

## The Concept Of Investment In Islam

Muhammad Awaludin Islam<sup>1</sup>, Mohamad Khomsun<sup>2</sup>, Siswohadi<sup>3</sup>  
<sup>123</sup>Sunan Drajat University

\*Corresponding author  
[Awaislam150@gmail.com](mailto:Awaislam150@gmail.com)

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### Abstract

The rapid development of industry and technology has changed the lifestyle of the world's people, including Indonesia, from manual to all-digital, including in economic and investment activities. If in the past people were more familiar with the concept of savings, now investments in the form of stocks, mutual funds, and other instruments are starting to be in demand. However, the understanding of the Muslim community towards sharia investment is still relatively low, so not a few are trapped in conventional investments that contain elements of *riba*, *maysir*, and *gharar*. Thus, learning and social involvement regarding investments that are in line with sharia guidelines are very important. This study uses a literature review approach, which is to collect and evaluate relevant texts to examine the idea of investment in Islam. In the discussion, it was explained that investments can be made in various types of markets, such as the business project market, money market, and capital market, provided that they must be in accordance with sharia principles. In addition, the concept of productive waqf is also an important highlight as a form of social investment oriented towards community welfare. Productive waqf not only provides individual benefits, but is able to reduce social inequality, encourage sustainable investment, strengthen the local economy, and instill the value of social justice and concern for others. Therefore, both sharia investment and productive waqf have an important role in realizing a fair, sustainable, and blessed Islamic economy..

Keywords: Sharia Investment, Productive Waqf, Island Investment Hukun





## INTRODUCTION

The world community in its umam, including Indonesia, is facing an era of extraordinary industrial development. Not only in the world of revolutionized technology, but also in the world of business, even in the current era of the industrial revolution. Everyone flocks to prepare themselves for the rapid technological leap, which will cause the change in people's lifestyle that was previously manual to be all-online as in the case of investment, people used to be very familiar with the concept of "savings", where people are encouraged to invest part of their income for future pleasure while nowadays switch to other forms of investment such as stocks and so on. Invention is a form of infrastructure that is needed to improve the welfare of the people. Conceptually, investment refers to the allocation of current currency to acquire currency in the future; These investments provide benefits for individuals and families to meet their wants and needs in the future..

However, in Indonesia, the understanding and understanding of the Muslim community towards sharia investment is still low, so Muslim investors are often trapped in conventional investments that contain elements of gambling and usury. Serious efforts are needed that must be made by all parties, especially the government, in providing, educating and enlightening about sharia investment, as an investment should be carried out in accordance with sharia principles.<sup>1</sup> Based on the background that has been explained, this study aims to review how the concept of investment in Islam is conceptualized.

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<sup>1</sup> Inayah, I. N. (2020). PRINCIPLES OF ISLAMIC ECONOMICS IN SHARIA INVESTMENT. *Journal of Sharia Accounting and Business (AKSY)*, 2(2), 88–100. <https://doi.org/10.15575/AKSY.V2I2.9801>

## METHOD

This research is carried out by collecting, reading, and then analyzing the contents of the literature that are relevant to the topic and research problem. The sources of the readings that are used as data are books, scientific journals, reports, and other sources relevant to the topic of this research.<sup>2</sup>

## RESULT AND DISCUSSION

### 1. Business Project Market Vs Money Market For Investment

A business project market is a fictitious place or location that serves as a place where sellers and buyers meet to carry out direct transactions. In this context, physical refers to real infrastructure such as traditional markets, malls or shopping markets where vendors offer goods and services and data providers make direct purchases.

The money market is a meeting place between the lender and the potential consumer. This meeting can be carried out directly or through the role of intermediaries. The money market arises because there is a transaction of demand or supply for a number of valuable funds.<sup>3</sup>

The differences between the two types of markets include:<sup>4</sup>

Aspects	Business Project Market	Money Markets
Shape	Physical (real)	Non-physical (abstract)

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<sup>2</sup> Noviantoro, K. M., & Zurohman, A. (2020). The Prospects of Sharia Tourism (Halal Tourism): A Challenge in the Era of the Industrial Revolution 4.0. *Equilibrium: Journal of Sharia Economics*, 8(2), 275. <https://doi.org/10.21043/equilibrium.v8i2.8160>

<sup>3</sup> Ramadhani, Niko (2020-02-17). "[What is the Money Market? What's the Difference with Capital Markets?](#)". *Blog Acceleration* (in English). Retrieved 2020-10-10.

