

Transformation of Economic Paradigms: A Reconstruction of Monzer Kahf's Thinking on Islamic Man and the Distribution of Wealth

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ABSTRACT

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Economic inequality and the underutilization of Islamic social finance require an economic framework that integrates ethical human behavior with distributive institutions. This research examines and reconstructs Monzer Kahf's concept of Islamic man and wealth distribution as a basis for economic paradigm transformation. Using qualitative library research, the study draws on Kahf's original works and related studies, with documentation as the data-collection technique. Content analysis, concept analysis, and critical discourse analysis are used to identify the anthropological assumptions, distribution instruments, and institutional roles in Kahf's thought and to reconstruct their interrelationships. Unlike previous studies that tend to discuss Islamic man or zakat-based justice separately, this study integrates Islamic man, zakat, waqf, and the role of the state within one analytical framework. The findings show that Islamic man rests on Allah's absolute ownership, human stewardship, tawhid-based obedience, and orientation toward *falah*. Wealth distribution is supported by zakat as mandatory redistribution, waqf as sustainable intergenerational distribution, and the state as regulator and supervisor. Their reconstruction produces a holistic paradigm in which individual ethical consciousness, professional zakat-waqf institutions, and public policy operate as mutually reinforcing components. This framework is relevant to Indonesia, where the Gini ratio remains 0.368 and zakat-waqf potential is substantially underutilized. The study recommends strengthening professional zakat and waqf governance, supportive regulation, and public literacy to improve distributive justice.

INTRODUCTION

Inequality in the distribution of wealth has become a prolonged structural problem in the global economic system. Capitalism, as the dominant economic system for centuries, proved to be able to generate significant economic growth, but on the other hand created a widening gulf between the rich and the poor. This system adheres to the principle of unlimited freedom of capital ownership, free competition, and the orientation of profit accumulation alone. As a result, wealth tends to revolve around a few people, while economic access to weak communities is increasingly limited (Kasmawati & Mawardi, 2025).

The capitalist economic system is based on the assumption of *homo economicus*, which is the view that human beings are rational beings who always act to maximize personal profit (*utility maximization*). This assumption is considered too simplistic of human nature because it

ignores spiritual aspects, empathy, social responsibility, and awareness of the existence of life after death which should affect a person's economic behavior (Anwar et al., 2022). Within this framework, economic activity is separated from moral and ethical values, so exploitative practices such as usury, speculation, and hoarding become an inevitable part of the market mechanism.

The global financial crisis of 2008 is one of the clear proofs that the interest-based system and speculation have structural weaknesses that have a wide impact on the stability of the world economy. Economists began to question the basic assumptions that had been the foundation of conventional economic theory. Criticism of *homo economicus* is gaining strength, especially when the actual economic behavior of society shows that human beings do not always act rationally in a material sense, but are often influenced by social, cultural, and moral factors. This critique has been systematically mapped in contemporary Islamic economic scholarship, which reconstructs the economic agent as a *homo Islamicus* whose motivation is grounded in piety, moral responsibility, and social awareness rather than pure utility maximization (Sholihin et al., 2023).

Meanwhile, socialism, which is present as the antithesis of capitalism, is also not immune to weaknesses. The dominance of the state that is too great in controlling economic activities actually reduces people's economic freedom and weakens the motivation of individuals to do business. Creativity and productivity tend to decline because economic incentives are limited (Indrian et al., 2024). This system overbelieves the state's ability to regulate all aspects of the economy without giving enough room for individual initiatives. As a result, despite its aim at creating justice, socialism often leads to inefficiency and mass poverty.

In the context of the failure of both systems, Islamic economics exists as an alternative that offers a balance between individual interests and social interests. Islamic economics emphasizes not only economic growth, but also the distribution of wealth, blessings, and the welfare of society as a whole (Khalidin et al., 2024). The principles of monotheism, justice, balance, and the prohibition of usury, *gharar*, and other practices of economic exploitation are the foundations of building this system. Islamic economics is based on Islamic law which is sourced from the Qur'an and Hadith, so that its economic activities are not only oriented to material gains but also to the achievement of the pleasure of Allah SWT.

However, Islamic economics is often understood narrowly as a technical modification of conventional economics, for example replacing the term interest with margin, without fully understanding the underlying paradigm. In fact, paradigm transformation is much more urgent than just changing terminology. Islamic economics cannot be separated from the moral and spiritual values that are its main foundation (Kahf, 1978). Economic activities in Islam are part of worship and a means of achieving the pleasure of Allah, so pious economic actors tend to carry out more production and distribution activities that are beneficial to society.

Research on the transformation of economic paradigms through Monzer Kahf's thought is very urgent for several reasons. First, a complete understanding of anthropological assumptions in Islamic economics is the key to formulating effective and equitable wealth distribution policies. So far, the policy of wealth distribution has been built on the assumption of selfish and material rational *homo economicus*. As a result, policies tend to rely on material incentives and disincentives, without touching the moral and spiritual awareness of the community (Anwar et

al., 2022).

Second, Monzer Kahf is one of the contemporary Islamic economic figures who seriously discusses the issue of wealth distribution with a comprehensive approach. He is known as an expert in *Zakat* and *Waqf* whose ideas are widely applied in wealth distribution policies in various Muslim countries (Wydia et al., 2026). Kahf is also one of the economists who combines Islamic Social Finance instruments such as Zakat and alms for economic activities, income, consumption, savings, and investment. His international experience as a senior researcher at the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank (IDB), as well as a consultant to international institutions such as the IMF, IBRD, and OPEC, makes his thinking have a high academic and practical weight (Kahf, 2019).

Third, the concept of the Islamic man developed by Kahf offers an alternative to the assumption of *homo economicus* in conventional economics. According to Kahf, Islamic man is the basis of assumptions in his thought, where socio-economic justice in Islam can be achieved when *Zakat* or alms can be combined with economic aggregates, and all economic activities are carried out in accordance with Islamic economic rules (Anwar et al., 2022). This concept implies that human beings are not only driven by material interests, but also by the spiritual and moral values that shape their economic behavior.

