

# The Analysis of the Development of Islamic Economic System in Europe with the Increasing Capacity of Muslims as a Minority

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## Abstract

*Islam entered Europe for the first time in 711 M, brought by Tariq bin Ziyad via Spain. In Europe Muslims are still classified as a minority because the largest religion in Europe is Christianity. Able to overcome various existing economic problems, especially the problem of the economic crisis, Islamic economics is present as an alternative to a capitalist economy and socialism. Islam comes with comprehensive and universal teachings. This research aims to discuss in depth the development of the Islamic economic system in Europe, using historical approaches and documentary methods in data collection techniques, namely by analyzing articles that have relevance to the topic being discussed. The conclusion of this research is that in the European continent itself, the development of an economy based on sharia, one of which is a factor in the increasing Muslim population in Europe. The growth and development of the Islamic economy in Europe can also be seen by the birth of Islamic banking, namely 22 banks that have been operating and 6 of them are certified full sharia. Sukuk are also getting more interest and ordering from the public, implants in Europe are listed on the Luxembourg Stock Exchange. The development of Islamic insurance is also relatively fast because it has received a good response from the community. Other progress can be seen from the many scientific studies that discuss the Islamic economic system in several universities, such as at Harvard University.*

**Keywords:** Europe; Islamic Economics; Capitalist Economics

### Abstrak

*Islam masuk ke Eropa pertama kali pada tahun 711 M, dibawa oleh Tariq bin Ziyad melalui Spanyol. Di Eropa umat Islam masih tergolong minoritas karena agama terbesar di Eropa adalah Kristen. Mampu mengatasi berbagai permasalahan ekonomi yang ada, terutama masalah krisis ekonomi, ekonomi Islam hadir sebagai alternatif dari ekonomi kapitalis dan sosialisme. Islam hadir dengan ajaran yang komprehensif dan universal. Penelitian ini bertujuan untuk membahas secara mendalam perkembangan sistem ekonomi Islam di Eropa, dengan menggunakan pendekatan sejarah dan metode dokumenter dalam teknik pengumpulan data, yaitu dengan menganalisis artikel yang memiliki relevansi dengan topik yang sedang dibahas. Kesimpulan dari penelitian ini adalah di benua Eropa sendiri, perkembangan ekonomi yang berbasis syariah salah satunya menjadi faktor meningkatnya populasi Muslim di Eropa. Pertumbuhan dan perkembangan ekonomi Islam di Eropa juga dapat dilihat dengan lahirnya perbankan syariah, yaitu 22 bank yang telah beroperasi dan 6 diantaranya bersertifikat full syariah. Sukuk juga semakin diminati dan diminati masyarakat, implan di Eropa tercatat di Luxembourg Stock Exchange. Berkembangnya asuransi syariah juga tergolong cepat karena telah mendapat respon yang baik dari masyarakat. Kemajuan lain terlihat dari banyaknya kajian ilmiah yang membahas sistem ekonomi Islam di beberapa universitas, seperti di Universitas Harvard.*

**Kata Kunci:** Eropa; Ekonomi Islam; Ekonomi Kapitalis

### Introduction

The latest data shows that there are about 1,8 billion Muslims scattered around the world, and more than half of these Muslims are in Asia Pacific, which is 20%, and the rest in Europe, America, and Australia. It is estimated that the Muslim population will continue to increase to reach 30% by 2030, this growth is more than 2 times the growth of non-Muslims as a whole, as the growth of Muslims themselves averages 1,5% per year while non-Muslim growth only reaches 0,7%, Bahrul Hayat even revealed that then, one in four residents will be Muslim.<sup>1</sup>

Following the historical approach, the largest religion in Europe is Christianity, followed by Islam, the presence of Islam itself is able to give a new nuance to civilization in Europe. Following history, Islam began to enter Europe in 711 M. Islam first introduced in Europe

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<sup>1</sup>Dedi Sahputra Napitupulu and Syawal Fahmi, "Pendidikan Islam Muslim Minoritas (Kasus Di Eropa Barat)," *Belajea: Jurnal Pendidikan Islam* 5, no. 1 (2020): 39, <https://doi.org/10.29240/belajea.v5i1.938>.

