

Research Article

Economic Philosophy as the Existence of the 5.0 Era Development in Sharia and Conventional Banking

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With digital transformation and progress in technology, the 5.0 era has a huge impact on the industry of Islamic and conventional banking. Understanding the existence of Islamic and conventional banking in the 5.0 era relies heavily on economic philosophy. This study aims to understand the role of economic philosophy in maintaining and developing Islamic and conventional banking in the 5.0 era. This study used a descriptive analysis approach, and the data were collected from literature and other relevant sources. Conventional banking, on the other hand, relies on the philosophy of economy neoclassical, which focuses on the development products and services. Islamic and conventional banking are influenced by progress technology and digital transformation in the 5.0 era. Application mobile banking, digital payments, data analytics, artificial intelligence, and blockchain technology are several examples of very important technology or facing challenges and exploiting opportunities in this era. However, in the era of 5.0, economic philosophy is also challenging to apply in Islamic and conventional banking. Conventional banking can notice the difference between the social and financial aspects, but Sharia banking must consider current principles to integrate technology. Sharia and conventional banking need to keep going and develop relevant digital products and services, strengthen regulation and supervision, and guarantee security and privacy of customer's information. Research results show that good Sharia banking as well conventional are based on economic philosophy. Islamic banking relies on philosophy of Islamic economics, which focuses on principles like prohibition of usury, justice, and sustainable environment.

Keywords: philosophy, economics, Sharia, conventional

1. Introduction

One sector economics plays a role big on the run activity financial and encouraging growth economy is banking. However, one from Lots problems that arise in banking conventional is practice usury or conflicting interest with principle Islamic economics. As a result, Islamic banking emerged as trying alternatives integrate principles Islamic economics with practice banking contemporary.

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Islamic banking is rooted in philosophy economy. In each activity economics, philosophy Islamic economics emphasized ethics, fairness, sustainability, and compliance to sharia law. Sharia banking is trying create system more banking fair, sustainable, and appropriate Islamic religious principles with use base philosophical this.

Islamic economics and capitalism are compared in the banking industry in "Comparative Analysis of Economic Philosophies" This essay analyzes the differences and similarities between Islamic and capitalist economic theories in the context of the banking industry. Focus of the study is on the implications of the two philosophies for the development of conventional and syariah banking, as well as the implications for the globalization of the financial system.(1)

A Comparative Study of Ethics and Social Responsibilities in Islamic and Conventional Banking In this study, we compare the social and ethical commitment of Islamic and conventional banking. Its goal is to analyze the differences between the two banking systems responses to social and economic problems as well as their respective positions during the transition between syariah and conventional style banking.

The study Financial Inclusion and Economic Development A Comparative Analysis of Islamic and Conventional Banking" The current study analyzes syariah-compliant bank loan terms and Philosophy Economics Against Banking Economic Actions.

Sharia banking is trying create system Risk banking Islamic banking must do analysis risk with watch out for them can understand and manage associated risks with their goods and services give. This including find risk, rate effect, and develop a management strategy appropriate risk with sharia principles.

Islamic banking does analysis appropriateness before sell goods or finance project for ensure that investment fulfil sharia principles and have potency sufficient success. In analysis this, element like obediencekelola between the two systems.

Economic philosophy refers to the underlying principles and theories that guide economic systems and decision-making processes. It encompasses various schools of thought, such as capitalism, socialism, and Islamic economics. Sharia banking, also known as Islamic banking, is a system of banking that operates in accordance with Islamic principles derived from Sharia law. It prohibits the charging or paying of interest and promotes profit-sharing and asset-backed transactions. Islamic banking aims to align financial activities with ethical and moral values, emphasizing social and economic justice. to sharia principles, level risk and potential profit evaluated. In Islamic banking, analysis finance become important. Sharia banking can use techniques and instruments analysis normal finances used in banking conventional, like analysis ratio finance.