Fourth, Indonesia as a country with a majority Muslim population has great potential to implement Kahf's thinking in wealth distribution policies. *Zakat* and *Waqf* as the main instrument of wealth distribution in Islam have great potential in Indonesia, but their management is still not optimal. Research on the relevance of Kahf's thought to the Indonesian context is very important to formulate the right policies (Rahmawati & Nim, 2017).

Data from the Central Statistics Agency (BPS) shows that economic inequality in Indonesia is still a serious problem. Based on the latest data, Indonesia's Gini ratio in March 2026 was recorded at 0.368, a slight increase compared to September 2025 which was 0.363. This figure shows that the inequality of population expenditure is still at moderate to high levels, considering that the Gini Ratio value moves between 0 to 1, where getting closer to 1 reflects a higher level of inequality.

Table 1. Development of Indonesia's Gini Ratio (2024-2026)

Period	The National Gini Ratio	Urban Gini Ratio	Rural Gini Ratio
September 2024	0,381	0,402	0,308
March 2025	0,375	0,395	0,299
September 2025	0,363	0,383	0,295
March 2026	0,368	0,387	0,296

Source: Central Statistics Agency (BPS), 2026

Based on the World Bank's inequality measure, in September 2025, the distribution of expenditure to the bottom 40 percent of the population will be 19.28 percent. If broken down by region, in urban areas the figure was recorded at 18.32 percent, while for rural areas the figure was recorded at 22.09 percent. This data shows that inequality in urban areas is higher than in rural areas, indicating a concentration of wealth in urban economic centers. The number of Indonesia's poor population itself reached 22.93 million people as of March 2026 or around

8.07 percent of the total population. Although this figure represents a decrease from the previous period, it is still very significant and requires serious attention. The urban poverty rate was recorded at 6.6 percent, while the rural poverty rate reached 10.72 percent, indicating that poverty is still concentrated in rural areas.

Indonesia has a huge potential for *Zakat* and *Waqf*. Based on the data collected, Indonesia's *Zakat* potential is estimated to reach more than IDR 300 trillion per year. Meanwhile, the potential for national money *Waqf* reaches around IDR 180 trillion per year. Other data states that the potential for national *Zakat* reaches IDR 220 trillion per year, far above the realization that has only reached around IDR 41 trillion. This data shows that there is a huge gap between the potential and realization of *Zakat* and *Waqf* collection in Indonesia. For *Waqf*, the land that has been recorded reaches 420 thousand hectares, equivalent to six times the area of Jakarta, but only about 30 percent is used productively. This condition indicates that the management of *Zakat* and *Waqf* in Indonesia is still not optimal and requires a paradigm transformation in its management. Empirical evidence reinforces this urgency, as well-managed zakat distribution programs have been shown to measurably reduce both poverty and income inequality among recipient households in West Java, Indonesia (Ayuniyyah et al., 2022).

Monzer Kahf developed a framework of economic thought that was fundamentally different from conventional economics. The basic assumption of Kahf's theory is a critique of *the economic man* that applies to conventional economics. Kahf provides a form of thought as a substitute for this concept known as the concept of Islamic man (Agusti, 2021). On that basis, Kahf developed the theory of consumption and production, the teachings of the command of *Zakat*, the prohibition of usury, and the idea of al-qirad as an alternative to the flower system (Naysa et al., 2024). According to Kahf, Islamic economics is the economic behavior of human beings, both as individual, communal, and collective actors, guided by a number of Islamic religious and moral values, both in the legal, political, and social fields (Kahf, 1978). Islamic economics applies not only to Muslims, but to all mankind, regardless of religious background, gender, or social status (Agusti, 2021).

There are three main pillars in the concept of Islamic man according to Monzer Kahf (Anwar et al., 2022). First, everything absolutely belongs to Allah SWT and humans on earth only serve as His caliph, where this concept implies that human ownership of property is entrusted (*amanah*) not absolute ownership, so that humans are not free to do anything to their property because they are bound by sharia rules. Second, Allah SWT is the One God (the concept of monotheism), so all His laws must be obeyed by humans, including in economic activities, which is a direct antithesis of secularism that separates religion from worldly affairs. Third, what man does must be aimed at virtue, not only based on the world but also the hereafter (*falah*), where this concept is known in Islamic economics as the happiness of the hereafter which is the ultimate goal of all economic activities.

In addition to these three pillars, Kahf also mentioned additional characteristics of *Islamic man*, namely the obligation of *Zakat* and infak as a mechanism for wealth distribution, as well as the prohibition of usury, hoarding, and economic exploitation (Firdaus et al., 2023). In the context of wealth distribution, Kahf identifies several key instruments (Anwar et al., 2022). First, *Zakat* as an instrument of compulsory redistribution, where Kahf assumes that *Zakat* is a

must for muzakki and is a simple transfer of a portion with a certain size of the wealth of the rich to be allocated to the poor (Kahf, 1997), noting that *Zakat* does not have to be limited to the forms of wealth and income that existed during the time of the Prophet and its scope does not have to be limited by concepts influenced by the mode of production in the past (Rahmawati & Nim, 2017).

Second, *Waqf* as an instrument of sustainable distribution, where Kahf is one of the figures who developed money *Waqf* as an alternative instrument of wealth distribution because *Waqf* has an important role in the Islamic economic system considering Islam's fundamental concern for justice and how it is applied in an economy based on private property and freedom (Kahf, 1978). Third, the role of the state in the distribution of wealth, where Kahf views that the state is a planner as well as a supervisor with three policy objects, namely maximizing the use of available natural resources, minimizing distribution gaps, and making regulations for economic actors as a guarantor of government regulations (Anwar et al., 2022).