by Tariq bin Ziyad and Spain is the beginning of Islamic civilization in Europe. In a period of more than seven centuries the Muslims in Spain have reached a glorious era, including the formation of an economic system, intellectual progress, etc.<sup>2</sup>

Europe was once in a very difficult situation that is after the second world war, the second world war affected the economic and political situation of European countries can even be classified in chaos, then Islam came with new nuances and enter their milu and are easily accepted.<sup>3</sup>

Islam is a way of life, that is, the earth and all its contents are God's gift to human beings to be used in the best way for the common good.<sup>4</sup> Islam is also a comprehensive and universal religion, which means that its teachings cover all aspects of life, both ritual (worship) and social (*muamalat*). In Islam there are also rules and guidelines that cannot be set aside,<sup>5</sup> but are prescribed to ensure the safety of human beings be it religion, intellect, property, and lineage.<sup>6</sup>

Islamic economics is present in Europe as an alternative solution, the advantage of Islamic economics itself is that it is able to unite moral and spiritual values in the system, these moral values are not possessed by the economy with the western capitalist system economic actors who are destructive and detrimental to each other, one example of which is the rise of monopoly practices, usury and all forms of fraud that appear and are packaged so smoothly and neatly.<sup>7</sup> The presence of the Islamic economic system becomes a way out for

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<sup>2</sup>Sulasman and Suparman, *Sejarah Islam Di Asia Dan Eropa: Dari Masa Klasik Hingga Masa Modern* (Bandung: CV Pustaka Setia, 2013), 243.

<sup>3</sup>Napitupulu and Fahmi, "Pendidikan Islam Muslim Minoritas (Kasus Di Eropa Barat)," 39.

<sup>4</sup>Devid Frastiawan Amir Sup, "Tinjauan Masalah Terhadap Amdal," *Muslim Heritage* 4, no. 1 (2019): 45, <https://doi.org/10.21154/muslimheritage.v4i1.1724>.

<sup>5</sup>Muhammad Irkham Firdaus and Devid Frastiawan Amir Sup, "Legal Opinion Dalam Perspektif Hukum Islam," *El-Ghiroh: Jurnal Studi Keislaman* 21, no. 1 (2023): 63, <https://doi.org/10.37092/el-ghiroh.v21i1.360>.

<sup>6</sup>Muhammad Syafi'i Antonio, *Bank Syariah: Dari Teori Ke Praktik* (Depok: Gema Insani, 2001), 3-7.

<sup>7</sup>Djoko Setyo Hartono, "Ekonomi Islam Sebagai Solusi Alternatif Krisis Ekonomi Eropa," in *Seminar Nasional Ilmu Ekonomi Terapan Fakultas Ekonomi UNIMUS* (Semarang: Universitas Muhammadiyah Semarang, 2011), 118, <https://jurnal.unimus.ac.id/index.php/psn12012010/article/view/412>.

Muslims or non-Muslims to develop and explore the fulfillment of human needs through economic activities.

## Methodology

The research method qualitative-descriptive,<sup>8 9</sup> with this literature is through the use of historical approaches and documentary methods in data collection techniques,<sup>10 11</sup> namely by analyzing articles that have relevance to the topic being discussed Islamic economic system development in Europe that on the European continent itself, sharia-based economic development is one of the factors in increasing the Muslim population in Europe, the growth and development of the Islamic economy in Europe can also be seen with the birth of Islamic banking.

## Results and Discussion

### *Islamic Economics*

Islamic economics can be interpreted as the study of human behavior in the use of limited resources for the production of goods and services to meet human needs.<sup>12</sup> Islamic economy according to Abdun Manan, "*Islamic economics is a social science which studies the economics problems of a people imbued with the values of Islam*".<sup>13</sup> Umar

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<sup>8</sup>May Shinta Retnowati et al., "Perhitungan Zakat Penghasilan Di BAZNAS Ponorogo Dalam Perspektif Konsep Zakat Yusuf Qardhawi," *At-Tasyri': Jurnal Ilmiah Prodi Muamalah* 14, no. 2 (2022): 145, <https://doi.org/10.47498/tasyri.v14i2.1224>.

