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## **The Urgency of Sharia Economic Regulation to Enhance Indonesia's Economic Growth**

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Abstract

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Sharia economic regulation has an important role in encouraging Indonesia's economic growth, given the sector's great potential in strengthening financial inclusion, halal industry development, and improving social welfare. However, fragmented regulatory constraints and incompatibility with sharia principles hinder the development of the sharia economic sector. This research aims to identify the urgency of more comprehensive sharia economic regulation to support Indonesia's economic growth. The method used in this study is a normative juridical approach with an analysis of existing regulations and an empirical approach to assess the implementation of regulations in the field. The findings of the study show that more integrated regulations in accordance with sharia principles can increase Indonesia's competitiveness in the global market, expand financial inclusion, and develop the halal industry sector. In conclusion, strong and well-coordinated regulations in the sharia economic sector will accelerate Indonesia's economic growth by creating social justice and more optimal resource management.

## **INTRODUCTION**

Indonesia, as a country with a majority Muslim population, has great potential in the development of the Islamic economy that can make a significant contribution to national economic growth. (Mutmainnah & Yuwana, 2024) The Islamic economic sector encompasses various fields, such as Islamic banking, Islamic capital markets, Islamic insurance (takaful), and the halal industry, which play an important role in increasing financial inclusion, creating jobs, and promoting social and economic sustainability (Ichsan et al., 2024) However, despite Indonesia's great potential, the development of the sharia economy still faces challenges related to regulations that are not yet fully comprehensive and coordinated. The fragmentation of regulations and the incompatibility between existing regulations and the principles of sharia economics are obstacles to the growth of this sector (Yulianti & Nisa, 2024).

In this context, the importance of more integrated regulations in accordance with sharia principles is very crucial. For example, the regulation of the Islamic banking sector regulated in Law Number 21 of 2008 concerning Sharia Banking (Sharia Banking Law) has not been fully implemented in accordance with sharia principles, which can reduce public trust in Islamic financial products, while the lack of support for the halal industry sector has the potential to limit the sector's contribution to the Indonesian economy. Therefore, regulations that support the development of a better sharia economy and in accordance with sharia principles are expected to encourage Indonesia's economic growth more optimally (A'yun et al., 2024).

Several previous studies have revealed the importance of regulation in the development of the sharia economic sector. In research by Sutrisno (2018), explained that the integration of regulations between the Islamic financial sector and the real sector will accelerate Indonesia's economic growth, especially in the context of financial inclusion. (Marunta et al., 2026) In addition, Scarlet Witch (2020) He also emphasized that strengthening sharia regulations in the Islamic banking sector will improve the quality of Islamic financial products in the market, making them more attractive to the wider community. (Zikrina et al., 2025) However, until now, there are still a number of shortcomings in existing regulations, such as the lack of coordination between supervisory agencies and the application of sharia principles in applicable regulations.

To overcome this problem, a more comprehensive regulation is needed that can regulate all aspects of the Islamic economy, be it the financial sector, halal industry, or the real sector. Therefore, this study aims to identify and propose regulations that can strengthen the sharia economic sector in Indonesia, with a focus on harmonization and conformity between regulations and sharia principles. One of the steps to solve the problem is to strengthen the role of the National Sharia Council (DSN) and the Financial Services Authority (OJK) in overseeing the implementation of sharia products in the market. (Norrahman, 2023). This study aims to analyze the urgency of sharia economic regulation in increasing Indonesia's economic growth, as well as provide recommendations on regulations that need to be improved or implemented to support the sharia economic sector more effectively. This research also aims to explore the extent of

the influence of existing regulations on the development of the Islamic economic sector, especially in the financial sector and the halal industry.

Based on the background of the problem and the literature review, the hypothesis proposed in this study is that a more comprehensive regulation of sharia economics can increase Indonesia's competitiveness in the Islamic financial sector and the halal industry in the global market. The implementation of regulations in accordance with sharia principles will accelerate financial inclusion and optimize resource management in the sharia economic sector in Indonesia. Thus, this research is expected to contribute to the development of sharia economic regulations that can strengthen Indonesia's overall economic growth.