Several studies have examined Monzer Kahf's thinking from various perspectives. Anwar et al., (2022) in their research entitled "Islamic Economic Thought of Monzer Kahf" examines in depth the basic assumptions of Kahf's thought, namely the concept of *Islamic man*. This study concludes that *Islamic man* is the basic assumption of Monzer Kahf's thinking in building an Islamic economic system (Anwar et al., 2022). This research also reveals the three main pillars of the *Islamic man concept* and its implications for economic behavior, especially in the context of *Zakat* and wealth distribution.

Rahmawati & Nim, (2017) in his research "The Thought of Monzer Kahf about the Principle of Socio-Economic Justice in Zakah" specifically examines Monzer Kahf's thoughts on the principle of socio-economic justice in *Zakat*. This research produces two main conclusions: first, *Zakat* does not have to be limited to the forms of wealth and income that existed during the time of the Prophet, but must be expanded to include contemporary forms of wealth; second, state intervention has a great influence on the distribution of income and wealth (Rahmawati & Nim, 2017). This research also highlights that social and economic inequality in Indonesia can be overcome by implementing the distribution of income and wealth through *Zakat* that is professionally managed by the state.

Agusti, (2021) in his research "Islamic Man: Deep Insights from Monzer Kahf" provides an in-depth analysis of how Kahf criticizes the concept of economic man in conventional economics and replaces it with the concept of Islamic man. This study emphasizes that Islamic men are not limited to Muslim individuals, but anyone who is willing to accept and practice the Islamic paradigm (Agusti, 2021). This research also highlights that the basic assumptions of the theory built by Kahf are a criticism of the economic man that applies to conventional economics.

Islam, (2023) in his research "Development of Islamic Economic Ideas by Al-Mawardi with Monzer Kahf" compares the Islamic economic thought of Al-Mawardi and Monzer Kahf. This research shows that Kahf formulated Islamic economic ideas such as economic activities with Islamic principles carried out by *ibadurrahman*, dimensional scales that are not only in the world but also in the hereafter, free from usury, consumption patterns that are not excessive, and the state as a policymaker and supervisor (Islam, 2023). Kahf et al., (2024) in "The Role

of Islamic Social Finance in Socioeconomic Equity and Market Stability" analyze the structure of Islamic social finance and its function in reducing socio-economic inequality and promoting ethical behavior in the market economy. This article identifies five fundamental elements of Islamic social finance: for-profit Islamic finance, *Zakat*, *Waqf*, charitable activities in the third sector, market correction procedures, pre-market wealth distribution methods, and fiscal structures based on communal solidarity (Kahf & El Amri, 2024). Collectively, these elements form a comprehensive system that promotes economic justice and reduces wealth gaps. Based on the search of previous studies, several research gaps can be identified that are the basis for the urgency of this research. Previous studies have tended to discuss the concept of Islamic man and the distribution of wealth separately, where Agusti, (2021); Anwar et al., (2022) focus more on the concept of Islamic man as a basic assumption of Islamic economics, while Rahmawati & Nim, (2017) focuses more on *Zakat* as an instrument of socio-economic justice, so there has been no research that comprehensively integrates these two aspects in one complete analytical framework and see it as part of the transformation of the economic paradigm.

In addition, previous research has not explicitly discussed how Kahf's thinking can be a tool for fundamental economic paradigm transformation, because Islam, (2023); Kahf et al., (2024) emphasize more on the descriptive and analytical aspects of Kahf's thought without examining its potential as an instrument of paradigm transformation, even though paradigm transformation is much more urgent than just a technical modification of conventional economics. Previous studies have also not specifically related Kahf's thought to the context of economic inequality in Indonesia, because Rahmawati & Nim, (2017) did examine the relevance of Kahf's thought to the condition of Indonesia but his focus is limited to *Zakat* and does not cover the entire framework of Kahf's thinking about Islamic man and the distribution of wealth as a whole, and previous research has not formulated a systematic reconstruction model of Kahf's thought to be used as the basis of wealth distribution policy in Indonesia because most of the research is still descriptive-analytical without reaching the stage of reconstruction and applicable policy formulation.

Based on the identification of research gaps above, this study offers novelty in several aspects. This research integrates the concept of Islamic man and wealth distribution in one whole analytical framework, where Islamic man is positioned as the anthropological foundation that becomes the basis of wealth distribution behavior, while wealth distribution is understood as a concrete manifestation of Islamic man consciousness, so that it not only describes the two concepts separately but integrates them as a single system that reinforces each other. This research also uses a paradigm transformation approach that sees Kahf's thought as a fundamental effort to change basic assumptions about human beings in economic activity, in contrast to previous studies that are more descriptive-analytical, thus allowing contributions to the development of Islamic economics as a complete alternative paradigm rather than just a technical modification of conventional economics.

In addition, this study conducts a systemic reconstruction of Kahf's thinking into a model of systemic solutions to overcome economic inequality by combining individual awareness (Islamic man), distribution instruments (*Zakat, Waqf, Infaq*), and the role of the state in a holistic system unit by considering the current context and contemporary economic challenges. This study also contextualizes the condition of Indonesia specifically by relating Kahf's thinking to economic inequality in Indonesia using the latest empirical data on inequality and the potential of *Zakat-Waqf*, so as to make a practical contribution to the formulation of wealth distribution policies based on Islamic values. Finally, this research does not stop at the level of theoretical analysis but formulates an integrated wealth distribution policy model based on Kahf's thinking that includes aspects of regulation, institutional, and community empowerment that can be implemented in the context of national policies.