<sup>9</sup>Muhammad Irkham Firdaus et al., "Analisis Hukum Islam Terhadap Pemanfaatan Dana Hasil Denda Sanksi Kredit Macet (Studi Kasus Di PT Pegadaian Syariah Unit Madiun)," *At-Tasyri': Jurnal Ilmiah Prodi Muamalah* 14, no. 2 (2022): 133, <https://doi.org/10.47498/tasyri.v14i2.1218>.

<sup>10</sup>May Shinta Retnowati et al., "Penerapan Asas Kebebasan Berkontrak Dan Asas Keadilan Dalam Transaksi Bisnis," *Iqtishaduna* 4, no. 2 (2021): 671, <https://doi.org/10.53888/iqtishaduna.v4i2.481>.

<sup>11</sup>Siti Aisyah et al., "Rethinking the Paradigm of Islamic Banking: Integrated of Commercial and Social Oriented," *Al-Iktisab: Journal of Islamic Economic Law* 6, no. 2 (2022): 147, <https://doi.org/10.21111/al-iktisab.v6i2.8844>.

<sup>12</sup>P3EI, *Ekonomi Islam* (Jakarta: PT Raja Grafindo Persada, 2011), 14.

<sup>13</sup>Muhammad Abdul Manan, *Islamic Economics: Theory and Practice* (India: Idarah Adabiyah, 1980), 3.

Chapra mentions that Islamic economy as the parent of Islamic finance is called monotheistic economy or divine economy, what is meant by monotheism here is that Islamic economy does not involve aspects of economic actors, but also values, rules, or systems that must be run out by economic actors. This is based on the belief that all economic factors belong to God and to Him all will be returned.<sup>14</sup>

Islamic economics is a discipline that studies human economic behavior based on monotheism contained in the pillars of faith and the pillars of Islam, all rules are Allah Swt. Sharia is not only for Muslims, this rule leads to the creation of peace, prosperity, eliminating tyranny, misery, and mutual harm to each other. Islamic economic principles are also abstracted to live without luxury, not to work on forbidden farms, stay away from *riba*. This is the fact of *aqidah* and *akhlaq* as well as Islamic sharia, because the value of *akhlaq* does not only depend on individual activities but also collective interaction.<sup>15</sup>

We can conclude that Islamic economics is closely related to Muslim behavior in society with a sharia framework. In Islamic economics thick with sharia values and monotheistic values, economics including social sciences are also inseparable from morality and ethics. Morality is an aspect normative that should also be included in the analysis of economic phenomena and in decision-making that is framed in the sharia corridor. Islamic economics also does not simply discuss how *hablum minan nas* but also but *hablum minallah*.

### ***History of the Application of Islamic Economics***

The beginning of the milestone of the birth of Islamic economics is marked by the beginning of the descent of the Prophet Muhammad Saw. into the world of trade, namely when the Prophet Muhammad Saw. was 12 years old and started his business at the age of 17 years old, until he received revelation at the age of 40 years old.<sup>16</sup> And one of

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<sup>14</sup>Aisyah Ayu Musyafah, "Perkembangan Perekonomian Islam Di Beberapa Negara Di Dunia," *Diponegoro Private Law Review* 4, no. 1 (2019): 419, <https://ejournal2.undip.ac.id/index.php/dplr/article/view/5103>.

<sup>15</sup>Fauzan, "Mewujudkan Ekonomi Islam Dengan Ruh Al-'Adl (Studi Pada YaPEIM Malaysia)," *An-Nisbah: Jurnal Ekonomi Syariah* 2, no. 1 (2015): 408, <https://doi.org/10.21274/an.2015.2.1.405-424>.

<sup>16</sup>Muhammad Syafi'i Antonio, *Muhammad Saw.: The Super Leader Manager* (Jakarta:

the forms of Prophet Muhammad Saw. business was to work hand in hand with the richest woman at that time, Siti Khadijah, who was also the wife of the Prophet Muhammad Saw. And when in conjunction with Siti Khadijah she was known as an honest and trustworthy person, this later became one of the sources of Siti Khadijah's interest in the Prophet Muhammad Saw.