<sup>4</sup> Antonio, M. Syafi'i. (2001). *Sharia Banks: From Theory to Practice*. Jakarta: Gema Insani Press.

<b>Aspects</b>	<b>Business Project Market</b>	<b>Money Markets</b>
<b>Focus</b>	Goods and services	Short-term financial instruments
<b>Perp</b>	Traders, direct consumers	Investors, financial institutions, intermediaries
<b>Investment Objectives</b>	Growing real economic activities	Earn returns on short-term funds
<b>Example</b>	Traditional markets, malls	Bank Indonesia certificate, deposit, call money
<b>Period</b>	Short to medium term	Short-term
<b>Risk</b>	Depending on the type of business (can be high)	Comparatively lower

## 2. Capital Markets

The definition of the capital market itself in accordance with Law Number 8 of 1995 concerning the Capital Market (UUPM) is that activities related to Public Offerings and Securities trading, Public Companies related to the securities they issue, along with institutions and professions related to these securities, are important.<sup>5</sup>

In a broad sense, the capital market is a meeting place for those who need funds (the Company) and those who have funds (investors), through janka financial transactions such as sham, onligasi, and mutual funds. In the sense of a capital market, it is an official institutional market that facilitates

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<sup>5</sup> Irwan abdalloh, Islamic capital market, aninta memoedi, Jakarta 2018

the development and is supervised by an authorized authority for financial services).

### Function of the Capital Market

The capital market plays an important role in a country's economy because it has two main objectives, namely economic and financial functions..<sup>6</sup>

- a. The economic function serves as a bridge between the fund owner and the party that needs the funds .ini make the flow of funds in the economy more efficient to support economic development because the Company can obtain capital for the expansion of innovation.
- b. Function of keugan: providing investors to invest capital and uniqueness. Investors can choose instruments that suit their goals and profile, such as stocks with high returns (but high risk), or bonds that are more stable.

### 3. The Position of Faith in Investment

Islam commands its adherents to pursue a better life both in this world and in the hereafter. Achieving a satisfying life in this world and the hereafter ensures the achievement of physical and spiritual well-being (falah). One method to acquire wealth is to engage in financial activities, with investment as the main component.<sup>7</sup>

Therefore, Islam provides rules or prohibitions regarding the types of investments that are allowed and not allowed for business people, both investors, traders, suppliers, and other parties involved in this field. In addition, certain aspects such as the understanding of investment and its

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<sup>6</sup> <https://www.brights.id/id/blog/apa-itu-pasar-modal>

<sup>7</sup> Abdul Aziz, Sharia Investment Management (Bandung; Alfabeta, 2010), p., 14.

related areas should be explored more deeply to ensure that our investment practices provide spiritual satisfaction, inner peace, and goodness both in this world and in the hereafter. Here are some quotes about the urge to invest.<sup>8</sup>

a. QS. Al-Hashr : 18

*"O you who have believed, fear Allah and let each one of you pay attention to what he has done for tomorrow (the Hereafter); and fear Allah, for Allah is Aware of what you do."*

From this quote, it is clear that this verse offers moral advice for allocating resources in preparation for earthly life and the afterlife. In Islam, any action aimed at serving a higher purpose is considered valuable in the hereafter, including the act of investing.

b. QS. Lukman : 34

*"Verily, Allah, in His side alone is the knowledge of the Day of Judgment; and He is the One who sends down the rain, and knows what is in the womb. And no one can know for sure what he will do tomorrow. And no one can know on earth where he will die. Indeed, Allah is All-Knowing, All-Knowing."*

In the preceding verse, Allah clearly affirms that no one can predict what will happen or be attempted, nor the events of the next day. Because of this lack of knowledge, humans are commanded to take action, one way is to invest as a means of preparation for an unpredictable future. The outcome is entirely under God's control;

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<sup>8</sup> These verses are widely interpreted as verses of encouragement about investment and are categorized as verses with economic content even though they are not as implicitly affirming as intended (investment).

however, it is important to follow religious guidelines in every activity, including investment.

c. QS. Al-Baqarah : 261

*"The parable of those who spend their wealth in the way of Allah is like a seed that grows seven grains, in each grain a hundred seeds. Allah multiplies (the reward) for whom He wills. And Allah is Vast and All-Knowing."*