In line with the background, urgency, and novelty of the research that has been presented, this study aims to describe and analyze in depth the concept of Islamic man according to Monzer Kahf's thought as the anthropological foundation of Islamic economics, as well as to describe and analyze Monzer Kahf's view on the distribution of wealth in the Islamic economic system which includes instruments such as *Zakat, Waqf*, and the role of the state. This research also aims to formulate a reconstruction of Monzer Kahf's thinking about Islamic man and the distribution of wealth as a model of holistic economic paradigm transformation to overcome economic inequality, as well as contextualize the reconstruction of Kahf's thinking with the conditions of economic inequality in Indonesia and formulate its policy implications. With the achievement of these goals, this research is expected to make a significant contribution to the development of Islamic economic thought, especially in the study of paradigm transformation, reconstruction of figures' thoughts, and the formulation of equitable wealth distribution policies based on Islamic values.

RESEARCH METHOD

This research employed a qualitative design with a literature review approach to understand and interpret Monzer Kahf's thoughts in depth and reconstruct his ideas on the concept of Islamic man and the distribution of wealth as an effort to transform the economic paradigm. The study adopted a historical-philosophical approach to trace the development of Kahf's thought within its historical and intellectual context, as well as a normative-theological approach to examine his ideas from the perspective of Islamic values derived from the Qur'an and Hadith. In addition, concept analysis was used to examine the meaning and characteristics of Islamic man, while critical discourse analysis was employed to investigate how Kahf's thought was constructed as a critique of conventional economics. This study was descriptive-analytical in nature, systematically describing Kahf's ideas before critically analyzing them to formulate an applicable reconstruction.

Data were collected through documentation by gathering, reviewing, and analyzing relevant written materials. The data sources were divided into two categories: primary sources, consisting of Monzer Kahf's original works, such as *The Islamic Economy*, *Economics of Zakah*, *Islamic Economics: Methodology and Fiqh*, as well as his scholarly articles; and secondary sources, consisting of previous studies on Kahf's thought that enriched the analysis. The data collection procedure consisted of four stages: (1) identifying and searching the

literature through various academic databases using relevant keywords; (2) collecting and selecting the literature based on predetermined inclusion and exclusion criteria; (3) recording and organizing the data into categories according to the research focus; and (4) verifying the data through cross-checking among sources to ensure the consistency and accuracy of the information.

The data analysis employed content analysis and concept analysis. Content analysis was used to identify, categorize, and interpret the main themes in Kahf's works through the following steps: determining the unit of analysis, categorizing the data into the concepts of Islamic man, the critique of *homo economicus*, the pillars of Islamic man, wealth distribution, the instruments of *Zakat* and *Waqf*, the role of the state, and the reconstruction of thought. Concept analysis was conducted to examine the concept of Islamic man in depth by identifying its defining attributes, model cases, antecedents, and consequences.

This study also employed critical discourse analysis to examine how Kahf's thought criticized conventional economic discourse through analyses of the text, discursive practice, and social practice. To reconstruct Kahf's thought, interpretation and reconstruction methods were applied through three stages: (1) systematically describing Kahf's thought, (2) interpreting it by considering its historical and intellectual contexts, and (3) reconstructing it to formulate an applicable model for transforming the economic paradigm.

To ensure trustworthiness in this document-based study, credibility was strengthened through source triangulation between Kahf's primary texts and relevant secondary literature. Dependability was supported through a transparent audit trail of source selection, coding categories, and analytical stages, while confirmability was strengthened through reflexive checking so that interpretations remained traceable to textual evidence rather than researcher preference. Transferability was supported by describing the intellectual and Indonesian policy contexts in which the reconstruction was interpreted. These procedures are more appropriate to textual research than fieldwork-oriented criteria such as prolonged engagement or persistent observation.

RESULT AND DISCUSSION

The Concept of Islamic Man as the Anthropological Foundation of Islamic Economics

Monzer Kahf's thinking about the Islamic man is an anthropological foundation that fundamentally distinguishes Islamic economics from conventional economics. The basic assumption of the theory built by Kahf is a criticism of the economic man that applies to conventional economics (Anwar et al., 2022). Kahf provides a form of thought as a substitute for this concept known as the concept of Islamic man (Agusti, 2021). This concept became the starting point for all of Kahf's ideas on the Islamic economic system, including the theory of consumption, production, and distribution of wealth.

According to Kahf, Islamic man is a basic assumption in his thought, where socio-economic justice in Islam can be achieved when *Zakat* or alms can be combined with economic aggregates, and all economic activities are carried out in accordance with Islamic economic rules (Anwar et al., 2022). This shows that Islamic man is not just a theoretical concept, but has real practical implications in economic behavior and wealth distribution policies. Socio-economic justice in Islam does not only depend on market mechanisms or state intervention, but also on individual consciousness shaped by spiritual and moral values (Kasmawati & Mawardi, 2025).

Kahf defines Islamic economics as the economic behavior of men and women, both as individual, communal, and collective actors, guided by a number of Islamic religious and moral values, both in the legal, political, and social fields (Kahf, 1978). According to him, Islamic economics applies not only to Muslims, but to all mankind, Islamic and non-Muslim, men and

women (Agusti, 2021). This definition shows that Islamic man is not limited to one's religious identity, but rather to the willingness to accept and practice the Islamic paradigm. This is in line with the view that Islamic economics has universal characteristics that can be applied by anyone who values justice and morality (Khalidin et al., 2024).

The interesting thing about Kahf's thinking is his view that Islamic man does not have to mean a Muslim (Agusti, 2021). According to him, when a person, including non-Muslims, is willing and willing to accept and practice the paradigm of Islam, then that person can be said to be an Islamic man (Anwar et al., 2022). This view shows that Kahf emphasizes more on the behavioral aspects and commitment to Islamic values than just a formal religious label. It also indicates that Islamic economics is universal and can be applied by anyone who values justice, morality, and spirituality in economic activities (Mujiyana et al., 2024). This characterization resonates with contemporary scholarship that reconceptualizes the Islamic economic agent, the *homo Islamicus*, as a morally accountable actor whose economic choices are guided by Qur'anic values rather than mere utility maximization (Furqani & Echchabi, 2022).

