

## Problems of the Global Economic Recession and Strategies for Facing It: An Islamic Economic Perspective

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**ABSTRACT:** *This research aims to examine the problem of global economic recession, which still occurs cyclically, and strategies to overcome it from an Islamic financial perspective. This article is a type of qualitative research with a library approach. Data was collected from library sources, books, journals and other encyclopedias. Data analysis uses descriptive analysis. The research results show that the problem of contemporary global recession has been marked since the emergence of the Covid-19 pandemic to the Russian-Ukrainian geopolitical war, which caused a drastic decline in global economic activity, triggered shortages of essential commodities, inflation, and unemployment problems due to the United States Central Bank's policy of raising interest rates. The policies implemented by conventional economics have little effect in overcoming existing economic issues. The application of interest policies is strictly prohibited by Islamic law because it constitutes usury. The Islamic financial system is here to provide various strategies that can be implemented to overcome the economic crisis and build an advanced and healthy economy, the primary sources of which come from the Qur'an and Hadith.*

Penelitian ini bertujuan untuk mengkaji permasalahan resesi ekonomi global yang masih terjadi secara siklis, dan strategi mengatasinya dalam perspektif ekonomi Islam. Artikel ini merupakan jenis penelitian kualitatif dengan pendekatan kepustakaan. Data dikumpulkan dari sumber kepustakaan buku, jurnal dan ensiklopedi lainnya. Analisis data menggunakan analisis deskriptif. Hasil penelitian menunjukkan bahwa permasalahan resesi global kontemporer ditandai sejak munculnya pandemi Covid-19 hingga perang geopolitik Rusia-Ukraina yang menyebabkan penurunan drastis aktivitas perekonomian global, memicu kelangkaan komoditas esensial inflasi, dan masalah pengangguran akibat kebijakan Bank Sentral Amerika Serikat yang menaikkan suku bunga. Kebijakan yang diterapkan oleh ilmu ekonomi konvensional tidak banyak berpengaruh dalam mengatasi permasalahan perekonomian yang

ada. Penerapan kebijakan bunga dilarang keras oleh hukum Islam karena termasuk riba. Sistem keuangan syariah hadir memberikan berbagai strategi yang dapat diterapkan untuk mengatasi krisis ekonomi dan membangun perekonomian yang maju dan sehat, yang sumber utamanya bersumber dari al-Qur'an dan Hadist .

**Keywords:** *Global Recession, Islamic Economy, Inflation Rate.*

## I. INTRODUCTION

The recession continues to haunt the world economy. This prediction has become a nightmare for the people and economies of several countries. It has even become a global topic of conversation in recent years since the emergence of the COVID-19 pandemic in early 2020 and the high inflation rate. A recession is an event of a substantial and long-lasting decline in economic activity characterised by static conditions for a monthly to yearly period. This recession can cause company profits to decline, unemployment figures to increase, and financial bankruptcy to be triggered (Surya, 2022; Wahyuni, 2023). A slump in a country generally begins with a weakening of the global economy, which affects the domestic economy. The higher the dependence on the global economy, the faster the recession will be felt (Nazwar & Anwar, 2022; Sholahudin, 2021).

A parameter that can be used to determine a country's economic condition is data on gross domestic product – the value of goods and services in a country produced by production factors belonging to the country's citizens and foreign nationals in a particular year (Bobi, 2019; Sukirno, 2022). This means that goods and services produced in a country are carried out by companies owned by citizens and residents of other countries. Inflation is the next indicator in measuring the stability of a country's economy. Inflation becomes a significant determining factor for economic growth. High inflation will weaken the economy and reduce the number of jobs available, increasing unemployment (Lisani et al., 2020).