The Islamic economic system has basically been introduced since the time of the Prophet Muhammad Saw. and his companions, with the prohibition of transactions with the imposition of *riba*, *maisir*, *gharar*, *dzalim*, and *haram* as the basic conditions of the implementation of Islamic economics.<sup>17</sup> And in his business practice the Prophet Muhammad Saw. prohibiting transactions that contain elements of falsehood from both the seller and the buyer. The sale of goods must be by agreement of both parties, in the transaction must avoid excessive swearing, do not weigh and reduce the scales. The success of the Prophet in business is also never free from independence and the spirit of entrepreneurship, honest, trustworthy, intelligent, have skills, and able to communicate and build networks and partnerships, the last is to work hard and do not forget to worship Allah Swt.<sup>18</sup>

We can also evaluate Islamic economics from the Prophet's journey that it is human behavior and its relationship with other economic actors or with economic factors such as production, distribution, and consumption country. The next goal is to free the Muslims from the shackles of the west with their capitalist system and from the east which adheres to the communist economic system. The other goal is to revive Islamic values in all economic activities and save the morals of the people from materialism-hedonism. The next goal is to create economic buildings that embody the unity and solidarity of Islamic countries in an Islamic bond. And the ultimate goal of the implementation of Islamic economics, the system is to create the general welfare, and this welfare can be realized with the

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ProLM Center dan Tazkia Publishing, 2010), 12.

<sup>17</sup>Musyafah, "Perkembangan Perekonomian Islam Di Beberapa Negara Di Dunia," 420.

<sup>18</sup>Mokh. Syaifu Bakhri, *Sukses Berbisnis Ala Rasulullah Saw.* (Jakarta: Erlangga, 2012), 45.

principle of justice.<sup>19</sup>

The economic characteristics of Islam are an inseparable part of the whole and comprehensive concept of Islam. Activity in Islamic economics is a form of worship, therefore it is said that economic activity in Islam does not only show the behavior of producers consumers etc., but also about *halal-haram*.<sup>20</sup> Islamic economics has oversight that comes from faith and responsibility to Allah Swt. Islamic economics is a system that harmonizes the well-being of the individual and the general, as well as balances the spiritual and the material. States are empowered to participate in the economy. Equitable distribution of income between the rich and the poor.<sup>21</sup>

### ***The Failure of the Capitalist Economy***

There are many economic systems that are developing in the world today, but in general, economic systems can be grouped into two, capitalism and socialism. As for other systems, such as social democracy, state capitalism, market socialism, benevolent states, are in the same framework as capitalism and socialism. The capitalist economic system that is currently developing is not the same as the beginning of the system's birth, there are many changes in the process of its journey to a more humanistic and ethical direction.<sup>22</sup> Capitalist economics itself came in and became known to the West in the 16<sup>th</sup> century, brought about by Adam Smith with classical theory. The way the capitalist economic system works is based on three main pillars, namely individual freedom, the free market, and minimizing the role of the state. The capitalist economic system dominates the entire economic system practiced by the countries of the world that is production and trade activities that tend to individual or personal. Capitalists use several things to make a profit such as extending working hours, reducing wages, and leaving productivity. Of all the pillars, the easiest way to do this is to increase

<sup>19</sup>Rozalinda, *Ekonomi Islam: Teori Dan Aplikasinya* (Jakarta: Rajawali Pers, 2014), 3.

<sup>20</sup>Abdul Fatah Abu Ghadah, *Kitabul Al-Kasb Lil Imam Muhammad Hasan Bin Al-Syaibani* (Beirut: Darul Al-Basyair Al-Islamiyah, 1997), 70.

<sup>21</sup>Mardani, *Hukum Ekonomi Syariah Di Indonesia* (Bandung: Refika Aditama, 2011), 12-13.

