

Integrating Sharia Principles in State Asset Governance: A Normative Approach Based on Islamic Jurisprudence

Moh. Ae Dunuraen

STAI Samsul Ulum Sukabumi, Indonesia
dunuraeni@gmail.com

Abstract

The management of state assets is an essential component of public finance, demanding a governance framework that ensures justice, accountability, and benefit to the collective society. In contemporary Islamic states or Muslim-majority countries like Indonesia, this imperative intersects with the broader discourse on *sharia*-compliant governance, which seeks to align fiscal policies with Islamic legal and ethical principles. The inadequacy of secular legal systems in embodying the spiritual and communal values emphasized in Islamic jurisprudence underscores the urgency of re-evaluating asset management frameworks through the lens of *fiqh al-māl* and *maqāṣid al-sharī'ah*. This study aims to identify, classify, and synthesize sharia principles that govern the management of state assets, focusing particularly on the classical doctrines of Islamic public finance and the modern legal challenges faced by Muslim-majority nations. The objectives include analyzing the classical concept of *bayt al-māl*, identifying governance principles such as *ḥisbah* and *wilāyah al-māl*, and formulating a theoretical framework that can be adopted in contemporary national policy. The research adopts a qualitative approach, relying on interpretive-normative methods to examine classical texts, modern jurisprudence, and Indonesian policy documents. The findings reveal that a coherent and ethical framework for state asset management exists within the Islamic tradition, emphasizing *amanah*, public utility, legal responsibility, and institutional oversight. These principles provide not only a theological basis but also a practical foundation for regulatory models. This paper contributes to the field of Islamic public policy and law by offering a comprehensive normative model that bridges classical jurisprudence with modern governance challenges in asset management.

Keywords

sharia governance; state asset management; Islamic jurisprudence; *fiqh al-māl*; public finance

INTRODUCTION

The governance of public assets reflects a state's ethical and administrative maturity. In Islamic governance, state asset management (*idārah al-muṣādir al-‘āmmah*) is anchored in divine trust (*amānah*) and the collective right of the *ummah* (Qaradawi, 1995, p. 112). Classical scholars emphasized that state property must not be treated as the ruler's personal wealth but preserved for public benefit (*maṣlaḥah ‘āmmah*) (Al-Māwardī, 1978, p. 273). In contrast to many contemporary models, where fiscal systems are derived from secular legal rationales, Islamic public finance derives its authority from divine law (*shar’ al-mālik*), thereby framing state asset use as a religious obligation.

Historical Islamic governance structures, such as the *bayt al-māl*, illustrate a sophisticated institutional framework for managing public wealth under sharia. Scholars like Ibn Khaldūn (2004, p. 304) identified specific roles for the ruler, treasurer (*‘āmil*), and judicial oversight to ensure equitable distribution. This tradition was not merely theological but institutional, as evidenced by practices during the Abbasid and Umayyad periods (Siddiqi, 1996, p. 211). In this tradition, assets were treated as belonging to the collective *ummah*, and the caliph was but a steward (*wakīl*) bound by divine accountability (Al-Ghazālī, 2005, p. 45).

In contrast, the modern Indonesian legal system operates on the basis of positive law, with asset management governed by state finance laws such as Law No. 1 of 2004 on State Treasury. While these laws address efficiency and transparency, they do not explicitly incorporate *sharia* values such as justice (*‘adl*), trust (*amānah*), or the public good (*maṣlaḥah*) (Yustika, 2008, p. 129). The disconnection between religious-ethical mandates and contemporary policy has created a normative vacuum, particularly in Muslim-majority contexts like Indonesia.

The disconnect is further complicated by inconsistent application of Islamic legal concepts in public administration. While instruments like *zakat* and *waqf* are recognized in national law, broader asset governance remains secularized (Fauzi, 2011, p. 88). Some attempts at integration exist, particularly in the areas of Islamic banking and finance, but these do not extend comprehensively into asset control or distribution (Usmani, 2002, p. 194). Thus, while fragments of Islamic economic principles exist in national frameworks, the absence of a holistic sharia-compliant system in asset management is increasingly problematic.

Key *sharia* principles relevant to asset governance include *‘adl* (justice), *amānah* (trust), *maṣlaḥah* (public benefit), *wilāyah* (authority with accountability), and *ḥisbah* (supervisory oversight). Each of these principles is found in the works of major jurists and legal philosophers, forming the ethical foundation of Islamic governance (Al-Qaradawi, 1995, pp. 74–76; Ibn Taymiyyah, 2001, p. 223). For example, *ḥisbah* entails

institutionalized monitoring to prevent misuse of public wealth—analogous to today's auditing bodies (Al-Māwardī, 1978, p. 298).

