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ARTÍCULO

The Impact of Islamic Social Finance on Economic Growth in Indonesia: A ZISWAF Development Model Approach

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¹ **Abstract:** The global demand for high economic growth (EG) has increased significantly due to the unpredictable nature of economic conditions. As a result, Islamic social finance has emerged as a widely recognised solution to address this need. This aspect necessitates the prioritisation of recent research and regulatory bodies. As a result, the purpose of this article is to investigate the impact of Islamic financing of society mechanisms, such as zakat, alms, waqf, and Infaq, on Indonesian economic growth. In addition to employing industrialization and inflation as control variables, the study utilised these factors to make predictions regarding economic growth in Indonesia. The secondary data used in this investigation came from the World Development Indicators, or WDI, database, which spans the years 1991 to 2022. The Dynamic Autoregressive distributed lag (DARDL) model was also used in the study to analyze the interrelationships between the factors under consideration. The study's findings show a favorable relationship between zakat, Sadaqah, Waqf, Infaq, industrialization, inflation, and economic development (EG) in Indonesia. The report supports policymakers in developing strategies to achieve high economic growth through the use of Islamic social finance.

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1. Introduction

The utilisation of global Islamic social finance has demonstrated significant potential for alleviating the repercussions of the COVID-19 pandemic. In the midst of the economic crisis, international Islamic social finance has emerged as an important role in resolving social concerns, encouraging economic growth, and fostering ecosystem sustainability (AbdulKareem, bin Mahmud, Ekwu, & Ganiyy, 2021; Umar, Baita, Haron, & Kabiru, 2022). The impact of ZISWAF funds on the community's economic growth (EG) has been widely acknowledged. The available empirical data indicates that Muslim-majority nations, including Bangladesh, India, Indonesia, the United Kingdom, and Nigeria, successfully mobilised ZIS funds ranging from USD 16,000.00 to USD 76,000.00 during the COVID-19 relief campaign. The allocation of zakat exhibits significant variation, spanning from USD 16,000 to USD 43 million.

Nevertheless, it is important to note that not all nations with a Muslim-majority population observed a rise in the availability of funds for Islamic Social Finance (ISF). As an illustration, it can be observed that Uganda witnessed a decline in its zakat collection, as reported by (Puskas BAZNAS, 2020). The merging of the zakat and waqf movements, led by representatives from 37 of 40 World Zakat Forum (WZF) member nations, marked the growth of Islamic social finance. The members of the World Zakat and Waqf Forum (WFZ) reached a consensus to modify the nomenclature of the organisation to the World Zakat and Waqf Forum (WZWF), thereby consolidating the various entities under a unified institutional framework. In Indonesia, the National Zakat Agency (BAZNAS) and the Indonesian Waqf Board (BWI) have not yet been merged as ISF agencies. Consequently, their efforts have been insufficient to fully facilitate the expansion of the Islamic economy. If this potential is effectively consolidated, a substantial amount of funds will be available to finance the diverse needs of the ummah (Mubarak, Mujibatur, Murtadho, & Furqon, 2021).

The existing body of empirical evidence indicates that the untapped potential of ISF remains substantial and has yet to be fully realised. Prior research has examined prospective areas of study in ISF through the use of bibliometric analysis, encompassing publications from 1979 to 2020. There is a noteworthy gap in the existing literature, namely the limited research on Islamic social finance in relation to Islamic EG (Kuanova, Sagiyeva, & Shirazi, 2021). The aforementioned findings present an opportunity for future research to explore the effects of Islamic social finance on Islamic economic growth (Zamir & Mirakhor, 2011). ISF refers to a financial mechanism encompassing various forms such as zakat, infaq, alms, and *sadaqah*, collectively known as ZISWAF. It can be argued that Islamic finance is expected to have the potential to generate favourable social and/or environmental outcomes (Widiastuti et al., 2022). However, the practical implementation of ISF in Indonesia has not effectively delivered the desired positive outcomes for impoverished communities.