<sup>22</sup>Nur Kholis, "Masa Depan Ekonomi Islam Dalam Arus Trend Ekonomi Era Global," *Unisia* 31, no. 68 (2008): 4, <https://doi.org/10.20885/unisia.vol31.iss68.art5>.

productivity through this mechanism because the number of production equipment is more than the number of employees.<sup>23</sup>

The economic system in some countries is currently dominated by the capitalist economic system. The capitalist economic system prioritizes private and private ownership of the means of production, distribution activities, and exchange. In a capitalist system an activity of production or trade tends to be individualistic or private, this is done to achieve profit in highly competitive conditions and situations. It is also explained that the pillar of the capitalist economy is private property, the invisible hand, economic individualism, free market competition.<sup>24</sup>

Among the weaknesses of the capitalist economy is the emergence of unfair competition. Its orientation is money which then makes business companies synonymous with materialistic views, the main goal of business is profit. Capitalism is also believed to be the cause of injustice in wealth distribution, power is controlled only by a few people, some economists believe that capitalism triggers the depletion of natural resources by massive exploitation to maintain sustainable economic growth. Labor is also compensated with the sole purpose of having higher productivity.<sup>25</sup>

The capitalist economic system in its journey is seen as failing in realizing prosperity and well-being as stated by Adam Smith. The failure of the capitalist economic system is proven when the economic crisis hit European countries including Greece which has debts up to 328 billion euros with a deficit of 10,5%, then Portugal with a debt ratio of GDP reached 93% equivalent to 195 billion euros, and also Spain which has a debt of 60,1% of the total debt of 638 billion euros, and its budget reached a deficit of -9,2% and economic growth of only 0,8%.<sup>26</sup>

### *Islamic Economics as a Solution and Universal*

In recent years the world has been shocked by various demonstrations taking place in European countries. What is more

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<sup>23</sup>Muhammad Tho'in, "Konsep Ekonomi Islam Jalan Tengah (Kapitalis-Sosialis)," *Jurnal Ilmiah Ekonomi Islam (JIEI)* 1, no. 3 (2015): 127, <https://doi.org/10.29040/jiei.v1i03.34>.

<sup>24</sup>Ibid., 120.

<sup>25</sup>Ibid.

<sup>26</sup>Hartono, "Ekonomi Islam Sebagai Solusi Alternatif Krisis Ekonomi Eropa," 117.



interesting is that this actually happened to countries implementing capitalist economic system. Workers or moral workers of capitalist leaders in the economic crisis that hit Europe especially them. Questioning the attitude of wealth seekers on Wall Street who are considered the root cause of all problems. From the crisis in America in 2008 until the crisis in Europe has given major shocks to the capitalist economic system.<sup>27</sup>

Among the features of capitalism are accelerated expansion of wealth, and maximizing individual production and fulfillment, individual freedom for personal gain, individual initiative to realize efficiency in resource allocation, unrecognized role of government in equal allocation and distribution, self-serving-interests that are generally selfish indirectly serve the collective social interest. Of course, but do not pay attention to the realization of macroeconomic goals based on the worldview of religion, which demands restraint of self-interest.<sup>28</sup>

Capitalist economic systems tend to ignore morals and ethics. They insist on moral freedom of behavior and prioritize personal interests. This is different from Islamic economics, which is to promote the common good, selflessness in the economic world. Islam emphasizes giving, not just enriching oneself. This trait is a reflection of the ethical nature of Islam that all property belongs only to Allah Swt. That is the fact that wants the wealth to be shared by all human beings.<sup>29</sup> Islamic economics with one of the main pillars is morality which then becomes a shield for every behavior of economic actors, so as to believe that everything that exists is accountable as a means for human beings to realize prosperity and well-being.<sup>30</sup>

Islamic economics is a middle ground between by combining capitalist and socialist economics. Islamic economics tries to take the positive and dynamic sides of both, and tries to leave out the weak

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<sup>27</sup>Tho'in, "Konsep Ekonomi Islam Jalan Tengah (Kapitalis-Sosialis)," 126.

<sup>28</sup>M. Umer Chapra, *Islam Dan Tantangan Ekonomi: Islamisasi Ekonomi Kontemporer* (Surabaya: Risalah Gusti, 1999), 18.

<sup>29</sup>Boedi Abdullah, *Peradaban Pemikiran Ekonomi Islam* (Bandung: Pustaka Setia, 2010), 346.

