

**Islamizing The System of Economy:  
Solution Toward An Economical Welfare For The Islamic Landscape**

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**Abstract**

*This paper attempts to offer Islamic economic system as the solution of the actualization of the economic welfare of ummah. It went from the failure of the capitalist economic system (capitalism) and socialist economic system (socialism) that causes the global crisis, even the fall of a country. The topics in the paper discusses in depth related to the cause of the failure of the capitalist economic system (capitalism) and socialist economic system (socialism). Next, author perform related in-depth analysis of the Islamic economic system is concerned with the construction of the economic system of Islam; comparison of the characteristics of economic activities that based on Islamic values with non-Islamic-based economic activities; comparing the capitalist economic system, socialists and Islam; social institution in the Islamic economic system as a solution to alleviate poverty; and the implementation of Islamic economic system that cause the achievement of the financial system stability.*

**Key Words:** *Islamic economic system, welfare, and poverty.*

**Introduction**

There are two of the most influential economic system in the world, the capitalist economic system and the Socialist economic system. The capitalist economic system is an economic system which allow possesses the tools of production by the private sector while the Socialist economic system is the opposite of the economic system in which the government or workers have and run all production tools, until so, private business is restricted and

might sometimes eliminated (Muhamad, 2000: 26).

However, both system was the cause of the global crisis, even the collapse of a country. Islamic economic system has a special characteristic that distinguish it from the economic system findings man (capitalism and socialism). In the Islamic economic system, imposed a balance between individual interests and the interest of the general public along with Islam is also giving freedom to the individual. In freedom natal services, Islam

has given authority to the state to intervene in the Fungsionalisasi Islamic economic system. This means that the problems regarding economic issues have signal in Islam (Syaparudin, 2013: 85).

The more days, public expectations of the lands of the Muslims as Indonesia on Islamic economy increasingly high. This is because the Islamic economy is believed to be able to resolve the problem of contemporary economy that tend to be vulnerable to crisis and the fact that gap gapes width (Ulum: 2015: 115). Thus, this paper will discuss in depth and offered to be the importance of Islamic economic system in order to become a solution in the realization of economic welfare.

### The Failure of Capitalist Economic System (Capitalism)

Capitalist economic system (Capitalism) have the following characteristics: (Hidayat, 2012).

- a. Wider recognition of the personal rights;
- b. Ownership of the tools of production in the hands of the individual;
- c. The individual has freedom in choosing the work or business is viewed as well for himself;

- d. The economy is governed by the market mechanism;
- e. The market function provides "signal" to producers and consumers in the form of prices;
- f. The intervention of the government sought as much as possible. "The Illusory Hand" that regulate the economy become more efficient;
- g. As the motives that move the economy search spider;
- h. Man is seen as a living homo-economicus, who always pursue the interests of the benefits);
- i. Understand individualism based materialism, legacy of ancient Greece (called hedonism).

However, capitalist economic system brought as a result of negative and worse, because many poor countries increased in poor and rich countries which are relatively little more rich man. In other words, capitalism failed to increase the dignity of life of many especially in developing countries.

The destruction of the capitalist economic system (capitalism) can be seen from bubble economic crisis and global financial crises which triggered sub-prime mortgage crisis in 2008 in the United States and the bankrupt investment bank

Lehman Brothers have an impact on the European Crisis "Euro Crisis". The impact of capitalist economic system (capitalism) in felt by the people of Indonesia in 1992 with monetary economic crisis. (Dullien, et al, 2016: viii).

The failure of capitalist economic system (capitalism) is reflected by the current global financial crisis. This is due to the global financial crisis, among others: (Hasbiullah, 2009: 127).

- a. The existence of the credit crunch because one unfit for the recipient subprime mortgages and high interest rates specified.
- b. The existence of a high speculation that exacerbates the economic crisis.
- c. The stock market did not significantly contribute to the development of the real sector because the shares are marketed more is a derivative (derevatif) and could not be controlled and more speculative as gambling.
- d. Money made commodities so that value for money is never stable so that the impact on the economy is not stable again.

Paper entitled The stability of the Islamic Financial System paper Iqbal and Mirakhor (2011) discusses in depth related to the causes of the failure of the financial

system and conventional banks and offer Islamic financial system stability. The Islamic financial system proposition more stable than conventional systems. It is based on the three aspects, namely: avoid leverage and debt financing; the balance between assets and obligations; and lack of multiplier effect of credit. In order for the formation of the Islamic financial system stability required 100% scheme (reserve banking). bank reserves and the investment banking system based on profit and loss sharing.

Banking crisis caused the financial crisis in various countries. The main cause of the crisis is "release". The financial crisis that occurred in the month of August 2007 to be the worst since the Second World War. The collapse of the trillion dollars in the fictitious credit derivatives made the crisis is not controlled on credit growth. The crisis has crippled the financial system in the developed countries and claimed as victims of banking institution which is considered as a "failure is too big".

Bail-out fund the government and Central Bank liquidity injections which can only be the fan in the coals of fire capital market has been frozen, stock markets around the world have fallen, it has

destroyed the trillions of dollars share value and the pension fund investment account. The level of economic uncertainty were unprecedented during 80 years.