The intent of this research is to investigate the impact of ISF on the Islamic Economic Growth (IEG) of Banten Province using the ZISWAF Development Model Approach. The significance of this study lies in the integration of ISF, as it is anticipated to facilitate the advancement of community well-being. The study examines the ZISWAF development model with the aim of enhancing IEG. Furthermore, it can be used as a means of evaluating current ISF practices in order to identify pertinent

combinations that can effectively target and enhance the impact on various sectors within the Islamic economy. Global Islamic finance has made substantial contributions to the EG of Muslim countries. Nevertheless, there exists a dearth of empirical research examining the social ramifications of Islamic finance in developing nations using the ZISWAF development framework. The key objective of this research is to investigate the social repercussions of Islamic finance on IEG in Indonesia.

The present inquiry intends to fill several gaps in the current body of work, namely the lack of new research into the model that includes factors such as EG, ZISWAF, inflation, and industrialization, particularly in the context of Indonesia. Moreover, 1) the relationship between zakat and economic growth has been investigated by Khasandy and Badrudin (2019) as well as Suprayitno (2020). Building upon their research, this study aims to explore the same relationship while considering additional factors such as ZISWAF, inflation, and industrialization in the context of Indonesia. 2) In their respective studies, Tawakkal, Rahim, and Alfarisi (2023) and Ridlo and Wardani (2020) examined the interconnection between *sadqa* and economic growth. Building upon this research, the present study investigates the same relationship in the context of Indonesia, incorporating additional factors such as ZISWAF, inflation, and industrialization. The analysis is conducted using a new dataset to ensure the relevance and accuracy of the findings. 3) In their respective studies, Ramli, Shaari, and Bakhri (2022), as well as Wartoyo and Haida (2023), have examined the interconnection between *waqaf* and EG. Furthermore, these researchers have expanded upon this relationship by incorporating additional factors such as ZISWAF, inflation, and industrialization within the context of Indonesia. 4) In a study conducted by Tasnim et al. (2023), as well as Andean, Rahmawati, and Marlina (2022), the authors examined the interconnection between *infaq* and EG. Furthermore, the researchers expanded their investigation to include additional factors such as Zakat, *Sadqa*, *waqaf*, inflation, and industrialization in the context of Indonesia. 5) In their respective studies, Aromola and Dada (2020) and Ekinici, Tüzün, and Ceylan (2020) investigated the interconnection between inflation and EG. On the basis of this research, the current study evaluates this link in the context of Indonesia, implementing into account other factors such as ZISWAF and industrialization. 6) In their respective studies, Shaaba and Ngepah (2018) as well as Adewale (2017) examined the interconnection between industrialization and EG. Using this research as a foundation, the current study explores this link in the context of Indonesia, taking into account other parameters such as ZISWAF, and inflation.

The current study intends to: 1) give to a better scholarly understanding of the significance of Islamic forms of charity in relation to EG. Specifically, it seeks to achieve the following objectives: 1) Highlight the significance of Islamic forms of generosity in uplifting EG and promoting a brighter future for the country; 2) Add to the current EG literature by investigating the function of ZISWAF, inflation, and industrialization in the context of Islamic charity. 3) Offer useful insights to professionals in Islamic finance and economics, allowing them to investigate the potential strength of Muslim generosity in fostering EG.

2. Literature Review

There exist various factors that simultaneously influence the well-being of a community and contribute to the economic growth of a nation. Zakat is a religiously

motivated aspect that has a favorable impact on both the community and a country's economic progress. There exists a notable connection between zakat and EG, particularly within Islamic economies.

Suprayitno (2020); Khasandy and Badrudin (2019) found a correlation between zakat and EG. The nexus exhibits a predominantly positive nature, particularly within the context of Islamic countries. Additionally, the study by Ben Jedidia and Guerbouj (2021) looked at the relationship between zakat and economic expansion. The investigation focused on examining the relationship within the populations of various Islamic economies. The study employed a quantitative approach. A sample consisting of quantitative data from a span of 13 years was collected. The data that has been chosen encompasses a period spanning from 2004 to 2017.