In classical Islamic texts, scholars also differentiate between *al-milkiyyah al-‘āmmah* (public ownership) and *al-milkiyyah al-khāṣṣah* (private ownership), prescribing distinct rules for their management (Al-Shatibi, 1993, p. 133). Misuse of public wealth is not just a legal infraction but a breach of divine trust, incurring both worldly and spiritual consequences (Al-Ghazālī, 2005, p. 50). This underscores the moral intensity with which Islamic jurisprudence views state asset administration.

Despite this rich tradition, there is a lack of comprehensive frameworks translating these principles into modern policy, particularly in Indonesia. While classical jurists have laid out normative principles, the integration of *fiqh al-māl* with national fiscal regulations remains underdeveloped (Sofyan, 2007, p. 67). Islamic economists have called for the re-activation of these values in state policy, especially in light of governance failures and corruption cases (Azra, 2013, p. 155).

Based on this background, the current study raises four central research questions: (1) What are the *sharia* principles relevant to managing state assets? (2) How do classical Islamic texts conceptualize asset ownership and governance by the state? (3) What mechanisms ensure compliance with Islamic ethical governance in public asset administration? (4) What is the contemporary relevance of *fiqh al-māl* in national policy reform?

This article is necessary because it fills a pressing scholarly and practical gap by offering a normative Islamic legal framework for state asset management. In addition to enriching the discourse on Islamic public policy, this study contributes to designing more ethical and effective governance models rooted in classical jurisprudence and adapted to the realities of contemporary state administration.

LITERATURE REVIEW

Early Islamic legal scholarship developed a robust conceptual foundation for state asset management through frameworks such as *bayt al-māl* and *wilāyah al-māl*. Al-Māwardī (1978, p. 272), in his seminal work *al-Aḥkām al-Sultāniyyah*, established that public wealth must be administered under clear guidelines of justice, trust, and benefit. Al-Ghazālī (2005, p. 48) emphasized that state assets are not a source of luxury for rulers but a responsibility for ensuring public welfare (*maṣlaḥah ‘āmmah*). These classical notions were embedded within a broader ethical framework that demanded accountability before both society and God.

As the modern nation-state emerged, 19th and early 20th-century Islamic reformers revisited these classical principles. Muhammad Abduh and Rashid Rida advocated for an Islamic system of governance that reconciles traditional jurisprudence with institutional reforms (Rida, 1933, p. 17). Their work emphasized the revitalization of *shūrā*, transparency, and legal responsibility in public institutions. Their ideas laid the groundwork for future integration efforts in Muslim-majority countries undergoing colonial and post-colonial transformation.

In the latter half of the 20th century, scholars such as Yusuf al-Qaradawi (1995, p. 94) and Taqi Usmani (2002, p. 203) explored the application of Islamic legal norms in modern finance and governance. Qaradawi asserted that public funds must be managed through *ḥisbah*-based oversight, while Usmani proposed that Islamic ethics must permeate public financial institutions to preserve the spirit of *sharī'ah* compliance. These scholars extended classical jurisprudence into contemporary legal debates by demonstrating the continuing relevance of principles such as *amanah* and *maslahah* in state finance.

Indonesian legal scholars and institutions have contributed to this discourse by interpreting *sharia*-based governance within the framework of national law. Sofyan (2007, p. 71), for instance, argued that the integration of Islamic principles into public policy remains partial and fragmented. While instruments like zakat and waqf have been legalized, broader asset management practices often remain secular and devoid of Islamic ethical consideration. Yustika (2008, p. 132) similarly criticized the limited role of Islamic economic ethics in Indonesian fiscal law, noting a lack of comprehensive jurisprudential analysis.

Despite these contributions, most of the literature has not focused specifically on developing a comprehensive, jurisprudential framework for managing state assets in line with Islamic principles. While several authors address Islamic finance or governance broadly, the specific nexus between *fiqh al-māl*, asset authority, and state responsibility remains underexplored. This gap signals the need for a focused study that synthesizes classical Islamic legal theory with practical mechanisms for state asset governance under contemporary legal systems.