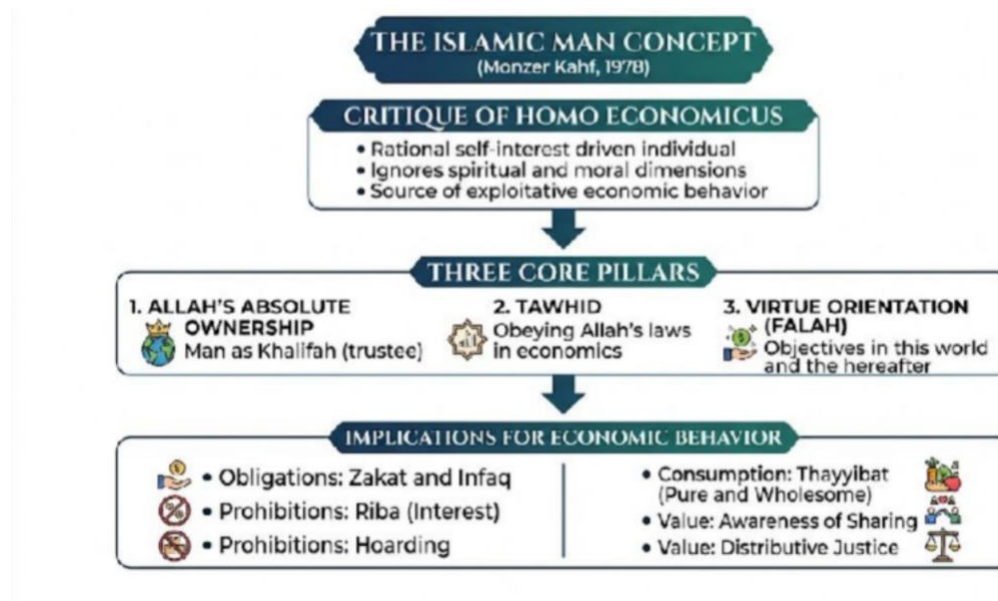


Figure 1. The Conceptual Framework of the Islamic Man According to Monzer Kahf

Source: Processed from (Agusti, 2021; Anwar et al., 2022; Kahf, 1978)

Based on this Islamic man concept, Kahf then built the theory of consumption and production, the teachings of the command of *Zakat*, the prohibition of usury, and the idea of al-qirad as an alternative to the flowering system (Naysa et al., 2024). This shows that the Islamic man is not a stand-alone concept, but rather the foundation for the entire building of Kahf's Islamic economic thought. The theory of consumption he constructed, for example, is heavily influenced by assumptions about human behavior that are not only materially rational but also spiritual (Hidayat et al., 2023). Kahf also views that workers who run the Islamic economic system, even if they come from non-Muslims, are enough to be said to be Islamic men (Agusti, 2021). This view affirms that the essence of the Islamic man is in the practice and commitment to Islamic values, not in a formal religious identity.

The concept of Islamic man Kahf has three main pillars (Anwar et al., 2022). First, everything absolutely belongs to Allah SWT and humans on earth only serve as His caliph. This concept implies that human ownership of property is a trust (trust), not absolute ownership, so that humans are not free to do anything with their property because they are bound by sharia rules. Second, Allah SWT is the One God (the concept of monotheism), so all His laws must be obeyed by humans, including in economic activities. This is the direct antithesis of secularism that separates religion from worldly affairs. Third, what humans do must be aimed at virtue, not only based on the world but also the hereafter (Kahf, 2019). However, humans must always introspect and improve themselves. These three pillars are the foundation for just and socially responsible economic behavior.

Instruments of Wealth Distribution in Monzer Kahf's Thought

Monzer Kahf views the distribution of wealth as one of the main functions of the Islamic economic system. For him, economic growth without fair distribution will only give birth to prolonged social inequality. Socio-economic justice in Islam can be achieved when *Zakat* or alms are combined with economic aggregates, and all economic activities are carried out in

accordance with Islamic economic rules (Anwar et al., 2022). Kahf identifies several key instruments in the distribution of wealth according to Islam, which include *Zakat*, *Waqf*, and the role of the state. The distribution of wealth in Islam is not only mechanical, but also has a spiritual dimension that connects economic activities with faith values (Rahmawati & Nim, 2017).

Zakat is a mandatory redistribution instrument that is a must for muzakki. *Zakat* is a simple transfer of a portion of a certain size of the rich man's wealth to be allocated to the poor (Kahf, 1997). In relation to the obligation of *Zakat* and the use of luxury goods, Monzer Kahf stated that *Zakat* is not applied to non-luxurious items of life (Naysa et al., 2024). Meanwhile, in the case of savings, savings invested in productive activities, the income is balanced with the obligation to pay *Zakat* (Firdaus et al., 2023). This view shows that Kahf does not only see *Zakat* as a ritual obligation, but also as a policy instrument that must be integrated with productive economic activities. *Zakat* has great potential as an instrument for poverty alleviation if managed professionally and productively (Wydia et al., 2026).

Table 2. Wealth Distribution Instruments According to Monzer Kahf

Instruments	Features	Purpose	Implementation
<i>Zakat</i>	Mandatory, transfer payment from rich to poor	Redistribution of income and wealth	Managed by baitul mall, can be productive
<i>Waqf</i>	Voluntary, sustainable across generations	Long-term investment	social Money <i>Waqf</i> , productive <i>Waqf</i> , professional management
The Role of the State	Regulation and supervision	Maximizing natural resources, minimizing distribution gap	Fiscal and monetary policy, enforcement

Source: Processed from (Anwar et al., 2022; Kahf, 1978, 2019)

Waqf is an instrument of sustainable distribution that has an important role in the Islamic economic system because of Islam's fundamental concern for justice and how it is applied in an economy based on private property and freedom (Kahf, 1997). Kahf is one of the figures who developed money *Waqf* as an alternative instrument for wealth distribution. *Waqf* funds can be managed productively, while the proceeds are used for social interests such as education, health, and economic empowerment of the people. This *Waqf* system allows the distribution of wealth to take place sustainably across generations (Kahf, 1997). Kahf explained that *Waqf* has two main characteristics, namely perpetuity (eternity) and the permanence of the founder's stipulation (Kahf, 2019). This characteristic makes *Waqf* a very potential instrument for longterm social development. *Waqf* also has flexibility that allows its development according to the needs of the times (Kahf et al., 2024).