Rifda and Malik (2021) looks into the relationship between zakat, foreign debt, inflation, and EG using a quantitative approach. Studies reveal a link between zakat, foreign debt, inflation, and EG, with the correlation being positive in the Indonesian setting. Within the Islamic faith, there exists an additional manifestation of charitable giving known as sadqa, which is intrinsically linked to the well-being of the community as well as the bolstering of the economy. When examining the Islamic legal framework, it becomes evident that sadqa, unlike zakat, does not possess the same obligatory nature as a form of charitable giving. The concept is constrained within a spiritual framework. There exists a correlation between the practice of sadqa (voluntary charitable giving) and the economic advancement of nations adhering to Islamic principles. Tawakkal, Rahim, and Alfarisi (2023) demonstrated that data sources collected from 2013 to 2022 exhibit a correlation link between ZIS and EG, with the qualities inherent in the nexus indicating a positive orientation. The same findings regarding ZIS and EG were also made by Ridlo and Wardani (2020). However, the data source analyzed is from the 2013-2018 period. Tasnim et al. (2023); MG, Permata, and Aryo (2019) findings utilizing qualitative approaches are similar. The findings show that Infaq and Alms have a link with EG in the framework of Islamic tradition.

The inherent characteristics of the nexus exhibit a positive orientation. The global context is marked by numerous challenges arising from the transmission of land or property through inheritance. There exist varying legal frameworks worldwide concerning them. Islam has developed its legal principles, such as waqf, in order to ensure a fair and transparent system of inheritance. The term "waqaf" refers to the concept of endowment in the Arabic language. The promotion of transparency in inheritance practices contributes to the reinforcement of a nation's economic system by mitigating instances of tax evasion.

Waqf is not confined to relatives in the Islamic context. This is due to the considerable impact of waqf on a country's economy. On the basis of data from 2013 to 2019 examined with ARDL, it was discovered that there was a correlation between waqf and EG in Malaysia (Ramli, Shaari, & Bakhri, 2022). The nexus exhibits a positive nature, particularly within the context of Malaysia. In a scholarly manner, Wartoyo and Haida (2023) undertook a comprehensive literature review to explore the correlation between waqaf and EG. The study employed a qualitative approach.

The articles that were chosen for this study were obtained from reputable academic sources, including Google Scholar, Sage, Taylor, and Frances. The outcome of the analysis of the selected works show a link between waqf

and EG. The inherent characteristics of the nexus exhibit a positive orientation. Researchers used a phenomenological study design and discovered a favorable association between waqf and EG (Yusroni & Chadhiq, 2021).

The Arabic term "infaq" refers to the act of expenditure. Altruism in Islam refers to a manifestation of benevolence characterised by acts of kindness and generosity performed without the expectation of any form of recompense or remuneration. The act of donating Infaq is undertaken with the intention of bringing glory to God, benefiting one's family, and contributing to the betterment of society at large. The bestower of an Infaq does not incur financial loss or reduction in income, as it is believed that God guarantees reimbursement of at least an equivalent amount, if not a greater sum.

In a recent study, Andrean, Rahmawati, and Marlina (2022) conducted a comprehensive literature review to examine the association between ZIS and EG. The study employed a qualitative approach. The current study conducted a thorough evaluation of scientific papers on the subject of waqaf and EG. The data from the selected articles imply an interaction between ZIS (particularly, Infaq) and EG. Furthermore, Saputro and Sidiq (2020) Data study utilizing the SEM technique from 2011 to 2018 reveals a positive correlation among cash Infaq and EG in Aceh province.