2. Methodology

Study This use approach analysis descriptive with collect data from literature and other relevant sources. Research results show that Good sharia banking as well conventional based on philosophy economy. Islamic banking relies on philosophy Islamic economics, which focuses on principles like prohibition usury, justice, and sustainability environment.

Application mobile banking, digital payments, data analytics, intelligence artificial, and blockchain technology is a number of example very important technology For face challenge and exploit opportunities in this era.(2)

However, in the era of 5.0, philosophy The economy is also challenging For applied in Islamic and conventional banking. Banking conventional can notice difference between aspect financial and social, but sharia banking must consider current sharia principles integrate technology.

Islamic economic philosophy becomes the philosophical basis for the operation and practice of Islamic banking. The main focus is Islamic economic principles such as justice, environmental sustainability, and the prohibition of usury. So that technology can be used in accordance with Islamic principles, the development of digital products and services in Islamic banking in the 5.0 era must consider these principles.

It is difficult to apply economic philosophy to both types of banking in the 5.0 era, there are also great opportunities. Islamic and conventional banking can improve efficiency, accessibility and service to customers through technological developments such as artificial intelligence, blockchain and data analysis.(3)

Islamic and conventional banking need to increase regulation and supervision if they want to survive and face the challenges in the 5.0 era. This will ensure that banks continue to operate in accordance with applicable economic standards, keep customer data safe and private, and encourage innovation in accordance with technological advances.

In short, in the 5.0 era, Islamic and conventional banking still depend on economic philosophy to develop digital products and services. In this ever-evolving era, it is very important for banks to remain relevant, compete and provide added value to their clients by taking into account economic principles and taking advantage of technological advances.(4)

3. Results and Discussion

3.1. Economic Philosophy in Banking conventional

Principles economy base from philosophy economy banking conventional, which emphasizes efficiency and retrieval decision rational. A number of principle philosophy economy mainly used in industry banking conventional in accordance with benefit additional gain from for each additional unit invested or consumed. Banking conventional choose For invest and deliver loan based on estimation benefits and risks.

Ownership Personal and Interests Personal The idea behind philosophy economy banking conventional is that people have right For have and act in accordance with interest personal them. In industry banking, destination main is For produce the biggest advantage for holder share or bank owner.(5)

Free Market and Competition This Idea emphasize how the importance of free markets and competition For arrange source Power. Competition and market regulation in banking conventional expected produce efficiency and innovation in products and services banking.

Ratio Decision Risk Benefit According to philosophy economy conventional, people and institutions finance must consider risks and profits moment make decision. Banking conventional evaluate risk investment and credit For offset expected profit and possible risk happened.

Principles of Economic Growth This emphasize that objective main from activity economy is growth economy. Objective main banking conventional is growth and profit for banks and holders the stock. In most case, philosophy related economy with banking conventional focus on elements economics and is based on the approach secular.(6)

3.2. Economic Philosophy in Islamic Banking

Islamic banking is based on philosophy Islamic economics, which combines religious principles with element economics and finance. A number of principle philosophy economy The main principles used in Islamic banking are Principle This refers to belief will the oneness of God and how matter That impact on action economy. Tawhid principle in Islamic banking emphasizes that all activities and transactions economy must done with good and proper intentions with sharia provisions. Prohibition Riba in Islamic economics, usury, or interest, prohibited. According to principle this is an advantage from transaction finance No can based on interest on the contrary, it is must based on principles share risk and profit. Justice and Equality This idea emphasize that justice must is in every transaction economy.

Justice and Equality This Idea emphasize that justice must is in every transaction economy. Principle justice and equality in Islamic banking is achieved through distribution risks and profits between parties involved in the transaction as well as prevent exploitation and unjust. Prohibition speculation and gharar in Islamic economics, are also prohibited excessive speculation and gharar, or uncertainty that is not f Draft This emphasize how importance guard clear, honest, and transparent transactions and avoid engendering practice excessive uncertainty.(7)

Principles of social responsibility not quite enough answer Social science is also included in philosophy economy sharia banking. Through help sector developing and sustainable economy, Islamic banks are expected For support progress society and welfare general.