While the effects of the crisis could not be counted. It can slow down the economic growth in the various countries industry, unemployment rose, food riots and polemic in various countries. The extraordinary fiscal costs with the bail-out funds that have not yet been unprecedented can threaten the lives of more than 100 million people around the world.

Financial instability has become a recurring phenomenon in contemporary economic history in various countries that resulted in the great influence of unemployment and loss of economic output. The most crisis abadi is the Great Depression 1929-1933. Leading economists in the period is struggling to build the banking system which is able to preserve the long-term financial stability.

Conventional banks failed to meet the conditions of the stability inherent in the regulation of prudence. First, credit losses from failed to pay the debt or asset depreciation can make a big difference in relation to the obligations of which have a nominal value remain. Second, banking

credit does not have a relationship with real capital in the economy and there is no direct relationship with the level of real returns. Third, the Bank caught in the credit crunch, liquidity crisis and failed to pay on credit payment. Fourth, Bank in contact with one another through a complex debt structure; especially, assets a Bank immediately become other obligation. A credit crash cause dramatic transmission and the domino effect that can interfere with the health of the bank.

The main cause of the financial crisis is: excessive debt; Derivatives the complex; Mismatch between the assets of the obligation; the failure of regulation; Fraud; the domino effect; and the creation of money (Hasan and Kayed, 2009: 36).

### **The Failure of The Socialist Economic System (Socialism)**

Socialist economic system (socialism) started by the views of Karl Marx (1818-1883) who disagree with capitalist economic system (capitalism). Supriyanto (2009: 196) shows the relevance of the teaching of capitalism with the tragedy of the economy that is growing, analysis which had been submitted Karl Marx indeed is powerful enough to be able to

understand the phenomenon. There are two important theory of Karl Marx, namely:

a. **The surplus labor and value theory**

Marx traveled from the view of the value of the value of goods and services. Marx saw that with the changes in the pattern of production system that primitive to modern system, then will appear injustice in the economy.

In the production of primitive, marked with: (1) ownership of individual, (2) the production of individual, (3) the sale of individual, and (4) benefit sharing individual. While in the production of a modern, marked: (1) ownership of individual, (2) the production of a collective., (3) the sale is the collective, and (4) benefit sharing individual.

In the modern production pattern, which work is the workers of company workers. The employer as the owner of the company who enjoy all the benefits that are produced by the company. Meanwhile labor the workers only considered as part of the production costs. In the economic theory of capitalism, to gain maximum benefit, then the way is by pressing the cost of production. Thus the economy of

capitalism is very iniquitous world economy against the labors.

b. **The law of capital accumulations**

In the competition of a free, according to Marx, a great company will always eat a small company. Therefore, the number of employers will be decreased, otherwise the number of the workers will be more.

Likewise, the number of large companies will also be the less, but kapitalnya accumulation will be more. If the number of workers more, then will apply the law of the wages of iron (the iron is a law). Thus the fate of the workers will be more oppressed while the capitalist will be more violent and greedy.

Socialist economic system (Socialism) have the following characteristics: (Hidayat, 2012).

- a. The community is considered as the only social reality, being individuals of mere fiction;
- b. There is no recognition of the personal rights (individuals) in the socialist system;
- c. The government act active from planning, implementation and phase supervision;

- d. The tools of production and economic wisdom are all governed by the state;
- e. Production pattern (controlled assets community) bare awareness kolektivisme (socialist society);
- f. Production pattern (controlled assets individuals) bare consciousness individualism (capitalist society).

However, socialist economic system (socialism) has the weakness that so strange: First, the theory of class conflict not applicable general; second, there is no freedom to choose the work ((Then people's creativity is hampered, productivity decreases, production and economy stagnates); Third, there is no incentive to hard work (There is no encouragement to work better, achievements and production decline, economic retreat); the fourth, does not explain how the economic mechanism (Karl Marx only to criticize the bad capitalism, but not menjelaskann mechanisms that allocate resources under socialism (Hidayat, 2012). The destruction of the Socialist economic system (socialism can be seen from the bubarnya command of the Soviet Union.

### Islamic Economic System: As The Solution of Economic Welfare

The failure of capitalist economic system (capitalism) and socialist economic system (sosialime) shows the layout of the need to the presence of an economic system that can resolve all disrespect economic activities in the world. The Islamic economic system has become an interesting issue for researchers in offers the best economic system from the best in the world.

Chapra (2001: 33), define Islamic economy as a branch of knowledge that helps to realize human welfare through the allocation and distribution of scarce resources in accordance with the teachings of Islam without too limiting individual freedom or create sustainable macro economic and ecological imbalance.

Zarqa (1992) explained that Islamic economy must be built from 3 the framework of methodology. First, presumptions and ideas. The idea is derived from the Qur'an, al-Sunnah, and fiqh al-maqâsid. This idea was downgraded to a scientific approach in building a framework to think of Islamic economy. Second, nature of value judgement. This approach is related to the concept of utilities in Islam. Third, positive part of economics science. This

section explains about the reality of the economy and how the concept of Islam can be reduced in the real conditions.