Theoretical Framework

The theoretical foundation of this study rests upon *fiqh al-māl* (Islamic jurisprudence on wealth), which offers a legal and ethical framework for the ownership, use, and administration of resources. Classical jurists such as Al-Shāfi'ī and Mālik ibn Anas categorized wealth into public and private domains, emphasizing differentiated legal rulings for each (Ibn Taymiyyah, 2001, p. 205). *Fiqh al-māl* operates under the broader

umbrella of Islamic law, ensuring that economic transactions and property governance align with divine objectives (*maqāṣid al-sharī'ah*) (Al-Ghazālī, 2005, p. 44).

One central theory is the concept of *wilāyah al-māl 'ala al-'āmmah*, or public financial guardianship. Al-Māwardī (1978, p. 274) explained that the caliph or state leader acts as a guardian (*wakīl*) over public wealth, obligated to spend it according to legal constraints and for collective benefit. This legal authority is neither absolute nor discretionary; it is conditioned by the principles of justice (*'adl*) and public benefit (*maṣlahah*). This forms a core assumption of Islamic statecraft: that public assets are a trust (*amānah*) managed under divine accountability.

Complementing this is the normative framework of *maqāṣid al-sharī'ah*, which outlines five primary objectives of Islamic law—protection of religion, life, intellect, lineage, and wealth (Al-Shatibi, 1993, p. 123). Asset governance, from this perspective, serves the protection of *māl* (wealth) and is instrumental in ensuring public welfare. The use of state assets must therefore promote societal well-being, prevent harm (*darar*), and enable justice across generations.

In addition, the concepts of *istiṣlāḥ* (consideration of public interest) and *istiḥsān* (juristic preference) provide flexibility within Islamic jurisprudence to address contemporary administrative challenges. These tools allow policymakers to derive rulings that preserve the spirit of Islamic law in new contexts (Kamali, 2000, p. 271). Through these methods, Islamic legal theory demonstrates its adaptability in addressing governance models, including asset management policies.

The theory of *ḥisbah* also plays a critical role in institutional supervision of public wealth. Historically implemented through market inspectors and oversight bodies, *ḥisbah* ensured that public officials did not misuse state resources (Al-Ghazālī, 2005, p. 51). In modern equivalents, this principle aligns with the roles of financial auditors, anti-corruption commissions, and ombudsmen, though these institutions rarely invoke the theological legitimacy that *ḥisbah* provides.

Together, these frameworks—*fiqh al-māl*, *wilāyah al-māl*, *maqāṣid al-sharī'ah*, *istiṣlāḥ*, and *ḥisbah*—form the theoretical scaffolding for constructing a normative model of sharia-compliant state asset management. This integrated approach not only aligns with Islamic jurisprudential tradition but also offers substantive guidance for policy design and implementation in modern governance structures.

Previous Research

Qaradawi's (1995, p. 97) seminal work on Islamic public finance laid a theological and legal foundation for viewing state wealth as a trust held on behalf of the *ummah*. He emphasized the importance of *bayt al-māl* as a divinely accountable institution and discussed its operational mechanisms based on classical sources. While his work broadly tackled issues of taxation, *zakat*, and public expenditure, it did not focus in-depth on the institutional governance of modern state assets.

Sofyan (2007, p. 69) explored Indonesia's policy on integrating zakat into the national fiscal system. His research revealed that while the legal inclusion of zakat represented progress toward Islamic public finance, the framework lacked comprehensive oversight aligned with sharia governance. State assets beyond zakat funds were left largely unaddressed, indicating a structural limitation in applying Islamic jurisprudence to national resource management.

Huda (2010, p. 101) conducted a comparative study between waqf assets and state-owned properties in Malaysia and Indonesia. He noted that waqf governance often received more sharia-based legal treatment than general state assets. Although his study introduced useful parallels, it did not provide a normative framework or jurisprudential analysis of state asset management under Islamic principles, thereby leaving an analytical gap.

Fauzi (2011, p. 83) proposed a model for state budgeting based on Islamic legal norms. Drawing from classical *fiqh* and *maqāṣid al-sharī'ah*, he argued that budgeting should aim at *maslahah* and equity. However, his focus remained on fiscal policy and expenditure rather than on the legal status, categorization, and regulation of state assets, especially fixed assets or public infrastructure.

Azra (2013, p. 153) critiqued the ideological tension between legal positivism and Islamic legal values in Indonesian public administration. He found that modern governance frameworks tended to sideline ethical principles derived from religion in favor of bureaucratic rationalism. While his work addressed broader themes of governance and ethics, it lacked specificity in dealing with the juridical treatment of public wealth within an Islamic context.