The occurrence of disasters and conflicts in various countries causes the economy to decline. If economic growth decreases, the income generated by the community will also decrease, or they may even be at risk of losing their jobs. When revenue falls, people reduce spending so that purchasing power becomes low. As a result, economic growth weakens and even has the potential to be negative and trigger a recession (Sanaky & Amin, 2023). According to the International Monetary Fund's World Economic Outlook 2022 report, global growth is projected to decline from 6.0 per cent in 2021 to 2.7 per cent in 2023. This is the worst growth portrait since 2001 in the world economy, where the decline in gross domestic product in the United States occurred at the beginning of the year 2022, contraction in the European region in the second half of 2022, and restrictions on economic activity due to the spread of Covid-19 and the growth crisis in the property sector in China. Nearly a third of the world economy experienced two consecutive quarters of negative growth. Global inflation is also expected to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but decline to 6.5 percent in 2023 and to 4.1 percent in 2024. The upside shock to inflation is most widespread among developed countries, with more significant variability emerging in emerging market economies (WEO, 2022).

The historical portrait of the world shows that the phenomenon of global economic recession is not a new threat. In its report entitled "Is a Global Recession Imminent?" the World Bank mentions the history of the worldwide recession. First, the 1975 recession emerged after Arab oil restrictions occurred in 1973. Although these restrictions ended in March 1974, changes in oil supply and soaring prices triggered inflation and economic slowdown in several countries. Second, the global recession in 1982 was motivated by very tight monetary policy in the United States and several other developed countries as a step to reduce the inflation rate. This condition began with oil prices soaring in 1979 caused by the Iranian revolution and helped push inflation to new highs in several advanced economies. Third, the global recession 1991 was partly associated with a sudden tightening of credit conditions in the United States. This caused a financial tightening in many European countries, triggering a monetary crisis. Fourth, the recession in 2009 occurred due to the financial crisis that hit several developed countries. This event was started by easing regulations and supervision of financial institutions and markets to the development of credit in various countries, resulting in a drastic decline in asset prices and a credit crisis, the collapse of global trade and a recession in several countries (Guénette et al., 2022).

To respond to the threat of an economic recession or to prevent this condition, several government policies have been implemented to support economic growth, such as reviving the activities of MSMEs and other business groups and maintaining the stability of currency values, which constitute monetary policy in each country (Darmastuti et al., 2021). However, the history of ongoing economic recessions triggers a new question, "why are world policies created to overcome this economic recession not persistent?" This problem has not been resolved until now and is still occurring cyclically. From an Islamic perspective, it was found that one of the factors that triggered a global economic recession was the implementation of interest policies. Conventional economics, generally applied today, still echoes the concept of interest rates (*riba*), which are strictly prohibited in Islam. Of course, this prohibition arises because there is wisdom and goodness that all humans can feel.

The repetition of crisis economy has depicted the failure of the global financial order contrary to Islamic sharia principles (Wira & Adiputra, 2021). The conventional capitalist economic system, which is fully oriented towards profit, is no longer suitable and has proven to fail in improving the prosperity of the public (Vania & Anwar, 2022). On the other hand, the reality is that Islam is not seen as just a religion but also a way of life to achieve prosperity, both from the social aspects, political, and spiritual, then no one is amazed that the Islamic world has shared hope to realise community welfare through a spiritual approach (Estes & Tiliouine, 2014). Based on the explanation of this phenomenon, this issue becomes the focus of the author's study to discuss the problems of the contemporary global economic recession and provide solution strategies seen from an Islamic financial perspective.

## II. METHOD

This article is a type of library research. The method used is a descriptive approach, namely describing the state of the global economic recession and then analysing

solutions for dealing with these problems from an Islamic financial perspective. Credible references were obtained from books, accredited journals, and online connections. The research begins by collecting relevant information. Then, the data is processed and sorted to form a description that can be understood, and then several abstracts that support this article are compiled.

### III. RESULT AND DISCUSSION

#### *Problems of Global Economic Recession*

In recent years, the world economy has faced various serious challenges. The COVID-19 pandemic met at the beginning of 2020 had a drastic decline in global economic activity, then followed by the Russian Federation's invasion of Ukraine, disrupting the global supply chain to the point of a food and energy crisis, inflationary pressures in Western countries and the United States which continuously and extends to several countries. These challenges ultimately overshadowed the prospects for economic growth and led to predictions of a global economic recession.