Islamic Economy is different from the conventional economy that more advancing the market as paradigmanya. The orientation of the market on the conventional economy in line with the wellspring foundation that makes the abundance of matter as parameter. This is the main reason why the tendency of market players in conventional systems so consumptive, hedonis, materialistic and individualistic (Arif, 1985).

The main principles of the menagerie of Islamic economic system includes: *First*, brotherhood, bare awareness that has full responsibility to God in natal services and understand the economy as the command of worship. *Second*, the Caliph, awareness as the representative of God in the face of the earth gave birth to the attitude; the correct natal services as the demand syar'I, natal services solely for all humanity and trying to realize prosperity for all man. *Third*, as "rails" in the entire process of good economic production, consumption, or distribution, entirely to eliminate the economic imbalance in the society (Ghofur, 2008: 126).

In the Islamic economy motives in economic activity is worship. The motif of worship that then affect all prioritising consumption, production and other economic interaction. Specifically there are three main motives in prioritising Islamic economy, *mashlahah* (public interest), needs and obligations (obligation). *Mashlahah* is the dominant motif among the three existing motif, Akram Khan explains that *mashlahah* is paradigma nuanced altruism parameters (common interests). Next, needs motif is a basic motif, where human beings have basic needs that must be met. While the motif of the obligation is a representation of the main entity economic motives namely acts of worship. The three motifs are mutually strengthen and solidify the role of the motif of worship in the economy (Khan, 1997: 157).

Karim (2002: 19-22) stated, in Islamic economy paradigm of wealth is not the purpose of it just the appliance to achieve happiness world hereafter (*falah*). All the wealth belongs to Allah SWT, so that is in fact what belongs to the man is merely a sincere. The value of the mandate that requires man to loss with true. While from the perspective of conventional, wealth is the wealth of the private property

of the person. Islam tend to see their wealth based on the flow concept, which should flow. While the conventional economy tends to be looked at based on the stock concept, which encourage prioritising the accumulation and buildup. Ulum (2015: 130-131) try to attempts the construction of Islamic economic system as follows;

Aspects	The Description
The Basis	The Qur'an, the prophet, and Fikih Islam
The principle of Islamic Economy	Monotheism, brotherhood, prosperity and Social Justice
Ownership	The absolute ownership only on Allah SWT, man only manage and utilize for the common good
The division of ownership	Individual ownership, general and the State
The treatment of individual ownership	Does not limit the creativity of the development of wealth, but limit with how to set the various exonerate syara', include: agriculture, selling and production coupled derivasinya
The treatment of common ownership	That easy access, then its utilization is done directly by the community. That is difficult and requires large capital, then its utilization was taken over by the state and the result is returned to the people in the form of public facilities
The treatment of State ownership	Sale or gift to the people that need
The nucleus of the economic system in Islam	The distribution of resources and income. The correct distribution and controlled will improve the productivity of the community
The distribution mechanism	Economic and non economic Mechanism
The production and Consumption	Only the goods and services that are lawful and <i>thayib said</i>
The Role of State	Do control in the economic system to ensure economic justice. Make sure there is no transgression which can damage the economic distribution Set up and manage the distribution of non-economic as charity, heirs, and grants
Goal Setting	Stable growth and prosperity that evenly

The following is a comparison of the characteristics of economic activities that based on Islamic values with non-Islamic-based economic activities:

The Description	The Islamic Economy	NON-Islamic Economy
Intention	Acts of worship	Benefits
The Foundation	1. The Qur'an and the Sunnah 2. On the basis of the Faith (Transcendental value)	1. The laws 2. Secularism (Value material)
The purpose of	The balance of the benefits of the world and the hereafter ( <i>falah</i> )	Worldly Benefits
The orientation	Maksimalisasi <i>Maslahah</i>	Maksimalisasi profit
The work ethos	High, Work is worship	High, work is the earthly needs
Characters	<i>Sidiq, Amanah, Tableegh, Fathonah</i>	Professional in doing business with value free
Capital	Clean	The lawful and the unlawful
Business scope	Regulatory Compliance Sharia Guidance	Regulatory Compliance the Company
The implementation of	Free <i>maysir, gharar, usury, dzulm,</i>	Value Free
Alms giving	Required in order to alleviate poverty	Not required
Taxes and CSR	Required	Required
Business Relationship	1. The vertical and horizontal Relationship 2. The Basis of beneficence	1. The horizontal relationship solely 2. The Basis of business colleagues
The purpose of the End	The fulfillment of <i>Sharia Maqoshid</i> (needs of religion, soul, mind, seed, wealth).	Met target

\* The author's offer is processed from various references

Based on the presentations from the various literature above can be drawn a postulasi that distinguishes between the capitalist economic system, socialists and Islam:

The factor	The capitalist	Socialists	ISLAM
Ownership	The individual has absolute ownership	Delete Personal ownership, ownership applies in general	The God of the owner of absolute and man as caliph who have Restricted Rights
The utilization of	Man is free to take advantage of for the benefit of	Man is free to take advantage of in the interests of the public	The utilization of following the terms of God
The role of the individual and the state in the use of resources	The individual has absolute role	The state has absolute role	The obligation of the individual and the state is realized by the common good
Income Distribution	Based on the market mechanism	Based on the role of the government	Based on the market and the government
The global economic system	Controlled investors and individuals	Ruled by the Government	The relationship of the Partnership between the individual and the government
The characteristic	Individualistic	Less appreciate individual rights	The principle of <i>Ta'awun</i>
The focus of the Development	Investors	Workers	The workers and investors
The purpose of	Obtain as many effortfully satisfaction	To obtain a better distribution with authoritarian centralized democratic action, by eliminating personal ownership	The purpose of the economic activities based <i>Ibadah</i> , in order to emits <i>masalah</i> and achieving the happiness of the world hereafter ( <i>falah</i> )

\* The author's offer to the development of Ghofur (2008: 126)

Social Institution in Islamic Economic System: Poverty Alleviation Solutions  
*Zakah, Infak, Shadaqah*

Discourse of unemployment and poverty has always been the ingredients *never ending stories*. The number of poor citizens in September 2016 as much as 27,76 million people (10,70%) (Central Statistics Agency, 2017) accompanied with the unemployment rate that penetrate 7.45 million people. Even the number of beggars and homeless drifters who sow in the whole land line water Indonesia has increased. One of the efforts to reduce poverty in Indonesia is to perform the equitable distribution of revenues between the paired with the not able to. Income distribution efforts known in Islam is one of charity.

From the standpoint of the Bible, the word charity is derived from the word "zaka" which means the blessings, grow, clean and good. Everything that grows is called charity. According to the term fikih charity means a number of specific property is required of God to be handed over to the right. The required charity called "muzakki", while those who are eligible to receive charity called "mustahiq". charity is the bonds of solidarity in the community and educate the soul to

overcome the weakness and as she self-sacrifice and kindness. (Hafidudin, 2008: 7).

*Zakah* is to give the property which has reached the nisab and haul to those who need it (*mustahiq*) with certain conditions such as: *Fakir, Miskin, Amil zakat, Mualaf, Slave (Riqab), People who are in debt (Gharimiin), Fisabilillah, and Ibnusabil*. Nisab is a certain size of property owned that require the issuance of charity, while haul is running less than a year. *Zakah* also means cleanliness, every religious believer of Islam that has wealth enough number according to the terms (nisab) *zakah*, obligated to clean the property by issuing tith. Alms giving a great influence on the various attributes and how the ownership of the property (Mannan, 1997: 248). The law of charity is required. As the word of Allah SWT:

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَمَا  
تُقَدِّمُوا لِأَنفُسِكُمْ مِنْ خَيْرٍ تَجِدُوهُ عِنْدَ اللَّهِ  
إِنَّ اللَّهَ بِمَا تَعْمَلُونَ بَصِيرٌ

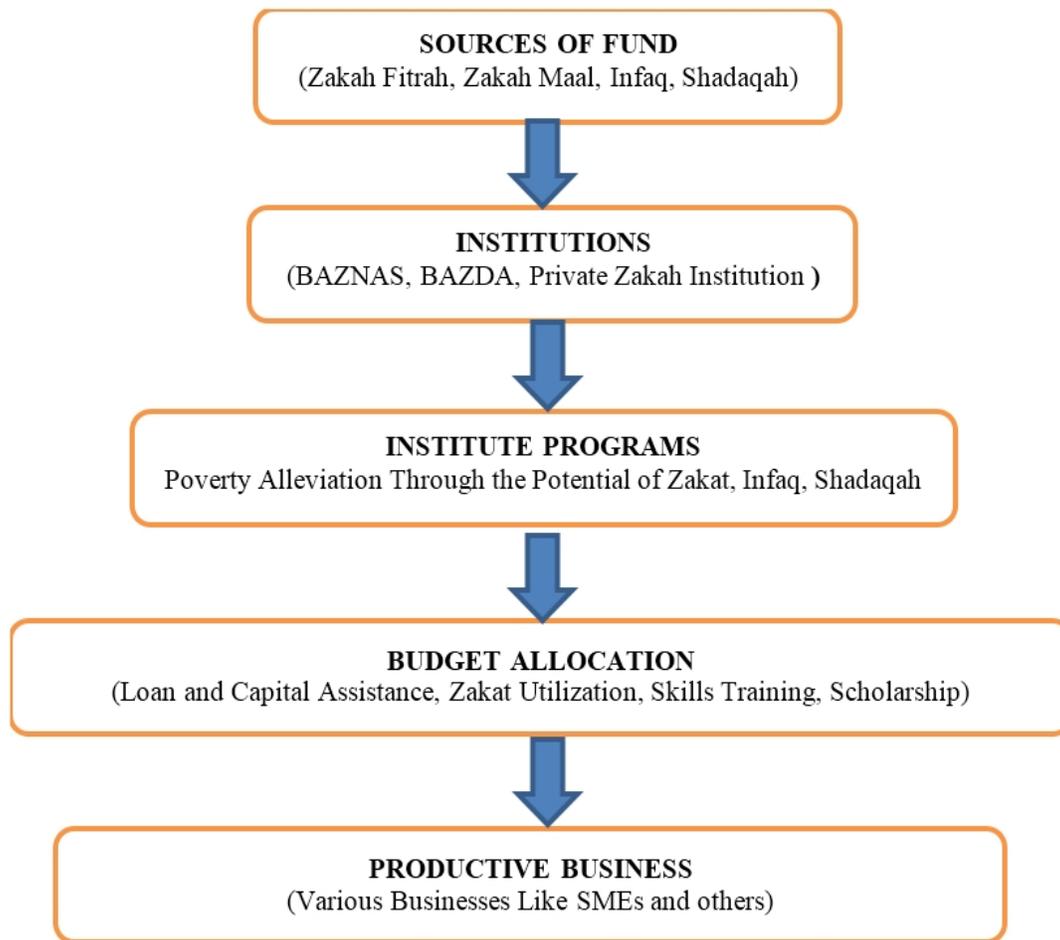
*And establish regular prayer and give regular charity. And whatever good ye earn for yourself, of course you will receive the reward of him on the side of God. Verily the most see what ye do. 4 Al-Baqaroh: 110)*