## **METHOD**

This study uses normative and empirical juridical approaches as an integrated analytical framework to examine the urgency of sharia economic regulation in increasing Indonesia's economic growth. The normative juridical approach is directed at the in-depth exploration and study of various laws and regulations that govern the Islamic financial sector and the halal industry. In this context, the research not only inventories existing regulations, but also analyzes the level of harmonization, consistency, and relevance between these regulations in responding to the needs of increasingly dynamic Islamic economic development (Hartati Rismauli, 2022). Through *Statute approach*, the researcher examines the legal norms contained in laws, government regulations, and technical regulations issued by the relevant authorities. Meanwhile, *conceptual approach* It is used to understand the basic principles of Islamic economics, such as justice, transparency, and the prohibition of usury, as the philosophical foundation that is the spirit in the formation of these regulations (Hernawati & Suroso, 2020).

This normative approach is important because it provides an overview of the extent to which the existing legal framework has been able to provide certainty, protection, and direction for the development of the sharia economy in Indonesia. In addition, this approach also allows researchers to identify potential legal gaps, overlapping regulations, and disharmonization between policies that can hinder the optimization of the sharia economic sector (Hartati Rismauli, 2022). On the other hand, an empirical approach is used to complement normative analysis with the realities of implementation in the field. Empirical data was obtained through in-depth interviews with various key informants, such as Islamic banking practitioners, academics with expertise in the field of Islamic economics, and supervisors from the Financial Services Authority (OJK). Through this approach, the research seeks to capture a practical perspective on how regulations are implemented, the extent of their effectiveness in driving the performance of the Islamic finance sector, as well as the various obstacles faced by industry players. Thus, the empirical approach serves to test the conformity between written legal norms and practices that occur in the field (Riswandie, 2023).

This combination of normative and empirical juridical approaches provides the power of a more comprehensive analysis, as it focuses not only on

the aspect of "das sollen" (what should be according to law), but also "das sein" (what happens in reality) (Rohman, 2020). Through the integration of these two approaches, this research is able to identify the gap between regulation and implementation, while offering a more complete understanding of the effectiveness of sharia economic regulations in supporting national economic growth. Furthermore, this method also allows researchers to formulate evidence-based recommendations, both in the form of strengthening regulations, improving policies, and improving the quality of supervision and implementation in the sharia economic sector. Thus, this research is not only descriptive-analytical, but also has a strategic contribution in encouraging the development of a more inclusive, sustainable sharia economy, and is able to become one of the main pillars in strengthening Indonesia's economic growth in the future.

## **RESULT AND DISCUSSION**

### **Sharia Economic Regulation in the Context of Sharia Finance and Banking**

Currently in Indonesia there is a gap between industrial development and the legal aspects of sharia economics. Islamic finance can be the main agenda in financing the economic development of the people, alleviating poverty and reducing social inequality. The existence of a separate Islamic economic Bill will be able to cover Islamic finance activities. So that the acceleration to optimize and support the national economy runs faster. Sharia economic law is one of the main pillars in the Islamic economic system which aims to create economic justice and prosperity based on sharia principles (Syamsuri et al., 2024). The implementation of sharia economic law in the Islamic banking system is a crucial aspect in ensuring that banking activities not only meet legal aspects, but also Islamic ethics (Explains et al., 2024). Regulations regarding Islamic banking in Indonesia have undergone changes until the enactment of the Sharia Banking Law. In Indonesia, the Islamic banking system has grown rapidly in recent decades, in line with increasing public awareness of financial transactions in accordance with sharia principles (Saputra & Fasa, 2024).

Policy formulation that pays attention to the philosophy of the existence of Islamic banks which is driven by the desire for the availability of financial services in accordance with sharia principles by realizing a banking system that avoids the practice of interest (which is considered synonymous with usury), gambling (*Shirley*) and uncertainty (*Gharar*) and other practices that are not in line with sharia principles (*Illegal*). In addition, the development of Islamic banking is also driven by the desire to organize economic and financial activities in accordance with sharia guidance, as well as in response to the phenomenon of crisis triggered by bad behavior in the economy that ignores ethics, religion and moral values, which are not only taught in Islam but also essentially exist in the teachings of other religions. There are still challenges that need to be overcome, such as regulatory inconsistencies, limited public literacy, and varying levels of trust in the Islamic banking system (Rachman et al., 2022).

The Financial Services Authority (OJK), in its capacity as a regulator and supervisor of the financial services industry, will continue to monitor changes in the environment and economic situation that can affect the condition of the national financial services industry, including Islamic banking. To analyze the

importance of sharia economic regulation in the financial sector, sharia economic theory is used, which is based on sharia principles. Good regulation will ensure that Islamic banks and financial institutions operate in accordance with Islamic principles, which include profit-sharing-based transactions (mudharabah and musyarakah), as well as improving the efficiency of the Islamic financial system.