Business Islamic banking is guided by the principles it's under development appropriate goods and services with sharia law. Islamic banking companies are governed by principles This moment develop appropriate goods and services with sharia law, sure fair dealing, and maintain integrity and responsibility answer social in action them. Besides Therefore, Islamic banking is driven by philosophy Islamic economics for produce appropriate solutions and innovations with Islamic religious values for fulfil need finance and finance public muslim. costs are very important . For predict optimal results decisions made with consider available information and usetool analysis economics and finance Emphasis on Growth economy philosophy economy classic. (8)

3.3. Practical Economic Considerations Islamic economics implemented by banks

Islamic banking is based on principles Islamic economics which includes aspect economic, social, and ethics. In practice Islamic banking, several consideration economy.

Fairness and Balance In practice Islamic economics, principles justice is very important. Islamic banks must ensure that transaction done with fair and balanced way risks and profits between involved parties . This covers consider justice moment determine ethnic group interest, divide profit, and pay.

Prohibition Usury principle Islamic economics prohibits transaction finances involved usury or flower. Islamic banks are the other way around use mechanism for results in financing and investment. Based on fair deal, banks and consumers share profit and risk. **Prohibition Illegal Transactions** In practice sharia economy, involving transactions

activities that are prohibited by Islam, such as gambling, alcohol, meat pork, and others, are prohibited. Financing and investment made by Islamic banks must be done in accordance with sharia principles.

Social Responsibility and Ethical Consideration about not quite enough answer Social and ethical practices are also included in practice sharia economy. Islamic banking is expected For operate with considerate way well-being general, push growth community, and support justice social.

Consideration Benefits General In practice sharia economy, goodness general considered moment make decision economy. Islamic banks must consider impact social and economic from investment and financing they For ensure that result Good for society. Sharia banking is trying build system more finances fair, sustainable, and well being focused general with consider factors economy this. Method Islamic economics in banking combine Islamic religious principles with activity economy For reach suitable purpose with moral and spiritual values of Muslims.(9)

3.4. Comparison Islamic and conventional banking

Banking Sharia is The principle of Islamic sharia is base from sharia banking. Prohibition usury (interest), prohibition speculation, justice in distribution risks and rewards, and investment accordingly with Islamic morals and ethics included in the principles this.

Banking conventional in principle economy secular is base from banking conventional. They including focus on maximization profits and withdrawals decision based on consideration economy as well as market supply and demand.

Banking conventional is banking conventional earn money from customer with save and borrow money with flower. Customer pay flower on loans provided by banks.(10)

Products and Services Islamic banking offers appropriate products and services with sharia principles, such as financing based on for yields , Islamic savings, Islamic insurance, and appropriate investments with sharia. Banking Conventional Banking conventional offer products and services like loan with interest, deposits, cards credit, and investments in instruments finance conventional. supervision and regulation banking Syariah Syariah banking is subject to supervision and regulation from authorized sharia authority, such as the Sharia Supervisory Board or Supervisory Board Sharia banking. Regulation This arrange practice sharia banking and ensure obedience to sharia.

Principles. banking conventional banking conventional subject to oversight and regulation from authority regulations in force in the country, such as the central bank

or authority supervisor finance. Regulation This aim For guard stability banking and protection consumer.

Importance philosophy economics in Islamic and conventional banking. Changes in practice, policy, and culture banking affected by application philosophy economics in Islamic and conventional banking. A number of possible consequences happen is influence on products and services Islamic banking will focus on products and services that comply sharia principles, such as financing based on halal yields and investment , temporary banking conventional will consider factor economy like profitability .

Changes in practice business Use philosophy economy can change practice business banking, especially in terms of taking decision. Justice, ethics, and aspects other will considered in Islamic banking.