Indonesia is a country that has a large population that the majority of the population to the religion of Islam, where in the teachings of Islam there are commands to run and the prohibitions must be kept. Among the commandments is share for each other is for the able to people in need. One of the activities directly related to the mustahiq have quite big role in creating the benefit is the distribution or distribution of fund charity, so that its use in accordance with the required and can be implemented as a Muslim commitment toward the obligation of charity (Izzan, 2006: 35).

The potential for *zakah* in Indonesia indeed very large. The General Chairman of the Body Channels Charity National (BAZNAS) Didin Hafidhuddin proposed that the potential for *zakah* in Indonesia for Rp217 marker trillion. But in fact, funds *zakah* with *infaq*, and *shadaqah* that gathered around Rp. 1.7 trillion per year. This means that the compilation of the new charity reach 0.8 % from any potential (Tempo, 2016). There are many things that must be solved in the management of charity in Indonesia so that the charity has an influence in realizing economic balance (Al-Hamid, 1991: 125).

Based on some of the explanation above regarding the potential for *zakah* is very big, can be depicted that with *zakah* is expected to raise the degree of needy people, help solve the problem of the gharimin, wayfarer and other mustahik, build the cords of brotherhood fellow Muslims and human beings in general, removes the nature of covetous and greedy owners of wealth, removes the nature of envy and covetousness (social envy) from the heart of the poor, bridging the gap between the rich and the poor in society (equity and poverty alleviation), develop a sense of social responsibility on the individual and especially who have wealth and educate people to disciplined regular obligation and handed over the rights of others it means revenue balancing to achieve social justice (Karim, 2001: 1992).

There is a need for attention and handling of all related parties. There is a good synergy from the government institutions, charity, the central bank and the community can improve the acceptance of charity in Indonesia (Canggih, et al, 2017: 24). Thus the following is the offer of a model of the management of funds charity, spending, charity absolutely must be implemented.



\*The author's offer to the development of Amalia and Mahalli models (2012: 73)

### *Waqf*

*Waqf* Etymologically means prevention, *tahbiz* (adding), *tasbil* (benevolence), have the same meaning. According to Sabiq (1988: 148) *Waqf* means securing something to do, spend "(*waqoftu kadza*) I endure". While in terminology, *Waqf* is holding the property which can be used while the goods are still intact, with stop

completely surveillance of goods from those who participate actively must and other for the management of revenue goods for the purpose of good and good in order to draw near to God (Zuhaili, 2011: 271).

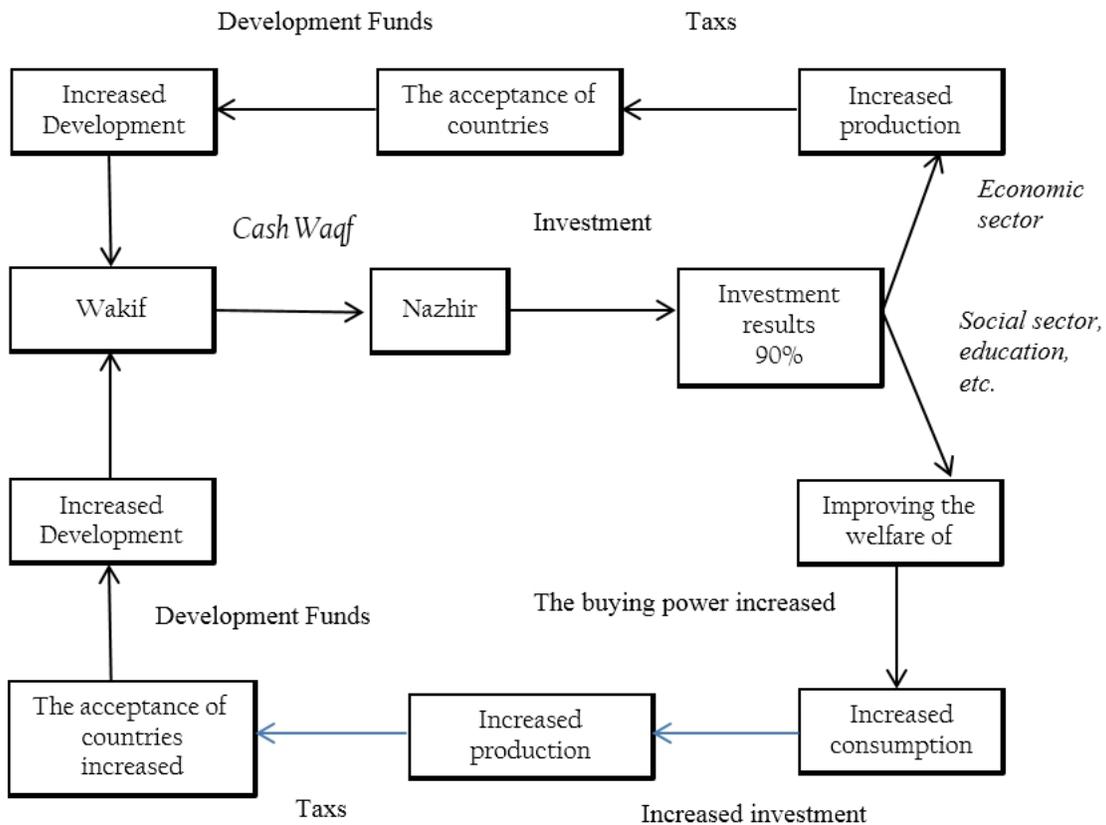
In Indonesia, *Waqf* have been known and carried out by the people of Islam since the religion of Islam in Indonesia. As one of the Islamic financial instruments, *Waqf* has become one of the supporting economic