The implementation of financing schemes based on a profit-sharing system, such as mudharabah and musyarakah, which aims to create a balance of profits and risks between banks and customers. However, in practice, Islamic banking in Indonesia still uses murabahah contracts that more closely resemble the conventional credit system (Ardani, 2024). So that raises questions about the extent of the application of sharia principles in Islamic banking. The implementation of regulations in the Islamic banking sector is currently still hampered by the incompatibility between national law and sharia principles. Many financial institutions do not fully implement sharia principles, so the potential of this sector has not been maximized. More coordinated regulations will make it easier for Islamic financial institutions to develop and can provide greater benefits to the community.

Based on the results of document analysis, it was found that the strengthening of Islamic banking regulations in Indonesia does not only rely on one legal instrument, but is supported by various complementary regulations. One of the important regulations is Bank Indonesia Regulation (PBI) Number 11/15/PBI/2009 which comprehensively regulates bank business activities based on sharia principles. This regulation provides an operational basis for Islamic banks in carrying out their activities to remain in accordance with Islamic principles, while ensuring clear standards in banking practices. In addition, there is also a Financial Services Authority Regulation (POJK) Number 31/POJK.05/2014 which regulates the business of Islamic financial institutions. This regulation expands the scope of supervision and regulation not only on banks, but also on other Islamic financial institutions, thereby creating a more integrated system in the management of the sharia-based financial industry. The presence of POJK also shows the strategic role of the Financial Services Authority in ensuring the stability and compliance of the industry with prudential principles and sharia values.

In addition to these formal regulations, the Fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) also has a very important position as a normative guideline in the development of Islamic banking products. These fatwas are the main reference in determining the types of contracts that are allowed, such as murabahah, mudharabah, and ijarah, so that every product offered by Islamic banks remains within the corridor of Islamic law. Thus, this combination of state regulations and religious fatwas forms a solid legal framework, which not only guarantees legal certainty but also maintains the conformity of Islamic banking practices with sharia principles.

For example, sharia insurance is regulated in Law Number 40 of 2014 concerning Insurance; Syriac guarantees are regulated in Law Number 1 of 2016 concerning guarantees, and Islamic microfinance is regulated in Law Number 1

of 2013 concerning Microfinance Institutions. Currently, the regulation of the sharia economy is still partial and has not been integrated with each other. Even among Islamic financial institutions themselves, they are still running separately. This is due to the increasing activities across financial sectors. For example, the high level of cooperation between the Islamic financial sector, such as cooperation between the Islamic insurance sector which markets its products through Sharia Banking and Islamic finance institutions, the Islamic financing sector whose financing is in collaboration with the Islamic Banking sector, or the Sharia Non-Bank Financial Industry (IKNB) sector which invests in the Sharia Capital Market and in Islamic Banking. This leads to the need for an Islamic financial regulation regarding transaction activities between Islamic financial actors.

Likewise, the development of socio-religious funds, especially zakat and waqf, has great potential to be able to develop and contribute to development, but the results are still very limited. There is still a big difference between the potential possessed and the realization of collection. In terms of regulations, these two religious social fund instruments already have adequate regulations. Zakat already has a legal umbrella, namely Law Number 23 of 2011 concerning Zakat Management. Meanwhile, waqf is regulated in Law Number 41 of 2004 concerning Waqf. The development of the productive management of zakat and waqf today, makes the potential of zakat and waqf in encouraging the business sector, especially MSMEs, very large.

Zakat and waqf are no longer seen as mere social funds, but have high economic value to drive the productive sector. These two instruments have the potential to be part of the country's fiscal policy that is integrated with other fiscal systems. As a juridical basis in the urgency of regulations on the sharia economy to ensure legal certainty and a sense of justice in the community. The need for Indonesia to adopt Malaysia's best practices has successfully integrated the sharia economy into national economic policies consistently for decades. The establishment of the Sharia Economic System Law is based on a technocratic approach through eight strategic layers, ranging from strengthening state actors, core sectors and regulations, to cross-ministerial orchestration and synergy of the national ecosystem, in order to close the gap in regulation and implementation.