<sup>30</sup>P3EI, *Ekonomi Islam*, 76.

elements of both systems.<sup>31</sup> In addition to combining capitalist and socialist economics, the Islamic economic system also integrates moral values and spiritual values. Moral values that do not exist in the economic activities of the western-style capitalist economic system. The essence of Islamic morality is monotheism or divinity.<sup>32</sup>

In Europe the Islamic economy is present and foreign because Europe itself is a minority country, but lately the Islamic economy has become increasingly popular. The question arises whether the Islamic economy is a new system, certainly not because Islam is the most recent the religion of divinity and a religion that is guaranteed its perfection. Recorded in the history of Muslims has reached a golden age that no one can deny. At that time, so many contributions of Islamic scholars are still highly praised by all parties in various fields of knowledge to this day, and it is difficult to accept the logic that the progress of the *ummah* with so many roles of Islamic leaders in various fields not supported by progress in the field of economics first, it can encourage the belief that the Islamic economic system is nothing new.<sup>33</sup>

One of the goals of Islamic economics is (*maqashid syariah*) to achieve *falah* both in this world and in the hereafter, through a good and honorable way of life (*hayyah thayyibah*). According to As-Syatibi, the main purpose of Islamic economics is to achieve prosperity, which lies in taking care of the five *maslahah*, namely religion, intellect, soul, lineage, and property.<sup>34</sup> Islamic economics is not only oriented towards the physical and material development of the individual, but more importantly is building a peaceful and prosperous life. All forms of *maslahah* in Islam should also be created in a way that is in accordance with Islamic law, so then a noble civilization was formed, that is a civilization that prioritizes character and morals.<sup>35</sup>

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<sup>31</sup>Tho'in, "Konsep Ekonomi Islam Jalan Tengah (Kapitalis-Sosialis)," 126.

<sup>32</sup>P3EI, *Ekonomi Islam*, 90.

<sup>33</sup>Kholis, "Masa Depan Ekonomi Islam Dalam Arus Trend Ekonomi Era Global," 10.

<sup>34</sup>Sup, "Tinjauan Masalah Terhadap Amdal," 46.

<sup>35</sup>P3EI, *Ekonomi Islam*, 54.

### *Islamic Economics and Its Role in European Economy*

The Islamic economy in Europe grew and flourished not apart from the influence of Muslim immigrants who migrated to Europe and settled there. These Muslim immigrants slowly began to interact and spread Islamic values full of peace and justice in the economy. Facts with the continuous increase in the Muslim population in Europe affecting the development and impacting the Islamic economy in the countries of Europe.<sup>36</sup> The increase in Muslim population in Europe has become a new problem in Europe. Previously Muslims in Europe were just immigrants with changing characteristics of second and third generation Muslim immigrants where they are no longer part of the immigrants but have become part of the citizens.<sup>37</sup>

The increase in the Muslim population in Europe occurs in countries such as the US, France, Britain, and Germany. Each of these countries experiencing a Muslim population growth of between 1-5 million people, but this is still far from the number of Muslims in Russia which is a populous country 1-5 million largest Muslims, in Europe with the number of Muslims reaching 30 million. Pew Research in its study explained that the Muslim population in Europe which includes 28 countries in the European Union is currently 19,5 million, which is 3,8% in 2010. Even in period of three decades this time, there was a very significant increase in the number of Muslims in Europe.<sup>38</sup> Apart from the growth of the Muslim population in Europe, another factor that influences the development of the Islamic economy is that with a population that currently reaches 25% of the world's population it affects the need for *halal* products, the development of *halal* products is present as a new industry.<sup>39</sup>

In 1976 the first national conference on Islamic economics was

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<sup>36</sup>Riyazi Faruk, *Islamic Finance 2010* (London: IFSL Research, 2010), 14.

<sup>37</sup>Mochamad Faisal Karim, "Proses Munculnya Euro-Islam Sebagai Transnational Norms Di Kalangan Muslim Eropa," *Jurnal Kajian Wilayah* 1, no. 1 (2010): 33, <https://doi.org/10.14203/jkw.v1i1.129>.

<sup>38</sup>T. Savage, "Europe and Islam: Crescent Waxing, Cultures Clashing," *The Washington Quarterly* 27, no. 3 (2004): 25, <https://doi.org/10.1162/016366004323090241>.