The International Monetary Fund (IMF) stated that the world economy in 2022 will experience a decline of 3.2 per cent and is projected to continue the slowdown. This condition is allegedly the result of a reduction in economic growth in the United States, Russia and China.

**Table 1. Economic growth projections for several countries**

Region	2021	2022	2023
<b>Developed countries</b>			
United States of America	5.7	1.6	1.0
European region	5.2	3.1	0.5
German	2.6	1.5	-0.3
France	6,8	2.5	0.7
Italy	6.6	3,2	-0.2
Spanish	5.1	4.3	1,2
Japan	1.7	1.7	1.6
English	7.4	3.6	0.3
Canada	4.5	3.3	1.5
Russia	4.7	-3.4	-2.3
<b>Developing country</b>			
China	8.1	3,2	4.4
India	8.7	6,8	6.1
ASEAN-5	3,4	5.3	4.9
Brazil	4.6	2.8	1.0
Mexico	4.8	2.1	1,2
Saudi Arabia	3,2	7.6	3.7
South Africa	4.9	2.1	1.1
<b>Global</b>	<b>6,6,00</b>	<b>3,2</b>	<b>22,7,7</b>

(Real GDP, annual per cent change) Source: IMF (WEO, 2022)

The data above shows that the economic condition of the United States will decline extremely in 2022 to reach 1.6 per cent and then continue to decline to 1.0 per cent in

2023. This significant decline is influenced by reduced private consumption, partly indicating weak household purchasing power. As a result of tight monetary policy. Furthermore, the economic picture in the European region will decline by 3.1 per cent in 2022 to reach 0.5 per cent in 2023, where significant declines occurred in France, Germany, Spain and Italy. This condition is the impact of conflicts in the European region and the assumption of tight financial conditions with the Central Bank. China's economic growth is also estimated to decline drastically from 8.1 per cent to 3.2 per cent. The main cause of this decline is the Covid-19 pandemic and the implementation of lockdown in the country. This projection is the worst economic profile in four decades, not including the crisis caused by COVID-19 at the beginning of 2020.

The Russia-Ukraine geopolitical conflict also triggered the economic recession, where there was disruption to the global supply chain, which led to a food and energy crisis, causing the prices of several commodities to soar to historically high levels. This impacts not meeting public demand for goods/services, including items for which Russia and Ukraine are the leading exporters. Almost everywhere, rapid price increases, especially for food and energy, are causing severe hardship for households, especially for people experiencing poverty. The significant rise in commodity prices indicates inflation.

According to the Indonesian and World Economic Development Report for the Second Quarter of 2022, the policy taken by the United States Central Bank to tackle the highest inflation in more than 40 years was to increase the reference interest rate in the second quarter of 2022. The first policy in May 2022 was to increase the reference interest rate by 50 bps, then at a higher rate of 75 bps in June 2022. Inflation that continues to grow in the United States shows the demand and supply gap, which is the impact of the COVID-19 pandemic, soaring energy prices, and other price pressures (Kedeputian, 2022).

However, the impact of the policy of increasing interest rates that must be considered is the weakening of a country's economy, which will reduce employment opportunities. Decreased production means the number of workers must also be reduced. This is what starts the emergence of unemployment in a country. Unemployment arises because there is a gap between the number of jobs available and the number of people who need work, so only a few get the opportunity to work (Yehosua et al., 2019).

The phenomenon of layoffs in various countries is one of the triggering factors for the global economic recession. Several international companies are known to have terminated their employees for several reasons (CNN, 2022).