Kahf views that the state is a planner as well as a supervisor with three policy objects: maximizing the use of available natural resources, minimizing distribution gaps, and making regulations for economic actors as a guarantor for government regulations (Anwar et al., 2022). The state uses fiscal and monetary policies, means of production and distribution, and legal force to achieve all three (Kahf, 2019). *Islamic man* and the state, both must work together in order to achieve just economic goals. This view shows that Kahf is not in a capitalist position

that relies too much on market mechanisms, nor on a socialist position that places the state as the sole controller, but in a position that balances the roles of the individual and the state (Indrian et al., 2024). The synergy between these three pillars is the uniqueness of the wealth distribution system in Monzer Kahf's perspective.

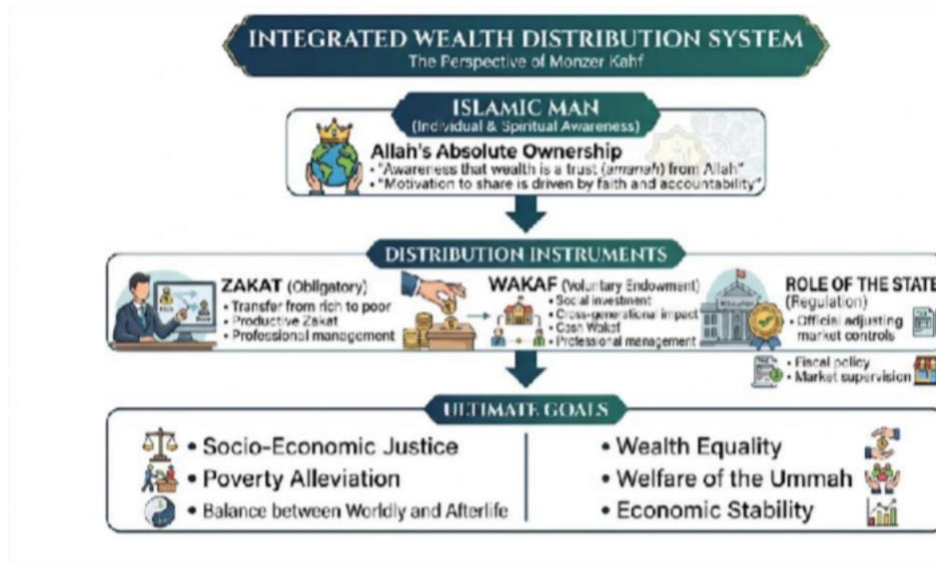


Figure 2. Monzer Kahf Integrated Wealth Distribution System
Source: Processed from (Anwar et al., 2022; Kahf, 1997)

The prohibition of usury and speculation is also an important part of Kahf's thinking on the distribution of wealth (Anwar et al., 2022). There are two unknown patterns of transactions in Islamic economics, namely transactions that contain usury and transactions that contain excessive speculation (Firdaus et al., 2023). Kahf asserts that the interest and speculation systems in conventional economics cause wealth to flow from the weak to the strong without the involvement of balanced risk. The prohibition of usury is intended to break the chain of wealth accumulation in a few people and encourage real economic activities that are more productive and just (Kasmawati & Mawardi, 2025). This ban also encourages the creation of a more stable financial system that is less vulnerable to crises (Kahf et al., 2024).

Economic Paradigm Transformation through the Reconstruction of Monzer Kahf's Thought

The transformation of the economic paradigm is the core of the reconstruction of Monzer Kahf's thought. Kahf realizes that there is no agreement among Muslim economists regarding the definition of Islamic economics, its scope, its relationship with conventional economics, methods, and analytical tools, and even some of its basic assumptions (Kahf, 2019). The tendency to maintain the distinction between Islamic and conventional economics has led some Muslim economists to believe that Islamic economics is an independent discipline, free from conventional economics. However, Kahf offers a different approach by criticizing the foundations of conventional economics and building a new paradigm based on the values of monotheism and morality. This approach is not exclusive, but inclusive and universal (Islam,

2023).

Kahf noted several important points related to whether Muslim economists need to create an alternative economy in the form of Islamic economics (Kahf, 1978). First, there is a need to develop a discipline that examines economic problems on a universal basis. Second, there is no need to add the adjective "Islamic" to the discipline of economics because such additions are not required by Islam and can be misleading because it shows that the "laws" of Islamic economics are not universal (Kahf, 2019).

Third, there was a tragedy of historical events that required Muslims to fail to leave human civilization over the past few centuries, which was followed by the confinement of economics with the rays of Jewish-Roman culture. Fourth, the study of the Islamic economic system must include "what it should be" and its impact on variables and their relationships in the Islamic economy (Kahf, 1978). Fifth, the term Islamic economics is loosely justified as a sub-branch of conventional economics that discusses the Islamic economic system and its impact on economic variables and decisions (Kahf, 2019).