<sup>39</sup>Abdul Jalil, "Runtuhnya Sistem Kapitalis Menuju Sistem Ekonomi Islam Mendunia," in *Annual International Conference on Islamic Studies (AICIS) XII* (Surabaya: UIN Sunan Ampel Surabaya, 2012), 8, <http://digilib.uinsa.ac.id/8874/>.

held in Makkah *Al-Mukarromah*, and the first foundation to establish an Islamic economics research center was Islamic Leicester United Kingdom, then developed into the International Islamic Economics Research Center or The International Center for Islamic Economics Research in King Abdul Aziz University in 1977, then the British Islamic Foundation published the great works of Islamic economists, such as Nejatullah Siddiqi, Umar Chapra, etc. And at that time also held a conference, seminar workshop, on the topic.<sup>40</sup> In 1981 Leicester founded the International Association for Islamic Economics, United Kingdom which is responsible as an organization at international conferences on Islamic economics, and the last conference was held in 2013 in Turkey.<sup>41</sup>

In 1982, Dar Al-Mal Al-Islami (DMI) opened an office in London with UK permission to mobilize investment funds for Luxembourg investment companies and Luxembourg *takaful* companies. DMI itself was established in 1981 under the supervision of the Commonwealth of the Bahamas with headquarters in Geneva (Switzerland). In 1983 the United Kingdom *takaful* company was established as a subsidiary of DMI aimed at meeting the needs of Muslims residing in the UK, with the offer of Islamic investment opportunities provided by *Takaful SA* in Luxembourg. United Kingdom *takaful* operating in Brimingham also offers services Islamic finance is available in a broad spectrum by product providers in addition to the *takaful* service offerings conducted by *Takaful SA* in Luxembourg.<sup>42</sup>

In the same year, Al-Baraka Bank for the first time operated in the UK on a seizure from the British Central Bank, or Bank of England (BOE). Al-Baraka Bank was recorded in 1982 by Al-Baraka Investment Company based in Jeddah Saudi Arabia. Al-Baraka Bank is the only bank to currently offer exclusively Islamic banking services in the UK under the Banking Act 1987. Al-Baraka Bank has also become a leading bank in home financing as it has provided long-term financing on the importance of sharia houses for customers

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<sup>40</sup>Ahmed Belouafi and Abdelkader Chachi, "Islamic Finance in the United Kingdom: Factors Behind Its Development and Growth," *Islamic Economic Studies* 22, no. 1 (2014): 48, <https://ssrn.com/abstract=3158570>.

<sup>41</sup>Ibid.

<sup>42</sup>Ibid.

since 1988 onwards.<sup>43</sup>

The role of the Islamic economic system in Europe is also reflected in the events of the economic crisis that hit the world a few years ago. Islamic banking is able to be the savior of the great crisis. This system is a major growth area for international financing. Many countries are now trying to become the global center of Islamic financial business, such as London, is further developed than New York, which later became the beacon of Islamic economics in Europe.<sup>44</sup>

Apart from the banking world, the development of Islamic economic practices in the financial sector also looks quite encouraging, in the world itself there are approximately no less than 75 countries in the world that have adopted the Islamic economic and financial system, and including Europe in it. In Europe, it turns out the UK has become the center of Islamic financial development. The British government has given permission to 22 Islamic banks in their country to operate, and 6 out of 22 banks have received full sharia certificates and the rest are still at the point of Islamic window with the International Bank Al-Baraka as a basis in 1982-1993. Even long before Bank Muamalat appeared in Indonesia in 1990, the first *sukuk* in Europe was issued in 2002 by Luxembourg, and it was these *sukuk* that played an active role in the issuance of 16 other *sukuk* until 2014 in Luxembourg Stock Exchange, while in the UK the first *sukuk* was issued on 25 June 2014.<sup>45</sup>

The growth of Islamic finance in Europe can also be seen from the rapidly growing number of Islamic financial institutions and their instruments in Europe, including Islamic banking with 6 banks in the UK namely Bank of London and the Middle East (BLME), Al-Rayyan Bank, Gatehouse Bank, Qatar Islamic Bank of the United Kingdom (QIB UK), European Islamic Investment Bank, and Abu Dhabi Islamic Bank of the United Kingdom. While the London *sukuk* market occupies a central position in international bonds. The UK

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<sup>43</sup>Ibid., 49.

<sup>44</sup>Musyafah, "Perkembangan Perkenomian Islam Di Beberapa Negara Di Dunia," 422.