development in Islamic societies. The number of land endowments in Indonesia is very much. This is reinforced by the Directorate General of data Guidance the Islamic Community Ministry of religion, the number of the location of the land endowments until 2013 recorded as much as 435.395 locations throughout the province in Indonesia, with wide reach 4.142.646.287.906 M2 (Sambas, 2014).

When the amount of *Land Waqf* in Indonesia was associated with the countries that are currently facing various crisis, especially the economic crisis, *Waqf* great potential to be developed in order to help people who are less capable. Unfortunately, wealth fund raising the amount of so many, generally its utilization still consumptive nature and has not been managed in a productive. Thus, Endowments institutions in Indonesia have not yet felt the benefits for the welfare of the economic social community.

For this is the understanding of the fund raising more imbued on property such as land and building his nature static and sult ( to be developed. The Benefits of fund raising the land the building is only enjoyed by the community around the land and building is located. Meanwhile, poverty has increased, so required new alternative to optimize endowments as financial instruments are the people with the empowerment *Cash Waqf*. The money is considered more flexible, not tied and also does not know the limit distribution area (Man, 2015: 28).

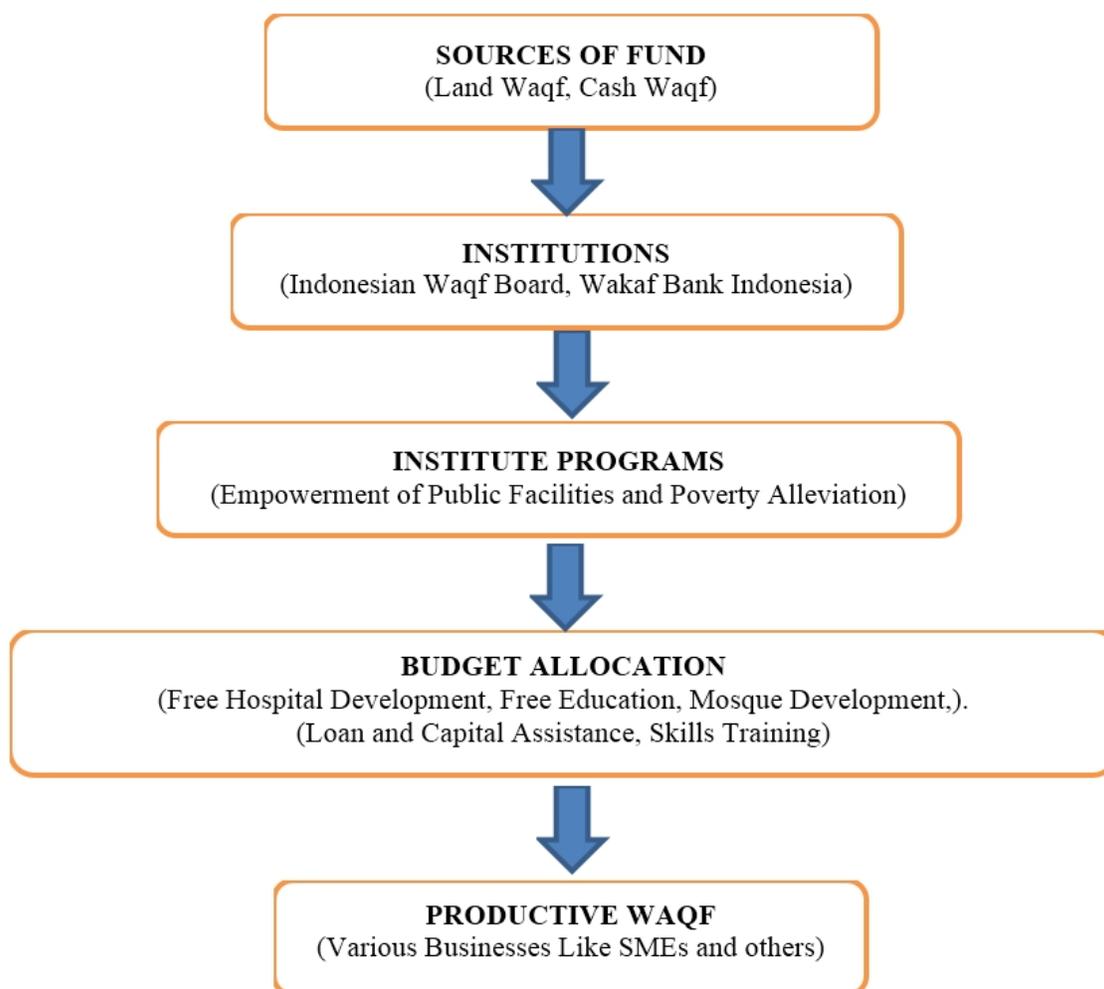
In modern management today, *Waqf* integrated with various modern system that has been there, especially related with fund raising money is currently digencarkan in Indonesia. based on Act No. 41 2004, acceptance and management of fund raising money can be integrated with the sharia financial institutions. The following is the effect of the management of fund raising money for the economy (Al-Arif, 2012: 26).