Changes in Practice Business Use philosophy economy can change practice business banking, especially in terms of taking decision. In each decisions are made, Islamic banking will consider fairness, ethics, and responsibility answer social. Instead, decisions are made by banking conventional more tend based on consideration economy and profitability.(11)

Justice and equality philosophy economics, especially in Islamic banking, emphasized fairness and equality in distribution risks and profits between the bank and the customer. This can impact the way financing based on principle for results and distribution advantages and disadvantages. In banking conventional, element justice and

equity are also considered, but Possible No as strong as in Islamic banking. Awareness and Education: For apply philosophy economics in Islamic and conventional banking, is required enhancement awareness and education.

For apply philosophy economics in Islamic and conventional banking, practitioners, customers, and society in a manner whole need more education and awareness ok. In order for the practice to be carried out in accordance with desired goals and principles, is very important For understand with Good principles economics and underlying values _banking .one possible problem appear when philosophy economy applied to Islamic and conventional banking is Complexity Philosophy economy banking consists from Lots complex and demanding concepts and principles deep understanding. As a result, got become difficult for practitioner banking For apply principles This in a manner effective in operation daily them business), musyarakah (giving Work same), and musharakah mutanaqisah (give Work same in ownership). Banks and customers share profit and risk financing this.

Islamic savings provided by Islamic banking are not give flower but produce profit from result. Investment Sharia products investments that follow Islamic principles are offered by Islamic banking, including sukuk (Islamic bonds), Islamic stocks, and Islamic investment funds. Sharia insurance namely Underlying sharia principles Islamic insurance, where the parties involved share risk and profit. This is products offered by Islamic banking as well.

Loan with flower customers pay flower as reward on loans provided by banks. This is type loans offered by banks conventional. Customer deposits can save and invest their money with level fixed interest through product deposits provided by banks conventional. Card Credit banking conventional offer service.(12)

3.5. Regulation and Supervision Banking Conventional And Sharia

Banking conventional and Islamic based banking principles held by each, Islamic and conventional banking subject to variety regulations and supervision. Regulation This intended For adjust, especially in context banking which Following is a number of difference between products and services offered by Islamic and conventional banking in accordance with principles.

Banking Sharia Based Financing based Profit Sharing. Islamic banking offers various type financing based result, like mudharabah (give results card credit with interest and fees For use it.

Instrument finance Conventional Many instruments finance conventional, like stocks, bonds, and mutual funds, available in banking conventional, and no limited to sharia principles. However, it is necessary remembered that development Islamic banking has bring a number of products and services it offers more alternatives in accordance with principles Islamic economics. Several conventional banks have also make goods and services based on morality and responsibility answer social.

Products and services This different from another because reflect underlying principles Islamic and conventional banking, as well needs and preferences different customers. Customer can choose appropriate products and services with needs, principles, and values them. Next is a number of difference between regulation and supervision Islamic and conventional banking based on underlying principles second type banking, Banking Sharia Based.

Sharia authority Sharia supervisory board or Supervisory Board Sharia Banking is authorized sharia authority that supervises and supervises sharia banking. Authority

This responsible answer For ensure that Islamic banking operates in accordance with sharia principles and comply Islamic law.

Regulatory Sharia Principles Islamic banking regulates practice banking based on principles Sharia, like prohibition usury, or interest, and prohibition speculation, as well need will distribution fair risk and rewar. Standard Reporting Finance Islamic banks must use principle recognized sharia accounting in a manner internationally by AAOIFI (Accounting And Auditing.

Organization for Islamic Finance). this ensure that report finance become clear and accountable authority finance, authority regulations in force in the country, such as the central bank or authority supervisor finance, supervising and supervising banking conventional. Those in charge answer For guard stability banking, controlling risk systemic and protective interest customer are the ones in charge answer.

Principles economy Secular Principles finance and economics general determine practice banking conventional. Principles This arrange element like liquidit, capital adequacy, and risk credit.