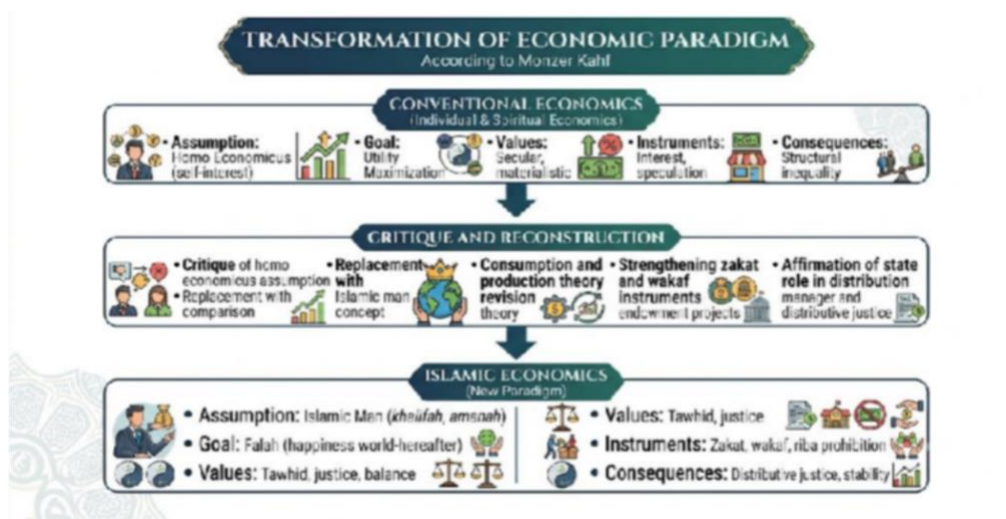


Figure 3. Monzer Kahf's Economic Paradigm Transformation Framework

Source: Adapted from (Anwar et al., 2022; Kahf, 1978)

For this reason, Kahf set the tasks that must be carried out by Islamic economic activists (Kahf, 1978). First, developing the Islamic economic system. Second, revising conventional economic theory (Kahf, 2019). The economic system, according to Kahf, consists of three components, namely basic ideology or philosophy, a set of axioms, assumptions, and general principles that are excavated from its ideology, as well as rules that are operational (Anwar et al., 2022). When applied to natural and human resources, these rules result in the formulation and formation of production, distribution, and consumption relationships as well as the level of economic achievement of the community (Kahf, 1978). Therefore, the economic system must be in contact with real life, the same as the legal system that must maintain its implementation if it wants to survive (Kahf, 2019). This approach emphasizes that Islamic economics is not just a theory, but must be able to provide real solutions to contemporary economic problems.

— Monzer Kahf's reconstruction of thought offers several important points for the

transformation of the economic paradigm. First, the need to reorient basic assumptions about human behavior in economic policy. Wealth distribution policies have been more built on the assumption of selfish and materially rational *homo economicus* (Agusti, 2021). As a result, policies tend to rely on material incentives and disincentives, without touching moral and spiritual awareness (Anwar et al., 2022). Kahf's thinking shows that wealth distribution policies will be more effective if they also build people's religious awareness, for example through *Zakat*, *Infaq*, alms, and *Waqf* literacy as part of faith (Kahfi et al., 2024).

Second, strengthening professional *Zakat* and *Waqf* institutions. Kahf emphasized that wealth redistribution will not be optimal if *Zakat* is managed traditionally and amateurly (Rahmawati & Nim, 2017). A professional *Zakat* institution is needed that is able to collect, manage, and distribute *Zakat* funds productively (Wydia et al., 2026). Money *Waqf* also needs to be developed as a long-term social investment instrument whose results can be enjoyed by future generations (Kahf, 1997).

Third, synergy between the roles of individuals, society, and the state. Kahf disagreed with capitalists who relied too much on market mechanisms, nor did he agree with socialists who placed the state as the sole controller (Indrian et al., 2024). For him, a fair distribution of wealth requires the synergy of three pillars: individual awareness (*Islamic man*), community solidarity (*Infaq*, alms, community *Waqf*), and state policies (*Zakat* management, anti-monopoly regulations, social security) (Hidayat et al., 2023). The three must be balanced and mutually reinforcing.

Analytically, the reconstruction developed in this study proceeds in three linked stages. First, Kahf's critique of *homo economicus* is reformulated as an anthropological premise: economic actors are trustees whose choices are bounded by *tawhid*, moral responsibility, and *falah* (Kahf, 1978, 2019). Second, this premise is connected to distributive mechanisms *zakat*, *waqf*, and state regulation so that redistribution is not treated as an isolated fiscal technique but as an institutional expression of ethical economic agency (Kahf, 1997, 2019). Third, the two levels are integrated into a policy sequence: strengthening individual literacy and compliance, professionalizing *zakat* and *waqf* governance, and aligning state regulation and supervision. The original analytical contribution of Figures 1–4 therefore lies in synthesizing dispersed elements of Kahf's writings into a staged relationship between anthropological assumptions, distributive institutions, and policy outcomes rather than merely reproducing the cited secondary sources.

This reconstruction also has limitations. Kahf's normative framework does not by itself establish the empirical magnitude of the effects of *zakat*, *waqf*, or state intervention on inequality, and its application depends on institutional capacity, legal arrangements, public compliance, and socio-economic context. Moreover, the present interpretation is based on textual analysis and remains open to alternative readings of Kahf's works. Accordingly, the framework should be treated as a theoretically reconstructed model that requires empirical testing rather than as a universally proven causal mechanism.

The Relevance of Monzer Kahf's Thought to the Context of Economic Inequality in Indonesia

The reconstruction of Monzer Kahf's thinking has a strong relevance to the conditions of economic inequality in Indonesia. Based on data from the Central Statistics Agency, Indonesia's Gini ratio in March 2026 was recorded at 0.368, a slight increase compared to September 2025 which was 0.363. This figure shows that the inequality in population expenditure is still at moderate to high levels. Meanwhile, the number of Indonesia's poor

population reached 22.93 million people as of March 2026 or around 8.07 percent of the total population. This data shows that the problem of economic inequality is still a serious challenge that requires a comprehensive solution. The inequality that occurs is not only economic, but also structural and multidimensional (Kasmawati & Mawardi, 2025)..