Despite these valuable contributions, a major gap remains in the academic literature: there is no comprehensive study that integrates classical Islamic jurisprudence with contemporary public administration to build a holistic, sharia-compliant framework for managing state assets. Most works either focus on micro-aspects like zakat and waqf or emphasize fiscal budgeting without addressing the foundational legal structures that govern the state's relationship to public wealth. This study addresses that gap by offering a systematic, jurisprudential model rooted in *fiqh al-māl* and *maqāṣid al-sharī'ah* principles, applied to modern state asset management.

RESEARCH METHODS

This research employs a qualitative approach grounded in textual and normative analysis. It focuses on interpreting classical Islamic legal texts and contemporary legal materials to construct a jurisprudential framework for state asset management. As Creswell (2007, p. 39) states, qualitative methods are suitable for exploring normative meanings, values, and structures embedded in religious and legal discourse. The aim is not empirical measurement but the extraction of conceptual and doctrinal patterns that can inform modern governance.

The primary data sources in this study are classical works of Islamic jurisprudence such as *al-Aḥkām al-Sulṭāniyyah* by Al-Māwardī (1978), *Iḥyā' 'Ulūm al-Dīn* by Al-Ghazālī (2005), and *al-Siyāsah al-Shar'īyyah* by Ibn Taymiyyah (2001), which discuss governance, public accountability, and asset administration. These texts are supplemented by modern juristic writings (e.g., Qaradawi, 1995; Usmani, 2002), Indonesian Islamic legal sources such as fatwas from Majelis Ulama Indonesia (MUI), and Sinta-Garuda-accredited journal articles on Islamic public finance. Additionally, Indonesian statutory materials such as Law No. 1 of 2004 on State Treasury are examined for comparative purposes.

The type of data used is textual, consisting of doctrinal interpretations, legal opinions (*fatāwā*), statutory texts, and historical narratives. This allows for a legal-historical reconstruction of Islamic principles that are applicable to public asset management today. The use of both classical and contemporary sources enhances the credibility and relevance of the research findings (Zarkasyi, 2010, p. 95).

Data collection involved careful thematic categorization of jurisprudential concepts such as *amānah*, *ḥisbah*, *wilāyah*, and *maṣlaḥah*, using content analysis and deductive reasoning. Classical sources were analyzed using *ijtihād* (independent reasoning) and *qiyās* (analogy), while modern sources were examined through critical comparison and contextual alignment with state financial regulations (Kamali, 2000, p. 143). This approach allows for bridging traditional fiqh doctrines with modern administrative realities.

The conclusion of this methodological process is a normative model of Islamic state asset management based on integrated sharia principles. The model is not prescriptive in the empirical sense but offers a jurisprudential structure that can guide policy formation and legal reform. By drawing from authoritative and traceable Islamic sources, the study ensures that the proposed model is both doctrinally sound and applicable within contemporary state systems.

RESULTS AND DISCUSSION

The exploration of state asset management through the lens of Islamic jurisprudence reveals deep conceptual resources that are often overlooked in contemporary legal and fiscal systems. Classical Islamic scholars developed intricate frameworks that emphasize ethical responsibility, social welfare, and divine accountability in managing public resources. In contrast, modern state policies, especially in Muslim-majority countries like Indonesia, tend to follow secular administrative models that lack theological grounding. This divergence has led to governance gaps, particularly in areas of transparency, accountability, and moral oversight.

To address this divergence, the present discussion is structured around the four research questions guiding this study: (1) identifying sharia principles applicable to state asset management, (2) understanding classical Islamic concepts of state ownership and governance, (3) outlining mechanisms that ensure compliance with Islamic governance standards, and (4) assessing the relevance of *fiqh al-māl* in modern fiscal policy. Each section analyzes these themes in light of classical jurisprudence, contemporary policy needs, and Indonesia's legal framework.

Sharia Principles in State Asset Management

Islamic legal philosophy posits that all wealth ultimately belongs to Allah, and human beings are merely stewards (*khulafā'*) entrusted with its responsible use (Qaradawi, 1995, p. 113). From this foundational principle emerges the concept of *amānah*—a trust that mandates ethical management of resources, particularly those under state authority. Al-Ghazālī (2005, p. 49) emphasizes that violating this trust constitutes both a legal and moral transgression, punishable in this world and the hereafter.