The behavior and patterns revealed by major economic indicators, such as inflation, determine a country's economic performance. These factors have an impact on society in terms of commodities pricing, and they can also have an impact on the economy, both positively and negatively. The phenomena of inflation is intimately tied to a country's economic growth. In the present study, Adaramola and Dada (2020) employs a quantitative method with samples in 1980 to 2018. The results seem to indicate a beneficial correlation between inflation and economic growth in Nigeria. The negative interaction between inflation and EG was examined from January to December 2016. In 24 developed and developing nations, the data revealed a link among inflation and EG (Ekinci, Tüzün, & Ceylan, 2020).

A sample of ten countries was tested utilizing a quantitative technique. The data indicate a generally negative correlation between inflation and economic growth (Ahmed, Uddin, Rafiq, & Uddin, 2020; Shaaba and Ngepah, 2018). The enhancement of an economy is correlated with the magnitude of commercial activity generated within a nation. The expansion of the industry has had a beneficial impact on the economy. Adewale (2017) employing data from 35 African countries from 1960 to 2016. Meanwhile, Saba and Ngepah (2022) tested a sample of 171 global economies covering the period from 2000 to 2018. The Generalized Method of Moments (GMM) analysis was used to find this link. The findings indicate a beneficial correlation between industrialization and economic growth.

3. Research Methods

The effects of ISF instruments, specifically ZISWAF, as well as industrialization and inflation, on the EG in Indonesia are examined in this article. The secondary data used in this study came from the WDI database, which covered the years 1991 to 2022. The following equation was created as a result of the research:

$$EG_t = \alpha_0 + \beta_1 ZK_t + \beta_2 SD_t + \beta_3 W_t + \beta_4 IN_t + \beta_5 INF_t + \beta_6 IND_t + e_t \quad (1)$$

Where;

EG = Economic Growth

t = Time Period

ZK = Zakat

SD = Sadaqah

WQ = Waqf

IN = Infaq

INF = Inflation

IND = Industrialization

The dependent variable in the research study was the EG (experimental group), which was examined using the measure

Table 1: Variables and measurements

Variables	Measurement	Sources
EG	Growth (annual percentage)	WDI
ISF	The ratio of zakat to total ISF	Central Bank
	The ratio of sadaqah to total ISF	Central Bank
	The ratio of Waqf total ISF	Central Bank
	The ratio of Infaq to total ISF	Central Bank
Inflation	Inflation, consumer prices (annual %)	WDI
Industrialization	Industry value added (% of GDP)	WDI

The study employs descriptive statistical techniques to explore the specific features of the variables, such as mean, number of observations, standard deviation, and ranges of values. The article uses a matrix of relationships to analyze the link between constructs. In addition, the article uses the Phillips-Perron (PP) and augmented Dickey-Fuller (ADF) tests to identify the presence of a unit root among variables in order to select the best model. The test equation is provided below:

$$d(Y_t) = \alpha_0 + \beta t + \gamma Y_{t-1} + d(Y_t(-1)) + \varepsilon_t \quad (2)$$

Also, the study tests the interconnection, which is also required to use the proper framework and confirm with the help of (Westerlund & Edgerton, 2008) approach. The equations for the test are mentioned below:

$$LM_{\phi}(i) = T\hat{\phi}_i(\hat{r}_i/\hat{\sigma}_i) \quad (3)$$

$$LM_{\tau}(i) = \hat{\phi}_i/SE(\hat{\phi}_i) \quad (4)$$

The article examines the interrelationships among the variables of interest using the Autoregressive Distributed Lag (ARDL) model. This paradigm is useful when some constructs have no unit root at the integral scale of zero (I(0)), while others exhibit unit root at the integrated order of one (I(1)) (Zaidi & Saidi, 2018). Further, it provides both short- and long-term connections between variables. Also, it regulates the presence of heteroscedasticity and autocorrelation effects on the observed outcomes well (Nazir, Nazir, Hashmi, & Ali, 2018). The equation for the model is given below:

$$\begin{aligned} \Delta EG_t = & \alpha_0 + \delta_1 \Delta EG_{t-1} + \delta_2 \Delta ZK_{t-1} + \delta_3 \Delta SD_{t-1} + \\ & \delta_4 \Delta WQ_{t-1} + \delta_5 \Delta IN_{t-1} + \delta_6 \Delta INF_{t-1} + \delta_7 \Delta IND_{t-1} + \\ & \varphi_1 EG_{t-1} + \varphi_2 ZK_{t-1} + \varphi_3 SD_{t-1} + \varphi_4 WQ_{t-1} + \varphi_5 IN_{t-1} + \\ & \varphi_6 INF_{t-1} + \varphi_7 IND_{t-1} + \varepsilon_t \quad (5) \end{aligned}$$

The DARDL equation is mentioned as under:

$$\begin{aligned} \Delta EG_t = & \alpha_0 + \delta_1 \Delta EG_{t-1} + \delta_2 \Delta ZK_t + \delta_3 \Delta ZK_{t-1} + \delta_4 \Delta SD_t + \\ & \delta_5 \Delta SD_{t-1} + \delta_6 \Delta WQ_t + \delta_7 \Delta WQ_{t-1} + \delta_8 \Delta IN_t + \delta_9 \Delta IN_{t-1} + \\ & \delta_{10} \Delta INF_t + \delta_{11} \Delta INF_{t-1} + \delta_{12} \Delta IND_t + \delta_{13} \Delta IND_{t-1} + \varepsilon_t \quad (6) \end{aligned}$$

4. Results

Table 4: Unit root test

Series	PP		ADF	
	Level	First difference	Level	First difference
EG	-2.999***	-----	-3.665***	-----
ZK	-2.546***	-----	-2.881***	-----
SD	-3.292***	-----	-2.165***	-----
WQ	-----	-4.363***	-----	-5.434***

of GDP growth (expressed as an annual percentage). ISF was used as an independent variable in the study. It was assessed using various ratios, including zakat-to-total ISF, Waqf-total ISF, Infaq-total ISF, and other combinations of these. Two control variables were used in this study: inflation proxies represented by consumer prices (annual%) and industrialization proxies represented by industry value added (% of GDP). Table 1 lists these constructs and their metrics.

The research project uses descriptive statistical methods to investigate the specific features of the variables, such as mean, number of observations, average, standard deviation, and minimum and maximum values. The mean value for EG was 4.621 percent, ZK was 60.968 percent, SD was 5.767 percent, and WQ was 18.479 percent, from the data. Plus, the results showed the mean score for IN was 12.556%, INF was 8.668%, and IND was 42.920%. Table 2 summarizes these findings.

Table 2: Descriptive statistics.

Variable	Mean	Std. Dev.	Min	Max
EG	4.621	3.750	-13.127	8.220
ZK	60.968	2.661	55.540	65.368
SD	5.767	15.06	1.768	6.801
WQ	18.479	0.998	6.782	20.094
IN	12.556	2.620	8.393	15.105
INF	8.668	9.864	1.560	58.451
IND	42.920	2.994	38.238	48.061

A correlation matrix is also used in the essay to analyze the link connecting constructs. Due to the study's findings, there is a positive relationship between ZISWAF, industrialization, and inflation and EG in Indonesia. Table 3 displays the results.

Table 3: Matrix of correlations

Variables	EG	ZK	SD	WQ	IN	INF	IND
EG	1.00						
ZK	0.15	1.00					
SD	0.17	-0.24	1.00				
WQ	0.04	0.52	-0.53	1.00			
IN	0.11	0.95	-0.22	0.35	1.00		
INF	0.79	-0.19	0.35	-0.38	-0.18	1.00	
IND	0.07	-0.65	0.41	-0.19	-0.75	0.31	1.00

This paper also explores the unit root of data in order to apply the optimal model using the PP and ADF tests. From the results, EG, ZK, SD, INF, and IND have no unit root at I(0), whereas WQ and IN have no unit root at I(1). Table 4 summarizes these findings.

