn Khaldun emphasized that gold and silver are the measure of the value of all capital accumulation, because they are naturally accepted as money with a stable value and are not affected by subjective fluctuations. "Allah created gold and silver as the measure of the value of all capital accumulation. These two metals are chosen by the world's population to be considered as property and wealth," he said. Therefore, Ibn Khaldun supports the use of gold and silver as monetary standards. According to him, minting coins is only a guarantee from the ruler that each coin contains a certain amount of gold or silver. Minting money, according to Ibn Khaldun, is a religious task and is not subject to worldly rules. The gold and silver content of a coin cannot be changed after the coin is issued or circulated. However, Ibn Khaldun also stated that money does not always have to contain gold and silver, even though both metals are used as standards of value. The government is tasked with setting the price of gold and silver consistently. Therefore, Ibn Khaldun suggested that the price of gold and silver remain stable, even though other prices fluctuate. According to Ibn Khaldun's view, the currency system he suggested resembles the gold bullion standard. In this system, gold is not used directly as a medium of exchange, but rather as a reference for determining the exchange rate of the currency in circulation. Gold coins are no longer used as the main currency, but paper money in circulation must have equivalent gold reserves as collateral (back up). This system also allows gold to be freely traded by the public. The concept of the gold standard was once widely applied in the period 1890–1914 AD. This is where Ibn Khaldun's astute analysis of the currency standard is seen. Like Al-Ghazali, he predicted that along with economic development, the currency standard or monetary system would change in the future.

"About the concept of Tax", The increase in tax value has a direct relationship between the role of private institutions and the role of the state, in order to create a sustainable economic system. According to Ibn Khaldun, the government of a country is an important factor as a source of production. Through government spending, production can increase, while through excessive taxes, production can actually weaken. Because the government is the largest market for orders of goods and services, reducing state spending not only has an impact on sluggish business activities and decreasing profits, but also reduces tax revenues. The greater the government spending, the impact tends to be positive for the economy. High spending encourages the government to fulfill the needs of the community, while ensuring economic stability, legal stability, implementation of regulations, and dynamic politics. Without this stability, producers lose their incentive to produce, ultimately hampering economic development. In his opinion, incentives to work are greatly influenced by tax policy. High tax increases tend to reduce production and population levels. This is due to the disincentive effect caused, where people are reluctant to produce because of the increasing variable costs which are ultimately borne by customers or consumers. In addition, the burden of high taxes can encourage emigration of residents to other regions or countries with lighter tax burdens, so that the tax base for both objects and subjects is reduced. As a result, tax revenues also declined. Ibn Khaldun concluded that an important factor in supporting business prospects is to ease the tax burden as much as possible. This aims to encourage business activities to run and contribute to higher profitability after deducting tax costs. He explained that "when taxes and customs are light, people will be encouraged to work harder. Business will grow, provide greater

satisfaction to the community because of low taxes, and overall, tax revenues will actually increase from the total tax calculations made. Ibn Khaldun stated that taxes must be imposed proportionally according to the taxpayer's ability. In the context of modern taxation, this means that the implementation of progressive taxes, such as income tax, needs to be encouraged through improving the tax database and administration. Meanwhile, indirect taxes such as VAT, which reduce the purchasing power of the community at large, must be eliminated immediately. The elimination of VAT will cause a direct decrease in the price of goods, which in turn will increase demand. Increased demand, if supported by a conducive investment climate, will attract investors to invest and increase supply. This interaction between demand and supply will create profits for companies, which will then be taxed by a transparent and efficient tax administration, so that state revenues will increase.

“About Market Mechanism”, Market mechanism is a system that determines the formation of prices, which in the process can be influenced by various things including; demand and supply, distribution, government policy, workers, money, taxes and security. In the process of the market mechanism, the principle of morality is required including; healthy competition (fair play), honesty, transparency, and justice. Ibn Khaldun in his book *al-Mukadimah* states that if a city develops and its population increases, full of luxury, then basic goods will decrease, while luxury goods will increase. This is because city dwellers have a high surplus of food exceeding their needs, while the supply of food will increase along with the increasing lifestyle which results in an increase in demand for luxury goods. When the availability of necessities is low, the price will increase. However, there is an import of these necessities so that their availability is abundant, the price will fall. This means that the power of demand and supply determines the balance of prices. Ibn Khaldun also explained that small profits will make trade sluggish because sellers are not enthusiastic. On the other hand, if the price is high, the market will also be sluggish because buyers are not enthusiastic. It would be very dangerous for the government to intervene and monopolize the market which would actually narrow the industrial and commercial space of its people. The principle of equal opportunity for anyone to produce must be adopted. Economic life guarantees the process of giving each other between sectors or between producers and consumers on the same opportunity (Yani, N. 2024).

## CONCLUSION

Sharia Retail Sukuk, a financing instrument based on the concept of sharia principles, plays an important role in financing development and investment, both at the national and global levels. This sukuk not only provides a more sustainable funding alternative for infrastructure development projects and the real sector, but also encourages active community participation in the country's economic activities. Through a structure that is in accordance with sharia principles, retail sukuk not only meets financing needs, but also strengthens the values of justice and transparency in the management of public funds. One of the main advantages of retail sukuk is its ability to accommodate the investment needs of the wider community, provide competitive returns, and ensure that the investment is used for productive purposes and is beneficial to the development of the country. Thus, retail sukuk can function as an instrument that encourages financial inclusion, expands the investor base, and has a positive impact on the country's economy. In addition, Ibn Khaldun's thoughts on the state economy, contained in his monumental work *Muqaddimah*, can provide invaluable insight into understanding the role of the economy in development. Ibn Khaldun emphasized the importance of social stability, fair distribution of wealth, and wise management of resources in creating national prosperity. His view of the cycle of civilization - where a healthy economy serves as the main pillar of state stability - can be integrated in the context of retail sukuk as a supporting instrument for the distribution of equitable wealth distribution, as well as creating sustainable economic development. The integration of Ibn Khaldun's thoughts in the state economy highlights the

importance of creating an economic system that does not only focus on growth and development, the aspect of equality becomes important to pay attention to, sustainable management, and strengthening institutions that support social justice. In this case, Sharia retail sukuk can be considered as a tool that is in line with these principles, where this financial instrument prioritizes transparency, justice, and social responsibility in its management. Overall, Sharia retail sukuk has great potential to contribute to inclusive and sustainable development financing, as well as being an effective means of facilitating community participation in the country's economy. Through a comprehensive study of the economic principles taught by Ibn Khaldun, we can optimize the use of instruments such as sukuk to achieve the goal setting of more equitable, just, stable, and sustainable economic development.

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