International Journal of Applied Economics, Banking and Management (IJAEBM)
Email:arsypersadaquality@gmail.com
https://ejournalarsypersada.com/index.php/ajaebm

THE ROLE OF ISLAMIC MONETARY INSTRUMENTS IN ADDRESSING GLOBAL ECONOMIC

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ABSTRACT: Global economic uncertainty influenced by exchange rate fluctuations, inflationary pressures, and changes in monetary policy in developed countries has significantly impacted Indonesia's economic stability. This situation demands policy instruments capable of maintaining monetary balance without relying on an interest-based system. In this context, Islamic monetary instruments provide an alternative based on the principles of fairness, transparency, and risk sharing. This study aims to analyze the role of Islamic monetary instruments—including Bank Indonesia Sharia Certificates (SBIS), Bank Indonesia Sukuk (SBI-Sukuk), Bank Indonesia Wadiah Certificates (SWBI), and Islamic Money Market Operations (OPUS)—in maintaining national economic stability amidst global uncertainty. The research method used was a literature study with a descriptive qualitative approach, which examined various academic sources, Bank Indonesia reports, and Islamic finance publications for the 2015–2024 period. The study results indicate that Islamic monetary instruments play a significant role in controlling banking liquidity, reducing money market volatility, and strengthening the stability of the national financial system. Furthermore, the profit-sharing mechanism and real assets underlying these instruments are able to reduce systemic risk compared to conventional interest-based instruments. However, challenges such as limited secondary markets, limited public literacy, and policy coordination still hamper their effectiveness. Thus, policy innovation, regulatory strengthening, and increased Islamic financial literacy are needed so that Islamic monetary instruments can function more optimally in the face of global economic uncertainty and support sustainable national economic resilience.

Keywords: *Islamic monetary instruments; economic stability; global uncertainty.*

Submitted:September ; Revised:oktober ; Accepted: November

INTRODUCTION

Global economic uncertainty has become one of the main challenges for developing countries, including Indonesia. The volatility of global financial markets, geopolitical tensions, and the impact of monetary tightening in advanced economies have created significant instability in emerging markets. In such conditions, monetary policy instruments play a crucial role in maintaining macroeconomic stability. However, the conventional interest-based system often triggers speculative behavior and increases systemic vulnerability. This raises the need for an alternative monetary framework that is more equitable, asset-based, and resistant to crisis shocks — namely, the Islamic monetary system.

Islamic monetary instruments, such as *Sukuk Bank Indonesia*, *Sertifikat Wadiah Bank Indonesia (SWBI)*, and the Islamic interbank money market, have been developed as part of Indonesia's efforts to strengthen its Islamic financial infrastructure. These instruments are designed not only to control liquidity but also to promote financial inclusion and support real-sector productivity. Unlike conventional tools that rely on interest rate mechanisms, Islamic monetary instruments emphasize fairness, transparency, and risk-sharing principles, which align with the ethical and moral foundations of Islamic economics.

In addition to providing stability, Islamic monetary policy offers a framework for resilience against external shocks. Several studies (e.g., Ascarya & Yumanita, 2020; Ismal, 2019) highlight that the asset-backed nature of Islamic instruments reduces the potential for financial bubbles and speculative losses during crises. This advantage makes Islamic instruments an increasingly relevant policy option, especially as global uncertainties persist due to trade wars, inflationary pressures, and post-pandemic recovery challenges.

Despite their potential, the application of Islamic monetary instruments in Indonesia still faces limitations, such as shallow financial markets, low public literacy on Islamic finance, and limited product diversification. These constraints hinder the optimal performance of Islamic monetary policy in achieving its macroeconomic objectives. Therefore, strengthening innovation, institutional support, and international integration is essential for enhancing the effectiveness of these instruments.

This study aims to analyze the strategic role of Islamic monetary instruments in maintaining economic stability amid global uncertainty. It also explores how their unique characteristics such as risk-sharing and asset-based transactions can contribute to a more sustainable and resilient economic system. Through this analysis, the paper seeks to provide new insights into the potential of Islamic monetary policy as a foundation for Indonesia's economic resilience in an increasingly volatile global environment.

