

WEALTH OF NATION:

CONSUMPTION, SAVING AND INVESTMENT IN ISLAMIC ECONOMICS

Abstract

Poverty is inevitable issue. In Islam, poverty must not be a voluntary conduct. Muslims should have both physical and spiritual strength in order to search for the bounties of God. Hence, a society, together with every individual should have an economic eye on the use of resources. It is the bounty of God, which man inherits (to use with trust). Islam motivates followers to make good earnings and spend them in accordance to God's will. Muslims must be rich and prosperous in order to serve all the five pillars in Islam. It is crucial for Muslims to manage their fortune into blessed wealth. This paper discusses the three major components in economics; namely consumption, saving and investment, from Islamic perspective and how the three could revive the economy and develop wealth for the Muslim ummah and to the country in general. It is to show that seeking wealth is not a sinful act in Islam and Muslim followers must be motivated to pursue wealth and prosperity.



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Consumption in Islam

1. A Muslim should acquire some wealth so that he could be able to devote more time to good deeds and action (amal), for he is free from the care of some basic necessities.
2. A Muslim should earn some income at least for survival.
3. Source of income must come from halal (lawful) activities.
4. A Muslim should spend for the basic provisions and necessities for himself and his family.
5. Begging, pleading or asking for donation and sadaqah is not the culture of Islam thus a Muslim must not lead his life towards such life.
6. Muslims are required to allocate some of his earnings to benefit his children in the future.
7. A Muslim should acquire some wealth so that he would be able to assist other fellows, starting from the near families and relatives.
8. A Muslim must spend for the obligatory zakat and voluntary charity.
9. A Muslim ought to avoid wasteful spending and wrong way of consumption.
10. A Muslim should keep away from spending on prohibited goods and services.
11. Muslims should be part of 'right hands', 'upper hands' and society's solution instead of the opposite.

Saving and Investment in Islam

1. It is essential for a Muslim to save some of his income in most productive ways.
2. Savings, in terms of small deposit, might be suitable for daily expenses or for unforeseen events.
3. Wealth could not be left idle, thus one alternative in how to do with the money surplus (besides spending for provisions or charity) is by carrying out investment.
4. Investment must be channeled from and through halal activities in Islam.
5. Islamic banking and financial institutions provide various ways in how to manage wealth.
6. A Muslim could also be an investor and entrepreneur himself ; by doing good business and govern the wealth accordingly.
7. The Islamic economy allows private enterprise by individuals and does not bind them in any other way except that business should be conducted within the bonds of the shariah.
8. Worldly goods could make a man deviate from God , yet a God-conscious man will bring wealth as a medium to be close to Allah.
9. A rich Muslim, who is God-conscious, will put the worldly wealth into the right place (avoiding zulm).
10. Good conduct of managing fortune will flourish a blessed wealth.
11. Government intervention is essential for any misconduct in production, consumption, allocation and distribution of resources and wealth.