The regulation of sharia economic regulations is basically directed to build a solid, structured, and sustainable system in supporting national economic development. One of its main orientations is to strengthen the role and contribution of the sharia economy through the preparation of a comprehensive and integrative master plan. This master plan is a strategic guideline that directs the development of the Islamic economy so that it does not run partially, but is coordinated in one grand framework of national economic development. In addition, the regulation also focuses on strengthening the institutions of relevant ministries and institutions through the establishment of clear and firm coordination channels. With structured coordination, various policies related to the Islamic economy can be implemented more effectively, on target, and able to avoid overlapping authority between institutions. This is important to ensure

that each program designed really has a real impact on the development of the Islamic economic sector.

On the other hand, sharia economic regulations are also directed to create business certainty and ease in carrying out business activities for sharia economic actors. This effort is carried out by simplifying procedures, providing legal protection, and presenting various incentives that are able to encourage the growth of this sector. Not only that, the change in society's paradigm towards the sharia economy is also an important concern, one of which is through the integration of sharia economic values in the educational curriculum, so as to be able to form a broader and more inclusive understanding among the younger generation. Human resource development (HR) is also an important pillar in this regulation, with the aim of creating resilient, competent, and highly competitive Islamic economic human resources.

Quality human resources will be the main driving force in optimizing the potential of the sharia economy in various sectors. In line with that, the government also shows real alignment with sharia economic actors, especially start-up business actors, through various empowerment programs and policy support that facilitate their growth. Furthermore, this regulation also aims to support all sharia economic activities as a form of the central and regional government's commitment to encouraging a conducive sharia economic ecosystem. This support is not only normative, but also manifested in the form of concrete programs that can be felt directly by business actors.

To strengthen this synergy, a valid and integrated sharia economic information system is also needed, so that all economic activities can be monitored, analyzed, and harmonized with the stages of national development. In the end, all of the sharia economic regulatory arrangements boil down to one big goal, which is to increase the prosperity and welfare of the community in a fair manner. With a well-directed system, strong institutional support, and active participation from all stakeholders, the sharia economy is expected to be one of the main pillars in creating inclusive, sustainable economic development based on the values of social justice.

### **Development of the Halal Industry through Sharia Economic Regulation**

The absence of a strong legal umbrella is considered to create a *glass ceiling* in market share and weak institutional supervision. The Islamic Economics Bill is seen as crucial to strengthen legal certainty, investor protection, and the establishment of measurable strategic performance indicators. He also highlighted the importance of integrating the Islamic financial sector with the real sector through productive financing, in line with the government's commitment to strengthening national Islamic economic governance.

Cooperation between the Islamic financial sector and the halal industry or Islamic business entities is also an important issue. For example, related to project financing that has considerable value, such as manufacturing industry project financing for the halal industry but the corporate entity is not sharia, where Islamic banking institutions need to syndicate the project financing by involving conventional banking institutions. This cooperative interaction also

leads to the need for an arrangement as the basis for the implementation of transactions between sectors of financial institutions.

It covers 17 subsectors such as culinary, fashion, design, and digital media, which rely on creativity and innovation to generate significant economic value as regulated in Law Number 24 of 2019 concerning the Creative Economy. The halal industry, which is regulated through Law Number 33 of 2014 concerning Halal Product Assurance, includes various products and services such as food, beverages, cosmetics, pharmaceuticals, tourism, and sharia finance that meet halal standards according to sharia principles (Syafi & Nugraha, 2026). Sustainability Theory is used to connect the development of the halal industry with economic, social, and environmental sustainability. Sharia economic regulations must support the development of the halal industry in Indonesia, by providing clear standards and policy support to develop halal products.

The current development of sharia economic regulations was conveyed by Member of Commission XI of the House of Representatives of the Republic of Indonesia, Mukhamad Misbakhun said that the sharia economy bill has been included in the priority scale in 2022. The existence of the Law will make the direction of growth more integrated in the form of a common policy. The law will be followed by other policies that are more implementable in order to strengthen the sharia economy in Indonesia. The law will be an umbrella for various halal industry developments and provide more impetus. Considering that Indonesia has a target to become the center of the global sharia economy by 2025.

Policies such as licensing clustering in Law Number 11 of 2020 concerning Job Creation and the development of halal Special Economic Zones (SEZs) in Sidoarjo and Bintan support Indonesia's vision as a global halal center. The analysis of this research will highlight the importance of regulatory harmonization to ensure halal is not only an administrative formality, but also reflects an ethical substance that is in harmony with sharia values (Harahap, 2024). Indonesia has great potential to develop the halal industry, but currently Indonesian halal products are still limited in the global market. Regulations that support halal product production and distribution standards can increase Indonesia's competitiveness in the international market. Therefore, it is important for the government to issue policies that support the development of halal products through clearer and more integrated regulations.