IN	-----	-4.299***	-----	-5.645***
INF	-2.187***	-----	-3.211***	-----
IND	-3.098***	-----	-3.365***	-----

The current research also investigates the integration in order to identify and validate an acceptable model (Westerlund & Edgerton, 2008). The p value was not greater than 0.05, exhibiting statistical significance. The t

value was not determined to be less than 1.96, indicating that there was no substantial departure from the null hypothesis. These data clearly show the presence of cointegration. Table 5 displays the results.

Table 5: Co-integration test

Model	No Shift		Mean Shift		Regime Shift	
	Test Stat	p-value	Test Stat	p-value	Test Stat	p-value
LM _t	-4.33	0.00	-5.92	0.00	-4.85	0.00
LM _q	-4.27	0.00	-5.19	0.00	-4.43	0.00

In the present inquiry, the DARDL model was used to analyze the interrelationships between the variables under consideration. The study's findings show a positive relationship between ZISWAF, industrialization, inflation, and EG in Indonesia. Table 6 shows all of these connections.

Table 6: Dynamic ARDL model

Variable	Coefficient	t-Statistic	Prob.
ECT	-2.101***	-4.393	0.000
ZK _{t-1}	2.198**	2.091	0.034
ZK	2.009**	2.009	0.048
SD _{t-1}	2.003**	2.019	0.045
SD	0.392***	5.875	0.000
WQ _{t-1}	0.453***	5.483	0.000
WQ	7.373***	4.362	0.000
IN _{t-1}	1.102**	2.001	0.049
IN	0.463**	2.034	0.033
INF _{t-1}	0.488***	5.894	0.000
INF	1.292***	4.382	0.000
IND _{t-1}	1.743***	5.464	0.000
IND	1.292***	5.483	0.000
Cons	2.764***	5.471	0.000
R square =	60.109	Stimulation =	5000

5. Discussion

The findings demonstrated a positive relationship between Zakat and EG. Previous research suggested that Zakat is a necessary responsibility for all Muslims, where they are required to donate a set amount of money from the source, their earnings or savings if they meet specific conditions (Har, Baita, Haron, & Kabiru, 2022). The aforementioned phenomenon leads to a reduction in the poverty threshold and facilitates the redistribution of the nation's wealth to individuals who are deemed deserving. The alleviation of poverty leads to a subsequent augmentation in monetary circulation within the economy, thereby fostering its overall growth and development. Ascarya (2022), who asserts that Zakat implementation entails the transfer of national income and the promotion of investment in the country, so helping to the achievement of EG, backs up the conclusions reported in this study.

Ascarya emphasises that the specific amount of wealth allocated for Zakat is determined based on an individual's income level and financial standing within society. Muhamad (2019), who posits that in accordance with Islamic doctrine, sadaqah serves as a safeguard against malevolent forces, augments one's financial resources, aids individuals experiencing financial hardship, and ultimately contributes to the overall prosperity of the nation. It allows the country to attain a greater degree of EG. The study's findings are supported by additional research (Biancone &

Radwan, 2019). Their study demonstrates that the act of donating money through sadaqah has the potential to alleviate poverty, enhance living standards, and foster wealth generation, thereby contributing to overall economic growth (EG).

Tahiri Jouti (2019), which emphasises that waqf entails the operation of charitable and philanthropic initiatives or organisations with the objective of providing social advantages to individuals. The process aids in the cultivation of human capital by mitigating anxiety levels, augmenting human capital assets, and elevating living standards. Morjor, Abdul-Majid, and Esrati (2021), who say that waqf plays an important role in increasing asset accessibility and optimizing the use of national wealth.