The principle of *ʿadl* (justice) is central to sharia governance, ensuring equitable distribution and preventing monopolization or elite capture of public assets. Ibn Taymiyyah (2001, p. 208) noted that justice is the basis of state stability and asset preservation. This principle requires the establishment of institutional frameworks that guarantee fairness in allocation, access, and supervision of public wealth.

Equally significant is the principle of *maslahah* (public benefit), which aligns asset use with the collective good. Al-Shāṭibī (1993, p. 141) formulated a comprehensive theory of *maqāṣid al-sharīʿah* around this principle, asserting that the legitimacy of any state action—including asset management—must be judged by its capacity to promote

societal welfare. Public assets must, therefore, be directed toward education, healthcare, infrastructure, and other necessities that fulfill communal needs.

The notion of *wilāyah al-māl*, or financial guardianship, outlines the role of the ruler or state authority in managing collective wealth. Al-Māwardī (1978, p. 274) describes this as a legally constrained authority, where the state acts not as owner but as a trustee bound by law to prioritize the public good. This directly counters modern models where discretionary power may lead to misuse, corruption, or misallocation.

Hisbah, the institutional principle of supervision and accountability, further strengthens the ethical fabric of asset governance. In classical Islamic governance, the *muhtasib* was appointed to ensure that all economic activities, including state spending, conformed to sharia norms (Al-Ghazālī, 2005, p. 51). Today, this principle resonates with the functions of auditing bodies, anti-corruption commissions, and ombudsman institutions.

Shūrā (consultation) also plays a governance role, ensuring participatory decision-making in the management of state assets. Ibn ‘Ashūr (2011, p. 231) stressed that consultation not only enhances legitimacy but also serves as a mechanism for transparency. Including stakeholders—citizens, experts, and scholars—in asset policy decisions aligns with this principle.

Iḥsān (benevolence) adds an ethical dimension beyond legal obligation. While the state may be legally permitted to utilize public assets for defense or infrastructure, *iḥsān* demands that such actions also consider compassion, environmental sustainability, and long-term societal impact (Usmani, 2002, p. 199). This higher moral standard reinforces the spiritual responsibility of state actors.

The principle of *takāful* (solidarity) informs asset redistribution policies, especially in addressing inequality and poverty. State assets must serve not merely as tools of administration but as instruments for social justice. Zakāt, a pillar of Islamic fiscal policy, reflects this redistributive ethos and serves as a template for broader asset policies (Qaradawi, 1995, p. 131).

Lastly, the integration of *niyyah* (intention) into policy formulation ensures that asset management is guided not only by law but by sincerity and accountability to divine oversight. As Al-Nawawī (1992, p. 23) noted, every action is judged by its intention, and thus public servants must act with genuine commitment to the welfare of the people.

These principles collectively form a coherent and comprehensive ethical framework. While classical in origin, they are highly applicable in modern governance contexts, especially where transparency, justice, and moral oversight are in urgent demand.

Concept of State Ownership in Islamic jurisprudence

In Islamic jurisprudence, the state does not possess property in the absolute sense; rather, it holds assets in trust on behalf of the *ummah* (community). This is rooted in the concept of *al-milkiyyah al-'āmmah* (public ownership), where resources such as natural wealth, infrastructure, and collective revenues are deemed communal and must be preserved for current and future generations (Al-Māwardī, 1978, p. 277). This foundational notion defines a fundamental distinction between Islamic and modern secular models of asset ownership.

Bayt al-māl—the public treasury—serves as the institutional embodiment of this trust. Historically, it was tasked with collecting and distributing revenues derived from zakāt, kharāj, jizyah, and other lawful sources (Ibn Taymiyyah, 2001, p. 211). These funds were categorized and earmarked for specific purposes such as supporting the poor, funding public works, and maintaining military infrastructure. The role of the ruler or caliph was to administer, not control, these assets.

Classical jurists imposed strict guidelines for the collection, allocation, and auditing of public wealth. Al-Ghazālī (2005, p. 46) emphasized that public funds must never be diverted for personal or political gain. Any deviation from intended public use was considered *ghulūl* (embezzlement), a severe offense in Islamic law. This perspective placed clear moral and legal restrictions on state officials handling collective resources.

The state's financial role is best described by the theory of *wilāyah al-māl 'ala al-'āmmah*, which grants the ruler authority to manage public funds solely within the bounds of *sharī'ah* principles and for the welfare of the population (Al-Shāṭibī, 1993, p. 128). This guardianship is not absolute; it is tied to oversight from both judicial institutions and societal mechanisms like *ḥisbah* and *shūrā*.