<sup>45</sup>Dadang Irsyamuddin and Mohammad Ghozali, "Realita Kekuatan Ekonomi Islam Versus Kapital Di Eropa Di Abad 21," *Ekonomi Islam* 10, no. 1 (2019): 5, <https://journal.uhamka.ac.id/index.php/jei/article/view/3457>.

is the first western country to issue Islamic bonds or *sukuk*, these *sukuk* are in high demand by the public, this is evidenced by the high demand and booking of *sukuk* while allocations are used for various investors such as national wealth development funds, central banks, and domestic financial institutions and international. In the *takaful* or sharia insurance sector, the UK became a pioneer in the development of sharia insurance, the development of sharia insurance showed the positive response of the European community to the sharia-based insurance system. Sharia insurance is easily accepted and becomes an alternative to the existing insurance system.<sup>46</sup>

The development of Islamic economics in the blue continent is increasingly evident with the movement in the academic field. Some of the world's leading universities are actively developing academic studies on Islamic economics, one of which is Harvard University which is a university that is actively developing forums and Islamic economic studies. There are at least 6 universities in The UK developed Islamic economic studies, and some European countries, such as Volker Nienhaus, Islamic economic scientists not only among Muslims, but also non-Muslims.<sup>47</sup>

For the development of the Islamic economy, Europe encourages its youth in terms of academics in education, especially at the university level, namely in several renowned universities such as Durham University, Bangor University, Markfield Institute of Higher Education (MIHE), Reading University, City University of London, Lancaster University, Salford University, and most recently the University of Glasgow is trying to penetrate the Islamic banking programs offered. Not only focused on these universities, the government also held various efforts such as seminars and public activities on Islamic banking. This of course makes the UK a paradise for economic students Islam in particular Islamic banking in Europe.<sup>48</sup>

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<sup>46</sup>Belouafi and Chachi, "Islamic Finance in the United Kingdom: Factors Behind Its Development and Growth," 49.

<sup>47</sup>Kholis, "Masa Depan Ekonomi Islam Dalam Arus Trend Ekonomi Era Global," 16.

<sup>48</sup>Irsyamuddin and Ghozali, "Realita Kekuatan Ekonomi Islam Versus Kapital Di Eropa Di Abad 21," 7.

In Europe, more and more financial institutions offer a wide range of Islamic financial products, such as Citigroup, Deutsche Bank, HSBC, Lloyds TSB, and UBS. However, the rapid development of Islamic finance is unmatched by the increase in eligible numbers and sufficient human resources. One of the world's largest management consulting firms, AT Kearney, reported that the limited quality of human resources in the Islamic-based sector would hamper the development of the Islamic banking industry, given the attractiveness and continued development of Islamic banking.<sup>49</sup>

## Conclusion

The Islamic economic system in Europe seems to be growing and evolving. One of the indicators of the development of the Islamic economic system is the increase in the Muslim population in European countries. Muslims who were formerly immigrants then moved to permanent residents then became part of the citizenship and continued to grow. Not only that, wrong a testament to the continuity of economic development with the Islamic system getting stronger with the birth of many Islamic banking and many conventional banks began to pay attention to Islamic windows. The first Islamic economy to enter and develop in Europe was in 1967 through the first international conference on Islamic economics in Makkah *Al-Mukarromah*. The first foundation to establish an Islamic economic research center was Leicester United Kingdom, or The International Center of Research Islamic Economics at King Abdul Aziz University in 1977. Then the British Islamic Foundation published the great works of Islamic economists, such as Nejatullah Siddiqi, Umar Chapra, etc. The growth of Islamic finance in Europe can also be seen from the rapidly growing number of Islamic financial institutions and their instruments in Europe. Including Islamic banking with a total of 22 banks already operating and 6 of them have obtained full sharia certification. The first sukuk in Europe was issued in 2002 on the Luxembourg Stock Exchange, demand for sukuk in the community was high and allocated to some forms of investment. While

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<sup>49</sup>Kholis, "Masa Depan Ekonomi Islam Dalam Arus Trend Ekonomi Era Global," 18.

the sharia insurance sector also showed a growing trend with positive response from the public to sharia insurance earlier.

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