The verse also conveys the importance of investing, although it does not explicitly mention the concept. Rather, it describes the blessings given to those who generously share their wealth for God's sake. From an economic point of view, this verse undoubtedly affects our life on Earth. Consider scenarios where many people are involved in charitable actions; They will effectively lift hundreds, thousands, millions, and even billions of poor people around the world, guiding them towards a more productive future.<sup>9</sup>

d. QS. An-Nisa' : 9

*"And let Allah be feared by those who leave behind them weak children, whom they fear for their welfare. Therefore let them fear Allah and speak the truth."*

In this verse, Allah commands humans not to abandon vulnerable heirs, both in terms of morality and financial stability. This verse is often quoted by supporters of family planning initiatives. In fact, this verse clearly advocates improving people's financial well-being by building a path to success, which includes engaging in investment ventures in a variety of ways. This can be achieved through banking

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<sup>9</sup> Ibid, pp. 13 - 17

institutions or through personal methods that are considered more profitable and beneficial.

With the above verses, the scholars view self-investment as an activity that is recommended as long as it is carried out in a way that does not violate sharia principles and does not contain prohibited elements such as ribah, maisir and gharar. This is in accordance with MUI Fatwa No.80/DSN-MUI/III/2011 on the capital market and MUI Fatwa No.20/DSN-MUI/IV/2001 concerning guidelines for investment implementation for Islamic mutual funds.

#### 4. The Role of Waqf in Investment

Waqf can also be considered as an investment that is not only oriented to individual interests but also to the interests of the community. This idea is strengthened by the existence of effective waqf initiatives. Productive waqf refers to the management of waqf assets with the aim of generating excess profits that can benefit the community in the long term. This can include the construction of education and health facilities, the provision of support for orphans, and various forms of productive assistance. An important function of productive waqf is to encourage a sustainable Islamic financial system.

##### a. Narrowing the Socio-Economic Gap

By dedicating some of its resources to productive ventures, waqf can help bridge the socioeconomic gap between wealthy and disadvantaged individuals.

##### b. Promoting Sustainable Investment

Productive waqf encourages investment in environmentally friendly initiatives that have a positive impact on the community over time, such

- as supporting micro and small enterprises that are the foundation of the local economy.
- c. Strengthening the Local Economy  
Productive waqf is allocated to improve the local economy, thereby increasing people's purchasing power and their ability to compete in international arenas.
  - d. Promoting Social Justice  
Islam attaches great importance to the concept of social justice. Through productive waqf, this principle can be practiced by ensuring equal opportunities and access for every individual in society.
  - e. Instilling the Principles of Generosity and Compassion  
Productive waqf is an example of the principles of kindness and empathy found in Islam. Participating in productive waqf encourages Muslims to be attentive to the needs of others and provide substantial support to their environment.  
Productive waqf is a form of social investment in Islam that not only prioritizes the interests of individuals, but also provides sustainable benefits for society. By managing waqf assets productively, this program can reduce socio-economic disparities, encourage sustainable investment, strengthen the local economy, realize social justice, and instill the value of sharing and caring for others. Productive waqf is essential to create an Islamic economic system that is fair, enduring, and all-inclusive.

## **CONCLUSION**

The business project market is a place or location that functions as a meeting place for sellers and returnees to carry out direct transactions while

the money market is a meeting place between the lender and potential consumers. Either done directly or through the role of tara

Asar Usaha Project is a place or location that is fictitious as a place where sellers and reciters meet to carry out direct talaqs. As for investment or the stock exchange, the scholars view investment itself as an activity that is recommended as long as it is carried out in a way that does not violate sharia principles and does not contain prohibited elements such as ribah, maisirdan and gharar. This is in accordance with MUI Fatwa No.80/DSN-MUI/III/2011 on the capital market and MUI Fatwa No.20/DSN-MUI/IV/2001 concerning guidelines for investment implementation for Islamic mutual funds.

Productive waqf is a form of social investment in Islam that not only prioritizes the interests of individuals, but also provides sustainable benefits for society. By managing waqf assets productively, this program can reduce socio-economic disparities, encourage sustainable investment, strengthen the local economy, realize social justice, and instill the value of sharing and caring for others. . Productive waqf is essential to create an Islamic economic system that is fair, enduring, and all-inclusive.

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