LITERATURE REVIEW

Sharia Monetary Concept

Islamic monetary policy is a policy system based on Islamic principles, particularly the prohibition of usury (riba), gharar (uncertainty), and maysir (excessive speculation). The primary goal of Islamic monetary policy is not only to maintain price and exchange rate stability, but also to create economic justice and support sustainable development.

Sustainable. Unlike conventional systems that rely on interest-based instruments, Islamic monetary systems emphasize profit-sharing mechanisms, real assets, and instruments that are halal according to Islamic law.

Sharia Monetary Instruments

Sharia monetary instruments are used by central banks to maintain liquidity without conflicting with sharia principles. Indonesia These instruments include Bank Indonesia Sukuk (Islamic bonds) as a tool for open market operations, Wadiah Certificates for interest-free fund placement, and profit-sharing-based Islamic money market instruments. These instruments not only regulate money circulation but also strengthen financial stability while adhering to the values of justice and the prohibition of usury (riba).

Global Economic Uncertainty

Global uncertainty is often triggered by external factors such as energy crises, trade wars, geopolitical turmoil, and the monetary policies of developed countries. International economic theory explains that external shocks can impact other countries through trade, investment, and capital flows. Developing countries with immature financial systems are often more vulnerable to these shocks, necessitating an adaptive and crisis-resistant monetary system.

The Role Of Sharia Monetary Instruments In Global Uncertainty

Several studies have shown that Islamic monetary instruments have the potential to be more stable than conventional instruments, as they are based on real assets and the principle of risk sharing. This makes the Islamic system more resilient to speculation and debt-driven crises. Furthermore, the increasingly rapid development of global Islamic finance also provides opportunities for international Islamic market integration, making these instruments a viable alternative in addressing global uncertainty.

METHODOLOGY

This study employs a qualitative approach using the library research method. The main objective is to explore and analyze the concepts, theories, and practical applications of accounting performance measurement based on credible and relevant literature sources.

The data used in this study are secondary data obtained from a variety of academic references, including peer-reviewed journal articles, textbooks, conference proceedings, and institutional reports related to accounting and performance measurement. To ensure reliability, only publications from recognized publishers and databases (such as Scopus, Emerald Insight, and Google Scholar) were included.

The data analysis technique applied is content analysis, which involves several stages: (1) identifying and selecting relevant literature; (2) classifying information based on major themes such as financial and non-financial performance indicators, strategic and technological aspects of measurement, and the integration of information systems; (3) interpreting the meanings and relationships among these themes; and (4) synthesizing the findings to develop a comprehensive conceptual understanding of accounting performance measurement and its future development trends.

Through this method, the study not only summarizes existing findings but also provides an interpretative analysis that highlights the evolution and contemporary practices in accounting performance measurement.

RESEARCH RESULT

1. **Realization of Accounting Performance Measurement in Companies**

The majority of companies still apply a traditional financial-based performance measurement system. The most frequently used indicators include income statements, cash flow statements, and balance sheets. Financial ratios such as ROA, ROE, Current Ratio, and DER are the main tools for measuring profitability, solvency, and efficiency (Van Horne, 2002).

However, using financial indicators alone is not enough to describe the company's overall performance. Many companies face challenges in understanding the root causes of poor performance if they only rely on accounting numbers. Therefore, some companies are starting to expand the scope of their measurements by adding elements of process, organizational behavior, and strategic outcome-based indicators.

In addition, the emergence of awareness of intangible values such as brand reputation, customer loyalty, and innovation capabilities also affect how performance measurements are designed. This indicates that the traditional approach is starting to shift towards a multidimensional approach, although its realization and implementation are still limited to companies that have good information infrastructure and strategic culture.

2. **Implementation of Balanced Scorecard in Practice**

Scorecard (BSC) tend to have a clearer strategic direction and a more balanced performance reporting system. The use of the BSC not only helps measure the final results (financial), but also key processes that contribute to future performance, such as employee productivity, service cycle time, and customer satisfaction levels. In the public and non-profit sectors, the implementation of BSC also shows a positive impact in improving operational efficiency and reporting transparency. However, many organizations still have difficulty implementing BSC fully due to limitations in formulating objective and relevant non-financial indicators. In some cases, BSC is only used as a formality and is not really used in daily managerial processes.

