FISCAL TRANSPARENCY AND FINANCIAL INTEGRATION IN ISLAMIC ECONOMY

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I hereby declare that the work in this research is my own except for quotations and summaries which have been duly acknowledged.

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ABSTRACT

This research attempts to extend beyond the good image of the Islamic economy system and gives the readers an overview on how the system works. Importantly this research would argue how the system can attain social justice and economic balance in the sense of efficiency and equity, which is what Islam focus in the economy. The goal mentioned above would be approached through fiscal transparency and financial integration. For fiscal transparency, the concept of return in Islam will be discussed. In other words how these intermediaries carry out their investments. Financial data of several Islamic financial instruments and market returns are collected. Business and ethics from the Islamic perspective would be discussed in this section as well. For financial integration the role of Zakah, dinar, Islamic banks, Takaful and International trade will be discussed to see how these instruments can increase liquidity, social balance and economic growth. In general, the findings obtained are; Islamic economy has variables that sustain equity and equality. The guidance from the Al-Qu’ran and Hadith are complete framework to build an economy that follows Islamic principles and at least minimize or possibly eliminate unlawful elements such as riba (usury), maysir (gambling), gharar (unnecessary risk), and rishwah (corruption). Financial integration upholds unity among Muslims in terms of taqwa and wealth. Wealth has to be managed professionally and fairly as following Islamic principles. Financial integration is to ensure that the Islamic, Banking and Finance system runs efficiently and accurately in managing the funds or capital flows of the people and the country and also the zakat collected. Several variables are studied and analysed to see this.
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