**Table 2. List of global and Indonesian companies with number of layoff employees**

Company	Employees affected by layoffs
Intel Corp.	26,740
Electrolux AB	4,000
Phillips	4,000
Twitter, Inc	3,700
Ford Motor Company	3000
Unilever Plc	1,500
Victoria's Secret	1,250
SoftBank Group Corp.	150
PT. Shopee	100

International Thailand	
Indosat Ooredoo	300
Hutchison	
GAP, Inc.	435
Xiaomi Technology Co., Ltd	900
Netflix, Inc	300
Lyft, Inc	683
PT SiCepat Express	360
Zenius Education	200
Xendit	900

Source: CNN Indonesia

The table above shows significant layoffs in various countries, including Indonesia. Based on a report by the Coordinating Minister for the Indonesian economy, he stated that the world economy had weakened the demand side and resulted in a decline in export performance. This condition resulted in mass layoffs (PHK) in several industries. In Indonesia, the decline in demand is seen based on data from the Central Statistics Agency (BPS) regarding the reduction in export activities by 10.99 per cent or 24.80 billion US dollars in September compared to exports in August 2022 (Kompas, 2022).

### ***Strategy for Facing Economic Recession Islamic Economic Perspective***

Islamic economics is built from the foundation of Islamic teachings because economic concepts are integral to the Islamic religion. This is a consequence that Islamic economics will follow all the laws regulated in the Shari'a. Islam teaches that sharia is not only related to spirituality or rituality but is interpreted as beliefs, regulations and moral guidance for every aspect of human life (Fauzia & Riyadi, 2014).

The economic problems that occur are basically an inevitability in human life, as Allah Swt says in the QS. Al-Baqarah verse 155.

The economic recession, which is considered a frightening spectre, must be responded to with *tawakkal*, meaning an attitude of accepting the destiny that Allah Swt has given and then trying to find the right way out. In Islamic economics, the various alternatives must be based on Islamic laws to achieve benefits and avoid *mafsadah* (badness) for humans. Next, the word of Allah Swt is something that we must understand in QS. Ar-Rum verse 41.

From an Islamic perspective, the emergence of an economic recession results from economic activities contrary to Islamic law, such as usury (interest), corruption, monopoly, and other actions prohibited by religion. Some people have made this a culture in their daily lives. So, the economic recession is a form of rebuke from Allah due to the negligence and tyranny of human hands (Seonjoto, 2017). From an Islamic perspective, individuals and the world community can implement several solutions and strategies whose reference sources are the Al-Qur'an, the Prophet's Sunnah and *Ijma*.

#### 1. Abandoning Usury

Usury is a critical topic in the study of Islamic economics, not just a criticism of the Koran. Still, more than that, the impact of usury can damage the economy of the country and the ummah. *Riba* is interpreted as false additional taking in trade transactions, especially

in lending and borrowing, which violates the Islamic principle of *muamalah* (Makki, 2019; Tarigan, 2012). Allah Swt has warned clearly in His word QS. Al-Baqarah verse 275.

The evidence of the Qur'an and Hadith clearly states the prohibition of usury. Even in the hadith, it is explained that Allah and His Messenger cursed all parties involved in usury activities, whether consuming it, carrying out transactions or representing, recording and those who are witnesses. This prohibition certainly has *maslahah* value. Salih ibn Ghanim al-Sadlan states that "usury is prohibited due to the following factors. Firstly, usury destroys society's economy because debt providers are too lazy to work, are unproductive, and wait for interest from the borrower, which burdens them. Second, the destruction of social solidarity in society is due to the absence of an attitude of mutual assistance and affection between them. Third, society will be divided into two: rich people who live in wealth and poor and weak people whose energy and labour are exploited by rich people, not in the right way" (Idri, 2015).

In line with this opinion, according to Imam al-Ghazali, additional charges (interest) on money have diverted money from its primary function as a medium of exchange and a measure of value. For him, as for many other Muslims as well as non-Muslim scholars, the prohibition of interest in such transactions is absolute and part of one's faith. Apart from that, Imam Ghazali also mentioned non-monetary transactions where claims may still occur but in a hidden form, for example, in exchanging gold for gold, rice for rice, etc., but differs in the number of excess commodities called usury *nasi'ah*. If the quantity traded is not the same even though the exchange is carried out directly, then the excess obtained in the transaction is known as *riba fadhli*. Both types of usury are not permitted. According to al-Ghazali and others, the exchange goods must be the same - namely, gold for gold, wheat for wheat, etc (Janwari, 2016).