Meanwhile, the real sector also has its own obstacles. The birth of Law Number 33 of 2014 concerning Halal Product Assurance is expected to encourage the halal industry and sharia business entities to grow and develop. But of course it cannot run on its own, there needs to be synergy with Islamic financial institutions to finance the development of these Islamic business entities. Therefore, a strong push is needed to develop an Islamic economic ecosystem that is integrated with all subsystems contained in it, starting from Islamic financial institutions, socio-religious funds and the real sector. Challenges such as lack of harmonization of regulations between regions and high certification costs need to be addressed through additional incentives, such as subsidies for MSMEs (Sutisna et al., 2024). The need for regulations that support the adoption of environmentally friendly technologies in halal fashion

production, such as the use of recycled materials. Technology education and training should be extended to remote areas to reduce access gaps (Putri & Abidin, 2025).

Low halal literacy in Micro, Small and Medium Enterprises (MSMEs), high certification costs, limited human resources, and suboptimal policy harmonization between sectors and regions. Therefore, inclusive, adaptive, and collaborative public policies by involving various stakeholders are needed so that the synergy of the two sectors can run optimally. With the support of effective regulations and the strengthening of education and technology, Indonesia has the opportunity to become a competitive and sustainable global halal creative economy center.

### **Sharia Financial Inclusion to Boost Economic Growth**

Inclusive finance is all efforts that aim to eliminate all forms of price and non-price obstacles that hinder people's inability to access financial services, so that then people can take advantage of existing financial services. The determination of zakat as one of the inclusive financial instruments is because the role of zakat has been seen concretely in poverty alleviation. The integration of the creative economy and halal industry in Indonesia has great potential in encouraging inclusive and sustainable economic growth through regulatory support such as the Creative Economy Law and the Halal Product Assurance Law which strengthen the ecosystem through halal certification, intellectual property protection, digitalization, and supply chain strengthening (Syafi & Nugraha, 2026).

The preparation of the sharia economic subsystem in various sectoral laws risks causing overlapping norms and potential inconsistencies between rules that regulate similar matters. In the absence of a uniform framework of principles and goals, conflicts of norms can easily arise, ultimately confusing government officials. For example, the debate related to zakat or productive waqf from a fiscal or tax perspective, or the current issue of whether zakat funds can be used for the Free Nutritious Food program. The bill on sharia economics is expected to become an umbrella law that regulates the sharia ecosystem as a whole. From the perspective of *social engineering*, the urgency of the Bill on Sharia Economics is reflected in the huge potential of the Islamic economy in Indonesia. In the Sharia Economic and Financial Outlook (SheFO) 2026 seminar organized by Bank Indonesia on February 13, it was revealed that the Islamic economic and financial sectors showed significant resilience despite global uncertainty. The halal value chain grew 6.2 percent, driven by the performance of the halal food and beverage sector, Muslim-friendly tourism, and modest fashion.

In the financial sector, Islamic banking financing will grow by 9.66 percent by the end of 2025, thanks to Islamic macroprudential liquidity policy incentives and acceleration programs such as the Islamic Financing Week. Positive performance was also seen in sharia hedging instruments which grew by 86.5 percent, as well as an increase in the distribution of zakat, infaq, and alms which reached IDR 52.5 trillion in the second quarter of 2025, an increase of 43 percent compared to the previous year. The contribution of the sharia economy market

to the Gross Domestic Product (GDP) and people's welfare can still be further optimized. If the government makes the sharia economy a priority in the national development plan and the House of Representatives supports the bill, then the law can be an effective tool to change the configuration of the economy. He argued that there is a gap at the level of the law that can be used to carry out the constitutional mandate and realize muamalah and a just economy.