Based on the above scheme can be drawn postulasi that, *Cash Waqf* has played an important role as one of the fiscal instrument of Islam that new in the economy. *Cash Waqf* has two functions as a means of worship and the achievement of social welfare. The return from the management of fund raising money can be used as an instrument in poverty alleviation programs through the social security system. Social security system using the fund raising money will be able to help poverty alleviation programs conducted by

the government through the community empowerment program

But the maximum potential of *waqf* yet empowered. Thus the required attention and handling of all related parties. There is a good synergy from the government institutions, Endowments, community organizations and the community itself can improve the acceptance of endowments in Indonesia. We offer following the model of the management fund raising productive.



\* The offer of writers in the productive waqf development model

### The Implementation of Islamic Economic System: Achieving Financial System Stability

The severity of the crisis of the world has resulted in the evaluation of the capitalist financial system and a search for ideas and solutions. Islamic economists argue that Islamic finance has an alternative that will prevent a repeat of similar crisis (Ahmed, 2009: 29).

The underlying argument that Islamic financial system proposition more stable than conventional systems based on the three understanding: *First*, avoid leverage and debt financing; *Second*, the balance between assets and obligations; and *Third*, lack multiplier effect of credit. There are two schemes to the formation of the Islamic financial system stability. *First*, 100%

scheme (reserve banking) minimum reserves on bank. *Second*, the management based on profit and loss sharing.

In the Islamic economic system, interest is prohibited its utilization. John R. Presley and John G. Sessions (1994:586), stated that at least there are several causes he forbids interest. *First*, a only savings, is not eligible to automatically obtain additional rewards savings. *Second*, there is no reason that can be justified if the lenders can automatically receive prizes only through a loan. *Third*, the striking differences between money and capital. *Fourth*, justice has two dimensions, namely capital suppliers have the right to share the benefits in accordance with the risk and the effort of the work but not necessarily determined based on the market interest rates are running, but with the value of the return of the project. *Fifth*, creditor relations/debtor not be harmony.

Investment banking Islam operates on the risk sharing and profit with the overall level of return of positive and determined by the level of real economic growth. Sharia banks does not create and destroy money. As a result, money multiplier, which is defined by the level of savings in the

economy, far lower in the Islamic system if compared in conventional systems, provide the basis for a strong financial stability, greater price stability and sustainable economic growth.

This is the fundamental difference between Islamic banking, where profitability fully guaranteed by real economic growth. In the conventional Bank, profitability is not driven by the real sector bank could suffer loss in spite of the growth of the real positive. Iqbal and Mirakhor (2011: 145) stated that there are two schemes to the formation of the Islamic financial system stability. *First*, 100% scheme (reserve banking bank full backup). *Second*, the investment banking system based on profit and loss sharing. But it is still in the scheme merely concept. The implementation of yet has to offer is practical.

"Positive Money" and "Narrow Banking" offers the concept in order to promote the stability of the financial system on the banks. The implementation of "Narrow Banking" include: Lack of deposit loans; a very high liquidity and asset security is very high and the interest rate paid to depositors; and the regulatory framework with a higher level of

supervision and operational and investment restrictions. Financial intermediary "Narrow Banking" is: 100 percent the Reserve Bank; requests that Guaranteed Deposit Banks; and Utilities Bank (Pennachi, 2012: 2).

There are three main account in the "Positive Money": Tries Account, Accounts the Transaction and Investment Account. *First*, Tries Account (safe deposit box), bank provides for payment tools. *Second*, transaction Account funds are only for discounted rates and cannot be lent. Transaction account still involve interest rates. *Third*, Investment Account. The account used to investment schemes. If the real sector failure occurred, investment decline due to bear loss. Thus the Asset and kewajibban never mismatch.