In a more complex discussion, several negative impacts that can arise from usury activities include:

- a. The additional interest earned becomes the cost of money. The higher the interest rate, The higher the price set for an item. Likewise, with the concept of debt with variable interest, where the loan interest rate is high and the loan interest rate is low, Borrower acceptance makes it difficult for borrowers to get out of dependency.
- b. Usury causes the purchasing power of most people to decrease, thereby reducing the supply of goods buried. Producers' income decreases, triggering the potential for more significant losses, so producers have to reduce their workforce. This is what causes unemployment.
- c. From individual and social perspectives, usury is profit obtained unjustly. Usury takers use their funds to organise other people to try and return, for example, thirty per cent more than the loan amount.
- d. Collecting usury indicates a loss of purity within the perpetrator. This is a significant loss in this world and the hereafter. Allah Ta'ala says in QS. Ali Imran verse 130-132 means: "O you who believe, do not consume usury in doubles and fear Allah so that you will get good luck. And protect yourselves from the fire of hell, which is prepared

for those who disbelieve. And obey Allah and the Messenger so that you may be given mercy.”

- e. Taking usury is one of the actions that can cause destruction. Rasulullah shallallahu'alaihi wa sallam stated, "Away from the seven things that destroy!" The companions asked, "What are these things, O Messenger of Allah?" He answered, "Shirk, sorcery, killing souls which Allah has forbidden except in the right way, consuming usury, consuming the property of orphans, running away from the battlefield and accusing believing women of adultery" (HR. Bukhari no. 2615, Muslim no. 89 ) (Hasan, 2014).

However, in today's portrait of people's lives, it is still difficult for most to abandon usury practices. Is this due to a lack of knowledge regarding the prohibition of usury or economic conditions that force them to fall into the circle of usury? The results of research conducted by Nur Islamiyah with the title "Implementation of the *Baitul Maal Wa Tamwil* (BMT) Strategy in Reducing the Negative Impact of Loan Shark Practices (Case Study at BMT Al-Kahfi Jombang)" show that loan sharks provide loans to the community, tiny traders usually requires a small loan with a fast process, for business capital or daily needs requires relatively high-interest returns. This condition will create more significant difficulties for people in paying off their loans, reducing their consumption expenditure, and impacting decreasing economic growth in society and the country (Islamiyah, 2020). Then, based on the results of their research entitled "Level of Community Knowledge about Usury on Accounts Payable and Receivable Behavior in Salo Village, Salo District, Kampar Regency", Marabona Munthe and Nelly Andria Ningsih stated that the factor that causes the practice of usury to still exist in society is the different understanding of society. Different regarding usury. Even though Kampar Regency is nicknamed the veranda of Mecca, the public is not yet fully aware of the prohibition on usury (Munthe & Ningsih, 2021).

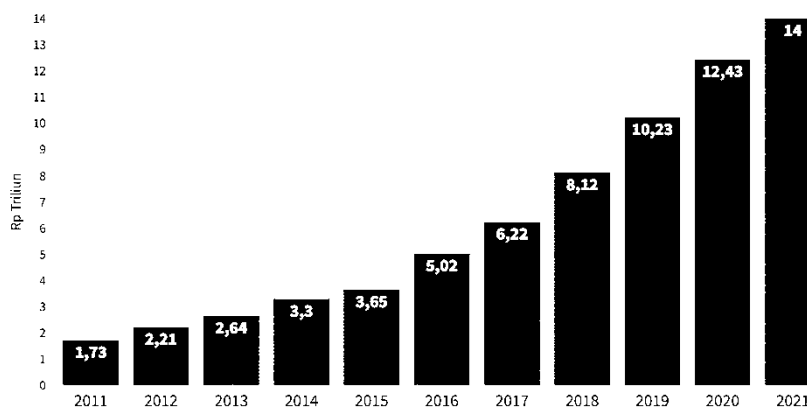
These two research results show that people's economic activities are closely related to buying and selling transactions and debt and receivable practices, of which the majority still use the usury system. Meanwhile, in Islamic teachings, an economic activity involving usury is strictly prohibited because it does not comply with the fundamental values set out in the Shari'a, which aim to realise human welfare. Thus, abandoning usury is a very effective strategy for overcoming economic decline and creating a growing and healthy economy.