As a result, the country has the potential for increased EG. The study's findings reveal a beneficial connection with infaq and EG. Ben Jedidia and Guerbouj (2021), who define infaq as a form of financial assistance or support provided through the allocation of assets. Enhancing social well-being engenders a subsequent rise in demand and stimulates production across various economic sectors. Therefore, it is plausible that the nation could attain a high level of economic growth. The research by Naz and Gulzar (2022), which shows that the act of infaq contributes to the improvement of public developmental campaigns within the nation and facilitates economic growth, further supports the findings presented in this study.

The outcomes of the research reveal a favorable relationship between inflation and EG. Tien (2021), which suggest that in a nation where there is an increase in the costs of commodities and services, it is probable that investors will achieve greater returns and engage in additional reinvestment activities. As a result, the country's EG rate has increased. Adaramola and Dada (2020), which contends that high inflation rates may encourage technological advancements and boost EG. The increase in the overall number of industrial establishments fosters production advancements and boosts EG (Opoku & Yan, 2014; Ang, Usman, & Jahanger, 2021).

Pursuant to the findings of the aforementioned study, the presence of industrial development is connected with an increase in income levels. Furthermore, this increase in revenue is expected to contribute to an increase in investment, bolstering EG.

Implications

The study at hand is important for developing countries since it provides suggestions on how to improve economic growth through the application of ISF. The study suggests that in order to promote EG, it is imperative for governments and social reform initiatives to raise awareness and enforce the payment of Zakat. The

forementioned guidelines emphasise the importance of individuals in society taking into account the value of giving sadaqah, thus contributing to the overall well-being and growth of the community. The study also implies that promoting ISF, specifically the practice of "Waqf," may be good in improving EG. Another proposal advocates for the promotion of "Infaq," which relates to the ISF.

The execution of this program would significantly boost the country's economic growth. The study also stresses the importance of economic management, emphasizing a desire for greater inflation rates as a means of achieving higher EG. Furthermore, the study suggests that economists should devise national plans to promote industrialization, as this would improve the country's ability to achieve higher EG. The report assists policymakers in developing policies targeted at achieving high EG through the use of ISF.

Conclusion

The main aim of this research is to investigate the consequences of Islamic social finance instruments on a country's EG, such as ZISWAF. In order to provide a full study, this research will also address control elements such as inflation and industrialization. Official Indonesian sources provided the statistical data. According to the study's findings, Zakat acts as a tool for economic redistribution, limiting wealth concentration within a specific group. It also plays an important part in poverty alleviation. As a result, the infusion of capital into the economy leads to an increase in savings, which contributes to the rise of economic output. The study's findings also show that sadaqah has the capacity to cleanse and improve an individual's assets, alleviate poverty and hunger, and improve living conditions, as well as positively impact stock market valuations and investment behavior. Therefore, it establishes circumstances that are conducive to increased EG. The study also uncovered that waqf contributes to the expansion of assets and the development of building infrastructure to enhance social welfare. Furthermore, these developments have a favorable impact on the economy by encouraging a rise in the rate of growth. The findings also suggest that the establishment of infrastructure at a private level or through foundations leads to enhanced accessibility to material assets, thereby facilitating the achievement of economic objectives and contributing to higher GDP. The study additionally determined that in instances where the inflation rate exhibits an upward trend and there is a concurrent expansion in industrial enterprises, the Islamic social and financial framework operates effectively, resulting in heightened developmental endeavours and an overall increase in the country's EG.

Limitations

However, it is crucial to note that there are several flaws to this study. As a result, scholars and researchers must address these constraints in future research endeavors to lessen their impact on the validity and dependability of findings. The authors have solely examined the impact of ISF on the acceleration of EG. Simultaneously, numerous economic and conventional financial indicators exert an influence on EG. The authors neglected to consider these aspects, and they are now obligated to address them accordingly. Furthermore, the study was conducted exclusively using statistical data from Indonesia.

Additionally, the chosen time period for the research was relatively brief, resulting in a less comprehensive and less generalizable paper. It is recommended that researchers opt for a diverse range of Islamic economies as the subjects of their study, thereby broadening the temporal scope of analysis.

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