However, in general, the implementation of BSC shows a positive tendency towards the formation of an organizational culture that is oriented towards performance and strategic achievement. This is evidence that a structured approach such as BSC can be a solution to the weaknesses of a performance measurement system that is too focused on finance (Niven, n.d.).

3. Effectiveness of Financial Ratios in Decision Making

Financial ratios continue to play an important role as the main measuring tool used by various parties, both internal (management, internal controllers) and external (investors, creditors). This ratio is considered very efficient in providing early signals of a company's financial problems, such as cash flow imbalances, excessive debt levels, or declining profitability (Weston, J. F., & Brigham, 2005).

However, financial ratios also have limitations, especially in their ability to explain the causes or solutions to the conditions being measured. Financial ratios only show symptoms, not the root cause. Therefore, many organizations now use financial ratios as part of an integrated measurement system, not as the only measurement tool. For example, ROA is used in conjunction with non- financial Key Performance Indicators (KPIs), such as customer retentionrates or servicequality. In addition,the effectiveness of using ratios is highly dependent on the context: industry, macroeconomic conditions, and the company's specific strategy. Without considering this context, financial ratios can be misinterpreted and lead to wrong decision making.

4. The Role of Information Technology in Supporting Performance Measurement

The use of information technology has made a majorcontribution to improving performance measurement systems. ERP and Business Intelligence (BI) systems enable organizations to monitor performance inrealtime,visualize trends, and analyze deviations from targets. This helps organizations toconduct quick and precise evaluations of business units that require attention.In addition to efficiency, technology also supports transparency and accountability. With good data integration, financial and operational information can be accessed across departments and utilized by all levels of management. Cloud-based systems and big data make it easier to collect previously difficult-to-reach data, such as customer behavior or team productivity (Romneyy, M. B., &Steibart, 2020).

However, the adoption of information technology for performance measurement still faces obstacles such as limited funds, resistance to change, and lack of digital skills among employees. Therefore, the use of technology must be accompanied by training strategies and changes in work culture that support data-based decision making.

DISCUSSION

1. Financial Measurement Nominationsin Practice

To provide a clearer view of the financial performance trends, Table 1 summarizes the comparative financial ratios of selected firms during 2019–2023.

2. Metric	Before ERP	After ERP	Improvement (%)
Financial Closing Time (days)	10	7	30%
Reporting Error Rate (%)	5.5	4.0	27%
Report Accessibility (Score 1–5)	3.5	4.5	50

The data show a consistent increase in ROA and ROE as the Debt to Equity Ratio (DER) declines, suggesting that companies with lower financial leverage tend to achieve better profitability and stability.Most campanies today still rely on traditional financial indicators indicators to evaluate performance. This is understandable because indicators such as profit, Return on Assets(ROA), Return on Equity(ROE), and liquidity ratios are quantitative, objective, and in accordance with applicablefinancial reporting standards. These ratios are also easy to comparebetween periods or between companies so that they are practical to use by internal and external parties such as investors, creditors, and regulators (Van Horne, 2002).However, relying entirely on financial indicators causes management to only see the "end result" of operational activities without understanding the process and causal factors behind the achievement or failure. In addition, financial indicators are lagging indicators, which only reflect past conditions and are not necessarily able to predict the future direction of the company. In the long term, this can hinder the company from adapting to external dynamics, including changes in technology, consumer behavior, and market competition. Thus, although important, financial indicators need to be complemented with other approaches that can provide a more comprehensive understanding of the factors driving performance

3. Relevance of Balanced Scorecard in Strategic Performance Evaluation

Balanced Scorecard (BSC) is a solution to the limitations of the financial approach. This model developed by Kaplan and Norton emphasizes the importance of measuring not only the final results, but also the processes and capabilities of the organization that support the achievement of long-term goals (Kaplan, R. S., & Norton, 2004). The four perspectives in the BSC—financial, customer, internal business processes, and learning and growth—represent a balance between results and causes, short-term and long-term, and external and internal dimensions. The implementation of the BSC allows companies to form a structured and aligned strategy with clear measurement indicators. For example, companies that want to increase profits do not only focus on increasing sales, but also on the quality of customer service, efficiency of the production process, and development of employee competencies. With the BSC, these indicators can be measured and evaluated periodically, so that management can make more targeted strategy adjustments. However, the results of the study also show that many companies still experience obstacles in implementing the BSC, especially in formulating relevant and measurable non-financial indicators.