Islamic economics exists to provide an alternative that can replace the usury system, namely a buying and selling system and a profit-sharing system by Islamic values. Many financial institutions that are currently developing are starting to implement the sharia system, not only in Muslim countries but also in Muslim minority countries. One picture that can be seen is the increasing number of banks that operate using the concept of Islamic law. With this prospect, there is an excellent opportunity for implementing the basis of Islamic law in all aspects of the economy. For example, in Indonesia, the Islamic economic system began to appear when Bank Muamalat Indonesia was founded in 1991. This proves that Islamic values can be widely accepted because they are universal and not exclusive, such as the value of justice and being given equal opportunities in doing things, such as economic activities (Seonjoto, 2017).

## 2. Maximizing the Utilization of Zakat

Zakat is an Islamic economics instrument unique to other economic systems. Zakat means the obligation to set aside a portion of a person's income or assets whose conditions have been determined in Islam and given to various categories of society, which have also been regulated in Islamic law. Zakat activities have the primary objective when viewed from a market economic system's perspective: realising equal income distribution. This will undoubtedly impact stabilising economic activity (Rusby, 2017; Sulistyawan & Susi Widiasari, 2022).

Economically, implementing zakat collection should eliminate significant differences in wealth, create an even income distribution, increase consumption of goods/services due to increasing revenue, and reduce unemployment. Utilising community productivity and independence through capital assistance can be an opportunity for job creation. Also, maximising zakat can help control a country's inflation rate. The uncontrolled circulation of money in the country, shortage of goods, and distribution of wealth that is not on target are also causes of inflation and market collapse.



Source: National Zakat Amil Agency

**Figure 1.** Realization of national zis and dskl fund collection

In Indonesia, it is recorded that the collection of zakat funds in 2021, which are accumulated with other social and religious funds, is IDR 14 trillion through the National Zakat Amil Agency (BAZNAS). This figure increased by 33.8 per cent compared to the previous year. The primary source of this increase was zakat fitrah payments, which increased by 20 per cent, and zakat on sacrificial animals grew by 130 per cent. However, this realisation only reached 4.28 per cent of the projected zakat potential, which reached IDR 327 trillion in the previous year. Meanwhile, in 2022, the National Zakat Amil Agency targets the collection of *Zakat Infaq Sedekah* (ZIS) and other religious social funds (DSKL) nationally to reach 26 trillion rupiah with a target beneficiary of 57 million people (Baznas, 2022). The amount of zakat fund collection continues to increase yearly, showing the excellent potential of zakat as an instrument for community economic recovery.

To maximise the effectiveness of zakat, several Islamic economists suggest that zakat should be a permanent additional income provided only for people who cannot generate sufficient income to meet their basic needs. This can solve the government's obligation

to reduce poverty rates. Other forms that can be taken to utilise zakat distribution include providing training and capital so that they can open small businesses independently to improve their living standards (Ghلامallah et al., 2021).

Utilising zakat aligns with the 2019-2024 Indonesian Sharia Economic Masterplan launched by the National Committee for Economics and Finance (KNEKS). In the KNEKS Presidential Decree, they provide recommendations with several strategies to make Indonesia the centre of the global sharia economy. One of the strategies is strengthening micro, small and medium enterprises (MSMEs). MSMEs are people's economic activities with a vital position, role and potential to realise a national economic structure based on economic democracy. MSMEs contribute significantly to the Indonesian economy because their potential is spread to remote areas, embracing and revitalising the community's independence so that their lives can develop in a better direction (Mubarak et al., 2021).