Ownership in fiqh is multidimensional. Alongside public ownership, *al-milkiyyah al-khāṣṣah* (private ownership) is protected, but always subordinated to public interest when necessary. For instance, if the state requires land for building a hospital or a road, it may requisition private property—provided this action meets the conditions of necessity (*darūrah*), fairness (*'adl*), and compensation (*'iwad*) (Kamali, 2000, p. 151). This shows that even private asset rights are circumscribed by higher ethical principles.

Moreover, Islamic law recognizes *al-milkiyyah al-daulah* (state ownership) as distinct from both public and private domains. This category includes state-owned enterprises, strategic reserves, and nationalized resources. However, even in this case, the government is bound by fiduciary obligations and ethical conduct (Usmani, 2002, p.

193). These assets must be used in a way that promotes economic stability, justice, and long-term public utility.

Asset misappropriation is categorically condemned in fiqh literature. The Qur'an (Al-Qur'an 8:27) warns against betraying trusts, and this has been interpreted by jurists as a prohibition against misusing state wealth. Classical scholars unanimously agreed that violations of asset trust by public officials warranted public accountability and, in some cases, removal from office (Ibn Khaldūn, 2004, p. 309).

Importantly, public ownership in Islamic thought implies stewardship rather than dominion. The Prophet Muhammad (pbuh) reportedly said: "*The Imām is a guardian and is responsible for his subjects*" (Sahih Bukhari, 893). This *ḥadīth* reinforces the theological foundation of state asset administration as a moral duty—not a political privilege.

The application of these concepts in a contemporary state like Indonesia requires reinterpretation (*ijtihād*) to suit new institutional contexts. However, the core principles—ethical guardianship, public benefit, and accountability—remain constant. Therefore, an Islamic model of state ownership must be designed to uphold these ideals through regulatory frameworks and administrative mechanisms.

Through this lens, it becomes clear that Islamic jurisprudence offers a unique model where ownership is fused with ethical governance, and legal authority is counterbalanced by divine accountability. This dual structure—temporal and spiritual—differentiates Islamic concepts of ownership from conventional sovereign models and offers compelling alternatives for modern public administration.

Governance Mechanisms in Sharia

Effective governance mechanisms in Islamic jurisprudence are designed to prevent the abuse of authority and ensure that public assets serve the collective interest. Central to this system is the concept of *ḥisbah*, an institutional structure dedicated to monitoring, accountability, and correction of administrative misconduct. Al-Māwardī (1978, p. 298) defines *ḥisbah* as the enforcement of communal ethics and legal obligations, particularly in economic matters, including the stewardship of public wealth. Historically, *muḥtasib* officers were appointed to audit markets, supervise financial transactions, and enforce the fair use of public goods.

Complementing *ḥisbah* is the principle of *shūrā* (consultation), which obliges rulers to involve knowledgeable and virtuous members of society in decision-making processes. As stated in the Qur'an (42:38), consultation is a hallmark of a just society. Al-Ghazālī

(2005, p. 49) explained that rulers must not act unilaterally in matters involving public wealth. This practice ensures both participatory governance and protection against arbitrary decisions regarding state assets.

In classical Islamic governance, the judiciary also plays a vital role in overseeing state asset management. The *qāḍī al-quḍāt* (chief judge) held jurisdiction over financial disputes and asset mismanagement claims. Ibn Taymiyyah (2001, p. 225) argued that when public officials mismanage resources, it is the duty of the judiciary to intervene and enforce justice. This legal infrastructure creates a system of internal checks to limit executive overreach.

Beyond institutional roles, the ethics of public office in Islam require that officials managing state resources demonstrate personal integrity, transparency, and a sense of responsibility before God. Usmani (2002, p. 194) emphasized that *taqwā* (God-consciousness) is a vital prerequisite for administrators, serving as an internal regulator that supplements external controls. The expectation is not only legal compliance but moral excellence in public service.

Another significant mechanism is *al-man' 'an al-fasād* (prevention of corruption), which underpins many of the governance principles in fiqh. Public wealth, according to Islamic law, must be protected from *fasād* (corruption, spoilage, or abuse), and those who transgress these boundaries face strict sanctions, including restitution, dismissal, or public condemnation (Ibn Khaldūn, 2004, p. 312). Preventive measures include rotation of officials, independent audits, and detailed public reporting.