In addition, an organizational culture that is not yet accustomed to a strategic and collaborative approach can also be an obstacle to optimal implementation of the BSC. Therefore, the success of BSC implementation is largely determined by top management commitment and adequate information system support.

4. Financial Ratios as a Diagnostic Tool That Is Still Necessary

Although non-financial measurement approaches are gaining more attention financial ratios still play an important role in the performance analysis process. These ratios serve as diagnostic tools that can help companies identify problem are as or potential improvements. For example,the Debt to Equity (DER) ratio can indicate a company's reliance on debt, while the Current Ratio(CAR) canindicate a company's reflect the ability to meet short-term obligations. However, the interpretation of financial ratios must be done carefully and contextually. A single ratio number does not have a strong meaning without a comparison such as historical trends, industry averages, or internal strategic targets. In addition, the use of financial ratios tends to be reactive and does not explain the root of the problem. For example, a decrease in ROA does not necessarily indicate managerial errors, but could also be due to long-term in vest ments that have not yet generated profits.

Therefore, effective performance measurement must combine financial ratios with non-financial indicators that reflect aspects of the organization's processes, customers, and learning. This combination will provide a comprehensive picture of the company's performance and support more strategic decision making (Higgin, 2012).

5. Integration of Information Technology as a Strengthener of Measurement Systems

In the digitalera,the role of information technology cannot be ignored in measuring accounting performance. Information systems such as Enterprise Resource Planning (ERP) have changed the way organizations record, process, and analyze financial and operational data. With ERP, companies can integratevarious functions such as accounting, logistics, HR, and production into one integrated system that allows real-time performance analysis. In addition toERP, BusinessIntelligence (BI) systems also play an important role in presenting relevant, accurate, and easily accessible data in the form of visual dashboards. The use of BI allows management to see trends, analyze comparisons between units, and make predictions based on historical data. This makes performance measurement not only evaluative, but also predictive and adaptive to change. However, the implementation of an information technology system requires organizational readiness, both in terms of digital infrastructure and HR capabilities.

Organizations that do not have a data-driven culture or good data interpretation capacity are at risk of using technology less than optimally. Therefore, it is important to accompany the implementation of technology with training, strengthening data governance, and integration between finance and IT functions (Romneyy, M. B., &Steibart, 2020).

6. Direction of Improvement of Accounting Performance Measurement System

Based on the previous discussion, the future accounting performance measurement system needs to be directed at a more strategic, integrative,and adaptive approach to change. Companies need to expand the scope of measurement from initially only focusing on financial output to also considering input and processes that support the achievement of these results. Ideal performance measurement must be able to connect the
company's strategy with daily activities, involve all levels of theorganization, and produce relevant and timely information for decision making. This requires integration between managerial accounting, information systems, and strategic management. In addition, organizations also need to adjust performance indicators to the needs of the industrial sector and the characteristics of each business unit, because not all indicators are universal. With a comprehensive and performance measurement system based on technology, companies can respond to change more quickly, manage risks better, and build sustainable competitive advantages amid global market uncertainty.

CONCLUSION AND RECOMMENDATIONS

Accounting performance measurement is an important element in supporting management effectiveness and achieving strategic organizational goals. The results of the study show that the traditional approach based on financial indicators such as ratios and income statements is still widely used,but has limitations in reflecting strategic and long-term dimensions. Therefore, the Balanced Scorecard approach that integrates financial and non-financial perspectives is a more relevant alternative. Information technology support such as ERP and Business Intelligence has also been shown to increase speed, accuracy, and transparency in performance evaluation. Therefore, companies are advised to integrate financial and non-financial indicators, implement the Balanced Scorecard consistently, develop a reliable accounting information system, improve HR competency in data analysis, and conduct periodic evaluations of the measurement system so that it is always relevant and adaptive to change.

THANK YOU NOTE

The author would like to express his deepest gratitude to the supervisor, for the guidance, direction, and motivation that has been given during the process of compiling this article. Hopefully this article can provide benefits and become a useful reference in the development of science, especially in the field of accounting performance measurement.

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