The results of Dewi Purwanti's research show that the distribution of zakat, infaq and alms positively influences Indonesia's economic development. Economic growth, which increased by 0.12 per cent, occurred for every 1 billion rupiah increase in zakat collected, assuming other variables were constant. This development requires support from all groups, individuals and institutions/organisations to provide intensive positive energy for the Indonesian economy (Purwanti, 2020).

### 3. Implementation of Moderate Behavior (Wasathiyah) in Economic Activities

The Prophet Saw wanted a balance between economic activities so there would be no *israf* or excesses in production and consumption. This means that economic actors should not have wasteful behaviour but carry out production or consumption activities in moderation to gain benefits. In principle, *maslahah* is the goal of Islamic economics, namely pursuing all economic activities - production, consumption or distribution - that can provide human gifts and blessings.

Production and consumption activities are integrated and cannot be separated in economic discussions. Production activities in an economy must be balanced with the amount of consumption activities. If an imbalance occurs, it can cause financial problems. If the number of goods or services produced is more significant than consumption demand, there will be a buildup of production output resulting in waste (*israf*). In Islamic economics, this is prohibited and causes the production to have no *maslahah* value and loss of blessings. On the other hand, if consumption demand exceeds *production* output, there will be a shortage of basic needs and socio-economic instability (Jan et al., 2023). Apart from that, Imam al-Ghazali believes that the gap between the availability of essential goods and the community's needs will damage the community's lives. So, in principle, the state is responsible for fulfilling society's basic needs in sufficient quantities (Karim, 2012).

Achieving a balance in production and consumption activities will undoubtedly result in a stable economy for those involved. As in Sahih al-Bukhari and Sahih Muslim, it is narrated: "From 'Urwah ibn Zubayr and Sa'id ibn al-Musayyib that Hakim ibn Hizam said: I asked (something) from the Prophet, then he gave it to me then I asked him again, and he gave it to me, then I asked for more and he gave me more. Then Rasulullah Saw said: O Hakim, indeed this treasure is green (beautiful) and sweet. Whoever takes it with a

good soul will be blessed, and whoever takes it with a wasteful soul will not be blessed like someone who eats but is not complete. The hand above is better than the hand below.”

Implementing moderate behaviour in economic activities is necessary to control the inflation rate and stabilise the country's economic growth. This can be done using production and consumption activities, which must first prioritise fulfilling basic or primary needs and maximising domestic products' use rather than foreign products.

#### IV. CONCLUSION

The threat of a global economic recession is always frightening for every country. This issue has become hot again since the COVID-19 pandemic in early 2020 had a drastic decline in global economic activity, followed by the Russian Federation's invasion of Ukraine, disrupting global supply chains, which gave rise to food and energy crises and inflationary pressures in the country. West and the United States, which continues and extends to several countries. These economic problems that occur cyclically and continuously need to be reanalysed from various perspectives regarding the root of the problem, systems and policies to provide more solutions. In the Islamic view, economic recession is a problem predominantly caused by human activities. Financial practices prohibited by Islamic law, including usury (interest), corruption, monopoly and other economic actions, are still mushrooming in society. If viewed from an Islamic financial perspective, several strategies can be implemented to face the threat of economic recession, including abandoning usury practices. This is the first step that must be taken so that people's economic activities can be free from the negative impact of usury and then use other alternatives by paying attention to aspects of Islamic law, such as using the concept of buying and selling and profit sharing in economic transactions. The following strategy is to maximise the use of zakat instruments, where one of the benefits is to create a more even income distribution. It is also necessary to implement moderate (balanced) behaviour in economic activities because it can positively impact the economy at a macro level, such as controlled inflation rates and stable economic growth.

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