The lack of synergy between laws and regulations regarding the sharia economy in Indonesia is one of the issues that is widely discussed, especially by halal industry market players and sharia business entities. The lack of synergy is not only found in one sector but also between sectors in Islamic finance, as well as between the Islamic financial sector and socio-religious institutions, as well as between the sector of Islamic financial institutions and socio-religious institutions with the real sector, especially the halal industry and Islamic business entities. The theory of *maqasid al-shari'ah* is used to assess regulations that can increase financial inclusion with the aim of creating the welfare of the people. Good regulation of the sharia economy will ensure that every level of society has access to financial services that are in accordance with sharia principles. The level of financial inclusion in Indonesia is still low, especially in areas with low levels of financial literacy. Regulations that integrate the Islamic financial sector with financial inclusion policies will expand public access to financial products that are in accordance with sharia principles. This will increase public participation in the economy, which in turn can accelerate Indonesia's economic growth.

The great potential that Indonesia has in the development of the sharia economy has not been fully optimized. Although Indonesia has a very large Muslim population and abundant economic resources, there is still a considerable vacancy, especially in terms of knowledge and information dissemination about the Islamic economy. This condition has an impact on the lack of comprehensive public awareness of the importance of using products and services in accordance with sharia principles. As a result, the development of the Islamic economy in Indonesia is still relatively slow and has not reached the maximum potential that should be achieved.

Several fundamental problems are inhibiting factors in this development. One of them is the limited capital faced by the Islamic finance industry. This condition causes the market share to be relatively small, making it difficult for Islamic financial institutions to expand their business more widely and compete with conventional financial institutions that have already been established. These limitations ultimately have an impact on the low competitiveness and range of services provided to the community. In addition, policy support from the government is still considered to be not optimal. The lack of strategic policies and incentives that can encourage the growth of the Islamic finance industry causes this sector to tend to develop naturally without significant encouragement. In fact, the presence of progressive policies and appropriate incentives can be an important stimulus in accelerating growth and strengthening the competitiveness of the sharia economic industry at the national and global levels.

Another problem that is no less important is the lack of optimal utilization of the potential of religious social funds, such as zakat and waqf. So far, the fund is still more positioned as a purely social instrument, not directed optimally as a source of productive financing that is able to drive the economic sector, especially micro, small, and medium enterprises (MSMEs). If managed professionally and integrated, zakat and waqf have great potential to become a catalyst in the development of the sharia economy. In addition, the readiness of sharia business entities in facing the development of the global halal industry is also still limited. This causes great opportunities in the development of halal products that have not been fully utilized by national business actors. Ironically, Indonesia is still one of the largest consumers of global halal products, not as the main producer that is able to compete in the international market. This condition shows that there is a gap between potential and realization in the development of the halal industry in the country. In terms of regulations, the absence of a single legal product that comprehensively regulates the development of the sharia economic ecosystem is also a significant obstacle. The current regulations are still sectoral and have not been thoroughly integrated, so that each sector in the sharia economy runs separately without strong synergy.

As a result, the development of the Islamic economy is less optimal because it is not supported by an integrated and sustainable regulatory system. With these challenges, more systematic and integrated efforts are needed from various parties, both the government, industry players, and the community, to optimize the potential of the sharia economy in Indonesia. Without comprehensive strategic steps, the great potential it has will only become an opportunity that is not utilized to the fullest. An examination of social facts in the formation of laws leads to the conclusion that ideal regulations are those that are formed to meet the needs of society. The regulations that are born must take into account sociological reasons, i.e. empirical facts about the development of problems and the needs of society and the state. The urgency of sharia economic regulation is to accelerate the development of the sharia economy in Indonesia with all its potential, so that it can have an impact and benefits for all Indonesian people. The method used is to master science and technology, skills, and expertise, and health conditions, both physical and spiritual, which leads to efforts to improve welfare and prosperity in carrying out daily life activities.

## **CONCLUSIONS**

The conclusion of this study shows that comprehensive sharia economic regulation is very important to support Indonesia's economic growth. Regulations that are integrated and in accordance with sharia principles can optimize the Islamic banking sector, increase the competitiveness of the halal industry, and expand financial inclusion. Although the sharia economic sector has great potential, the main challenge lies in the incompatibility between existing regulations and sharia principles, which hinders the development of the sector. Therefore, clearer, coordinated, and based on sharia principles will accelerate the achievement of inclusive and sustainable economic growth. As a suggestion, it is important for the government and related institutions to strengthen existing regulations and develop policies that support the sharia economic sector as a whole. These efforts include clarifying regulations on Islamic financial institutions, strengthening supervision of the halal industry, and increasing Islamic financial literacy at all levels of society. In addition, synergy between the public and private sectors is needed to create an ecosystem that supports the development of the sharia economy optimally, in order to accelerate its contribution to national economic growth.

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