Meera and Labani (2009: 101) stated that the creation of money through the Reserve Banking is the creation of the buying power in the transfer of ownership of the asset is not fair. Need not to ban created fiat were money and the practice of usury today. It is because of the global financial crisis.

The solution to create a valid ownership is using Islamic financial system scheme. Although share low on global

financial markets, Islamic finance has become one of the fastest growing sectors during the last decade and have acquired resistance to the financial crisis (Tabash and Dhankar, 2015: 444). Islamic finance has characteristics: First, the banking system that two-tier - backup system deposit 100% and share the risk on equity banks such as with an investment fund. Second, prohibit discounted rates based on interest rates and debt (Askari and Krichene, 2014: 52).

The Islamic financial system moves to the balance and have a strong stability features. The economy is immune to the financial crisis caused by the interest rate and the credit system based on interest rates. The Islamic financial system to facilitate and serve the real sector activity (Askari, et.al, 2014: 164). The Islamic financial industry has shown the extraordinary growth in the last three decades. The activities across the border also has maintained a steady growth. Islamic finance to survive the crisis of 2008 (Odeduntan and Adewale, 2015: 1).

From the entire discussion and critical analysis that compared on various literature, author offers the prospect of stability in the financial system

of Islam. First, wadiah Scheme (trust fund). The Bank only as a day-care centers fund or can be called as safe deposit box. Thus, 100 percent reserve banking (bank) reserves will be created. Second, Mudhorobah and Musyarakah financing Scheme. The Bank as an Investment Manager to manage the fund from Mudhorobah and Musyarakah. All funds from depositor funds in the form of Mudhorobah, then the status of the funds is not capital debt. Thus the investment banking scheme based on profit and loss sharing will be created. If it is on the whole went smoothly, the real sector and the financial sector will be balanced as well as the stability of the Islamic financial system will be created.

### Conclusions

The destruction of the capitalist economic system (capitalism) can be seen from the bubble economic crisis and the global financial crises which triggered by the sub-prime mortgage crisis in 2008 in the United States and the bankrupt investment bank Lehman Brothers have an impact on the European Crisis "Euro Crisis". The impact of capitalist economic system (capitalism) is felt by the people of

Indonesia in 1992 with monetary economic crisis.

Further, socialist economic system (socialism) has the weakness that so strange: *First*, the theory of class conflict not applicable general; *Second*, there is no freedom to choose the work (Then people's creativity is hampered, productivity decreases, production and economy stagnates); *Third*, there is no incentive to hard work (There is no encouragement to work better, achievements and production decline, economic retreat); the fourth, does not explain how the economic mechanism (Karl Marx only to criticize the bad capitalism, but not menjelaskan mechanisms that allocate resources under socialism. The destruction of the Socialist economic system (socialism can be seen from the bubarnya command of the Soviet Union.

The failure of capitalist economic system (capitalism) and socialist economic system (sosialisme) shows the layout of the need to the presence of an economic system that can resolve all disrespect economic activities in the world. The economic system of Islam to the offer for contemporary researchers. In the Islamic economy motives in economic activity is

worship. The motif of worship that then affect all prioritising consumption, production and other economic interaction. Specifically there are three main motives in prioritising Islamic economy, *mashlahah* (public interest), needs and obligations (obligation).

Islamic economic system is different from the two previous system. In the case of ownership, God the owner of absolute and man as caliph who have restricted rights; the utilization following the terms of God; the obligation of the individual and the state is realized by the common good; based on the market and the government and the relationship of the Partnership between the individual and the government; the principle of *Ta'awun* between workers and investors; The Purpose of economic activities based on Acts of worship in order to emits *masalahah* and achieving the happiness of the world hereafter (*falah*).

In order for the realization of economic welfare in the economic system of Islam there as the foundation of economic social routine. *First, Zakah, Infaq, Shadaqah.* The potential for *zakah* in Indonesia for Rp217 marker trillion. But in fact, funds *zakah* with *infaq* and *shadaqah* gathered around Rp. 1.7 trillion per year. This means that the

compilation of the new charity reach 0.8 % from the potential.

Second, *Waqf. Waqf* consist of land fund raising and fund raising money. The potential for land *waqf* in Indonesia reached 435.395 locations throughout the province in Indonesia, with wide reach 4.142.646.287.906 M2. Next, *cash waqf* has played an important role as one of the fiscal instrument of Islam that new in the economy. Fund Raising money has two functions as a means of worship and the achievement of social welfare.

The implementation of Islamic economic system proved to hold will be the crisis of the world. Achieving financial stability in the Islamic system is authentic evidence that the economic system in Islam is the best economic system in order to achieving justice and economic prosperity of the people in the world.

#### **Recommendations for further research**

The next research required practical analysis empirically related to the things that happen on the economic system in the countries in the world. Then do the comparison between the capitalist economic system, socialist economic system and the Islamic economic system that has

been running this time. The cause of the malfunction in the Islamic Economic system in a country where the majority of the population of Muslims is interesting to be examined. The Offer of the models in the paper this can be developed and been modified so that it can be useful for the next researcher.

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