Fiscal transparency is further mandated by the concept of *bayān* (clarity), a principle requiring governments to disclose public revenue sources, expenditure, and asset conditions. Al-Shāṭibī (1993, p. 144) noted that governance cannot fulfill the objective of *maṣlaḥah* unless decisions are transparent and justified. In this respect, regular accounting, public consultation, and published reports are not merely administrative tools—they are moral imperatives in Islamic governance.

Additionally, the institution of *dīwān* in early Islamic administrations functioned as a record-keeping and asset-tracking system. Al-Farūqī (1992, p. 201) discussed how the early caliphates maintained meticulous records of land ownership, taxes, military expenses, and public assets. This early bureaucracy served as a model for modern public financial management systems that aspire to accountability and structure.

Modern parallels can be seen in Indonesia's Badan Pemeriksa Keuangan (BPK) and Komisi Pemberantasan Korupsi (KPK), which function similarly to the *ḥisbah* and judicial oversight institutions envisioned by classical scholars. However, their ideological foundations are rooted in secular law rather than sharia. Integration of

hisbah-based ethical standards into such institutions would reinforce their legitimacy among Muslim populations and enhance moral accountability.

Finally, legislative frameworks in Islamic governance are expected to evolve through *ijtihad* in response to emerging challenges. Kamali (2000, p. 167) stated that renewal (*tajdid*) in governance mechanisms is not only allowed but encouraged to ensure relevance and effectiveness. Hence, a sharia-based governance model for state assets must be flexible, continually subject to review, and guided by both revelation and reasoned consensus.

In summary, Islamic governance offers a multi-layered accountability system—comprising judicial review, supervisory offices, participatory decision-making, and ethical leadership. These mechanisms are designed not just to maintain administrative order, but to uphold the divine trust inherent in the stewardship of public wealth.

Contemporary Relevance of *Fiqh al-Māl*

The principles embedded in *fiqh al-māl* remain highly relevant to modern state asset management, especially in countries like Indonesia where Islamic ethical frameworks coexist with a secular legal system. In recent years, there has been increased scholarly and policy-level interest in integrating Islamic jurisprudential values into public finance, yet most efforts have concentrated on Islamic banking and zakat administration, leaving the broader domain of state asset governance underdeveloped (Sofyan, 2007, p. 72).

Modern fiscal systems often emphasize efficiency, legality, and economic growth, but tend to ignore moral dimensions such as trust (*amānah*), public benefit (*maṣlaḥah*), and spiritual accountability. *Fiqh al-māl* introduces a distinct ethical logic to asset management that prioritizes equitable distribution, long-term sustainability, and divine responsibility (Qaradawi, 1995, p. 116). These principles can serve as normative checks on technocratic decision-making that may otherwise sideline marginalized communities.

The integration of *fiqh al-māl* into national policy is particularly urgent in addressing corruption and mismanagement, which remain pervasive issues in many developing nations. Indonesia, despite having strong regulatory bodies like the BPK and KPK, still suffers from asset leakage and weak enforcement mechanisms (Azra, 2013, p. 157). Embedding sharia-based moral accountability, such as *hisbah*, into these institutions could enhance their authority and effectiveness.

Several successful examples from other Muslim-majority countries highlight the viability of such integration. Malaysia's Department of Waqf, Zakat and Hajj (JAWHAR) operates on a blended model of classical fiqh and modern public administration. It manages public religious assets with reference to *maqāṣid al-sharī'ah*, ensuring that expenditures fulfill social welfare objectives (Huda, 2010, p. 104). Similarly, Turkey has employed Islamic endowment (*waqf*) principles in state-led infrastructure projects, demonstrating that religious and state interests can be harmonized under a unified legal approach.

In the Indonesian context, several policy areas offer entry points for *fiqh al-māl*-based reform. One is the regulation of state-owned enterprises (SOEs), which could be reframed as *milkiyyah daulah* with strict guidelines on permissible profit-making and reinvestment in public services. Usmani (2002, p. 195) emphasized that public enterprises in Islam must not serve commercial elites but act as vehicles for inclusive development.

Another area is land and natural resource management, where Islamic property classifications could guide equitable access and environmental stewardship. Classical jurisprudence mandates that common goods—like water, pasture, and fire—should not be monopolized (Ibn Taymiyyah, 2001, p. 209). This aligns closely with modern principles of sustainable development and environmental ethics.

Furthermore, Islamic finance tools such as sukuk (Islamic bonds) can be used for asset-backed public infrastructure development. These instruments operate under the premise of shared risk, ethical investment, and prohibition of speculative practices (*gharar*), offering a morally grounded alternative to conventional debt financing (Kamali, 2000, p. 176).