Indonesia has a huge potential for *Zakat* and *Waqf*. Indonesia's *Zakat* potential is estimated to reach more than IDR 300 trillion per year, while the potential for national money *Waqf* reaches around IDR 180 trillion per year. However, the realization of *Zakat* collection has only reached around IDR 41 trillion, showing that there is a huge gap between potential and realization. This condition indicates that the management of *Zakat* and *Waqf* in Indonesia is still not optimal and requires a paradigm transformation in its management, as offered by Monzer Kahf's thought. The *Waqf* land that has been recorded reaches 420 thousand hectares, equivalent to six times the area of Jakarta, but only about 30 percent is used productively. This shows the need for more professional and productive *Waqf* management.

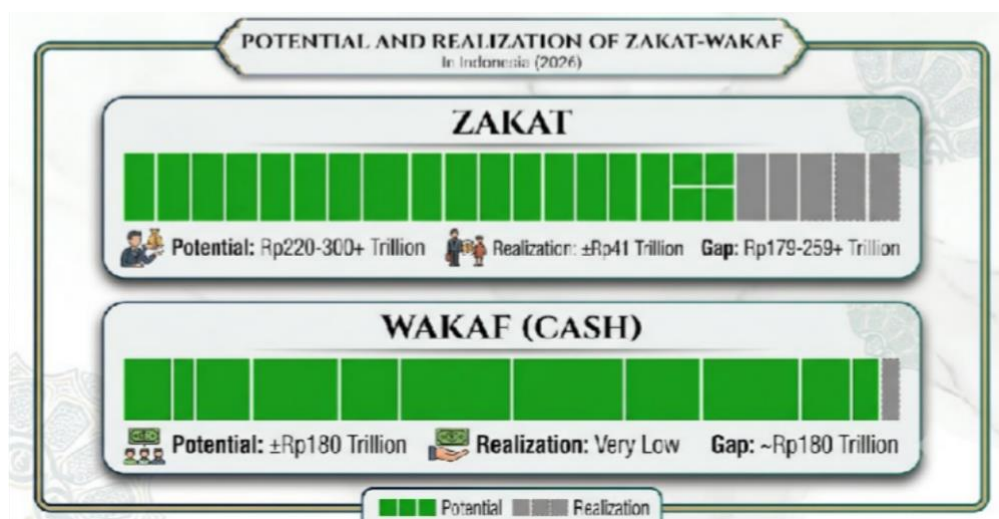


Figure 4. Potential and Realization of *Zakat-Waqf* in Indonesia

Source: Processed from the Ministry of Religion of the Republic of Indonesia (2025), BAZNAS (2025), and BWI (2025)

Research on Monzer Kahf's thought shows that *Zakat* does not have to be limited to the form of wealth and income that existed during the time of the Prophet, and its scope does not have to be limited by concepts influenced by the mode of production in the past (Rahmawati & Nim, 2017). Therefore, the fuqaha are asked to reconsider their contemporary views on new forms of wealth and income. State intervention or intervention has a great influence on the distribution of income and wealth (Rahmawati & Nim, 2017). This is particularly relevant to Indonesia's condition where new forms of wealth such as digital financial instruments, stocks, and crypto assets have not been fully accommodated in the calculation of *Zakat*. The development of contemporary *Zakat* requires collective ijtihad involving scholars, economists, and financial practitioners (Wydia et al., 2026).

Social and economic inequality that occurs in Indonesia can be overcome by implementing

the distribution of income and wealth through *Zakat* (Rahmawati & Nim, 2017). The state must require the payment of *Zakat*. This view is in line with Kahf's thinking which emphasizes the importance of the state's role in the management of *Zakat* and the distribution of wealth. Several countries such as Saudi Arabia, Jordan, Pakistan, Sudan, Malaysia, Brunei Darussalam, and Morocco have made *Zakat* mandatory as one of their national income (Rahmawati & Nim, 2017). Indonesia can learn from the experience of these countries in implementing *Zakat* as an effective fiscal policy instrument. Malaysia's experience in managing *Zakat* centrally through state institutions can be a reference for Indonesia (Kahfi et al., 2024).

This reconstruction of Monzer Kahf's thinking offers a theoretical framework for wealth-distribution policy in Indonesia by integrating Islamic man as the foundation of individual awareness, zakat and waqf as redistribution mechanisms, and the state as regulator and supervisor. Operationally, the framework implies a sequence of actions: strengthening zakat-waqf literacy and compliance; professionalizing collection, productive management, reporting, and distribution; developing regulations that accommodate contemporary forms of wealth; coordinating zakat, waqf, and social-policy institutions; and evaluating distribution outcomes against poverty and inequality indicators. These steps translate Kahf's paradigm from a general normative proposition into an implementable policy direction while retaining the need for empirical evaluation. The transformation proposed here is therefore a change in the relationship among human assumptions, economic goals, institutions, and public policy rather than a technical substitution of conventional terminology (Khalidin et al., 2024).

CONCLUSION

This study concludes that Monzer Kahf's concept of Islamic man provides the anthropological foundation for an Islamic economic paradigm based on Allah's absolute ownership, human stewardship, tawhid, and falah. Within this foundation, zakat, waqf, and the role of the state operate as complementary mechanisms of wealth distribution. The specific contribution of this study is the reconstruction of these previously dispersed elements into a staged framework linking ethical economic agency, distributive institutions, and public policy.

For Indonesia, this framework supports two immediate policy directions: professionalizing and integrating zakat-waqf governance and strengthening regulations and literacy that expand productive, accountable distribution. The study is limited by its single textual interpretation, its use of secondary literature alongside Kahf's primary works, and the absence of empirical testing of the reconstructed model. Future research should therefore test the framework across different socio-economic settings and evaluate whether integrated zakat-waqf management and state coordination measurably improve poverty, wealth distribution, and sustainable development outcomes.

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