Standard reporting finance standard recognized accounting in a manner international, such as IFRS (International Financial Reporting Standards), or standard applicable national regulations, used by conventional banks For ensure reporting transparent and consistent finance. Although related regulations and controls with banking .

Objective main Islamic and conventional banking same, ie guard stability banking, protect interest customers, and ensure obedience to applicable regulations. Regulators and authorities supervisor banking play role important to maintain compliance and integrity system Islamic.(13)

3.6. Development Digital Product and Service Development Products and Services Islamic and Conventional Banking

Can influenced by progress technology and digitization. For example, digital banking platforms that make it possible customer do transaction online and services banking based application can increase comfort customer.

Compliance in the digital era challenges and implications Shari'ah compliance in the digital era is possible need considered in context sharia banking. For example, when use technology like intelligence artificialblockchain technology.

All actions and transactions performed will still follow sharia principles. Industrial data security and privacy Islamic and conventional banking must notice client data security and privacy they moment use technology and digital transformation.

Important For remembered that the 5.0 era is still in its infancy development, and implementation will vary across countries and institutions banking. For get more information specifi, you can read literature, journals, orsource Power recent developments focused philosophy economy Islamic and conventional banking during the 5.0 era.

Banking conventional and sharia must develop relevant digital products and services during the 5.0 era, which is characterized digital transformation and development technology. Following is a number of development digital products and services that can happens in banking conventional and sharia during the 5.0 era

Mobile Banking and applications banking Increase convenience usage and sophistication application mobile banking to be priority main. Customer can pay bills, perform fund transfers, view account them, and watching finance they with use application banking on their mobile device.

Digital Payments and Wallets Electronics: System digital payments and wallets electronic has develop in a manner significant. Customer can pay with Near Field Communication (NFC) technology, Quick Response (QR) codes, or method other online payments. (14)

Customer Banking Chatbot Based own ability For build a smart chatbot. For provide service customer with fast and effective. Chatbot online automatic answer question customer, deliver information about goods and services, and complete problem general.

Analytics and Intelligence Artificial (AI) Banking can increase personalization service and pickup decision data based with use AI for understand behavior customer, find pattern transactions, and deliver relevant recommendations.

Peer-to-Peer (P2P) Financing and Crowdfunding: Peer-to-Peer (P2P) financing and crowdfunding platforms can develop good in banking conventional as well as sharia, provide alternative financing for individuals and businesses small (15)

Blockchain and Smart Contracts Blockchain technology can used inbanking For increase security, transparency, and efficiency transaction and data management. Smart contracts, which run on blockchain platforms, can also help transaction.

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Service Finance Internet of Things (IoT) based Internet of Things (IoT) can used For build service finance. one for example is use of sensors embedded in the worn device or vehicle For collect related data financial and automatic send it to the banking platform .Islamic banking must ensure that development digital products and services in the 5.0 era remain in accordance with principle Islamic finance forbids usury (interest) and activities that are considered unlawful. Banking conventional and sharia must Keep going monitor trends and innovations in the 5.0 era to stay relevant and fulfilling need customer. This Because development This Keep going changed along with progress technology and needs lineage.(16)

4. Conclusion

Although There is difficulty for apply philosophy economy into the second type banking in the 5.0 era, there are also opportunities big. Islamic and conventional banking can increase efficiency, accessibility, and service to customer through development technology like intelligence artificial, blockchain, and data analysis. Islamic and conventional banking need increase regulation and supervision If they want to endure and face challenges in the 5.0 era. This will ensure that banking still operate in accordance with standard prevailing economy, safeguard customer data secure and privacy, and encourage appropriate innovation with progress technology. In short, in the 5.0 era, Islamic and conventional banking Still depend on philosophy economy For develop digital products and services. In the era that continues develop this is banking will be very important For still relevant, competitive, and delivering mark plus to client they with consider principle economics and use progress technology.

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