Public awareness and participation must also be considered in integrating *fiqh al-māl*. Islamic governance demands not only top-down implementation but also bottom-up accountability, where citizens act as stewards of public assets. Educating communities on sharia values in public finance could foster stronger civic responsibility and reduce tolerance for corruption (Fauzi, 2011, p. 91).

Ultimately, the application of *fiqh al-māl* is not limited to legal reform but extends to ethical transformation. It demands that state officials, civil society, and financial institutions operate with a heightened sense of divine accountability and moral discipline. The Qur'an and Prophetic traditions consistently remind rulers that they are accountable not only to their people but to Allah for how they manage public wealth (Al-Qur'an 4:58).

Therefore, by drawing from its ethical and institutional depth, *fiqh al-māl* offers a viable and spiritually coherent model for improving state asset governance. It calls for a shift

from transactional bureaucracy to transformational stewardship, aligning public administration with justice, equity, and spiritual integrity.

From Legal Theory to Ethical Governance

The preceding analysis reveals that Islamic jurisprudence offers not only legal classifications but also a comprehensive moral philosophy for state asset governance. Principles such as *amānah*, *maṣlaḥah*, *ʿadl*, and *wilāyah* form an interconnected system that treats public assets as divine trusts subject to ethical management. These principles transcend time and geography, offering governance ideals that remain relevant in the contemporary world. Unlike purely legalistic models, *fiqh al-māl* infuses asset administration with a sense of sacred responsibility.

When applied systematically, these sharia-based concepts offer a practical roadmap for reforming public institutions. For example, *ḥisbah* functions as more than just a historical institution—it represents an Islamic framework for auditing, monitoring, and enforcing accountability in the management of state wealth. Modern equivalents like Indonesia’s KPK could benefit from adopting these deeper ethical foundations, not merely as symbolic references, but as substantive frameworks that guide internal policy and public trust.

Furthermore, the dynamic interpretive tools within Islamic law, such as *ijtihād*, *istiṣlāḥ*, and *istiḥsān*, allow for adaptation and contextualization of classical doctrines within modern bureaucratic and legal environments. This flexibility enables Muslim-majority nations like Indonesia to reconcile religious obligations with constitutional mandates, fostering governance models that are both theologically grounded and administratively effective.

The value of *fiqh al-māl* lies in its dual capacity: it provides detailed operational guidelines while also cultivating ethical consciousness in public officials. This duality is crucial in an era where legal compliance often fails to ensure moral integrity. Islamic jurisprudence fills this gap by linking governance to accountability before both society and God.

In conclusion, integrating *fiqh al-māl* into modern state asset management is not only doctrinally justified but practically necessary. As states grapple with issues of corruption, inequality, and inefficiency, the Islamic model presents a holistic approach that unites legal structure, institutional integrity, and spiritual ethics. It holds promise for creating governance systems that are not only effective but also just, transparent, and rooted in divine accountability.

CONCLUSION

The study has demonstrated that the principles of Islamic jurisprudence, particularly those encapsulated in *fiqh al-māl*, offer a structured and ethically grounded framework for managing state assets. Concepts such as *amānah*, *‘adl*, *maṣlaḥah*, and *wilāyah al-māl* form the foundation of a governance model that views public wealth not merely as a political resource, but as a trust that must serve the welfare of the entire society. These principles, when implemented through appropriate institutions and policy instruments, ensure that public assets are used efficiently, equitably, and responsibly.

By examining both classical legal thought and modern policy contexts, the study has illustrated how Islamic governance mechanisms like *ḥisbah*, *shūrā*, and judicial oversight can be revitalized to combat corruption, promote transparency, and align fiscal management with higher ethical values. The integration of Islamic finance instruments and public participation also reinforces the relevance of sharia principles in addressing contemporary governance challenges.

This research offers a contribution to the broader discourse on Islamic public policy by presenting a normative model for asset management that is doctrinally sound and administratively applicable. It encourages policymakers, scholars, and religious authorities to collaborate in designing systems that bridge religious norms with state function, ultimately enhancing the credibility and effectiveness of public institutions.

In conclusion, the application of *fiqh al-māl* in state asset management is not simply an academic exercise, but a practical necessity for Muslim-majority countries seeking to align their governance structures with moral and spiritual values. By returning to these foundational principles, states can cultivate institutions that are just, transparent, and accountable in both legal and divine terms.

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