

## **Interaction of Islamic Economics and Government Transformation Technology in Indonesian Muslim Society**

### **Indriana**

Faculty of Agriculture, Universitas Ichsan Gorontalo. Gorontalo, Indonesia. Jl. Drs. Achmad Nadjamuddin No 10, Kota Gorontalo. Gorontalo 96128  
E-mail: nanaindrianagani@gmail.com

### **Arman**

Faculty of Social Science and Political Science, Universitas Ichsan Gorontalo. Gorontalo indonesia, Jl. Drs. Achmad Nadjamuddin No 10, Kota Gorontalo. Gorontalo 96128  
E-mail: armansojol@unisan.ac.id

### **Ishak Yussof**

Faculty of Economics and Management, Universiti Kebangsaan Malaysia, Lingkungan Ilmu, 43600 Bangi, Selangor, Malaysia  
E-mail: iby@ukm.edu.my

### **Jenneke Widya Maasi**

Faculty of Agriculture, Universitas Pembangunan Indonesia, Jl. R.W. Monginsidi VI No.129, Bahu, Kec. Malalayang, Kota Manado  
E-mail: maasijenneke@gmail.com

## **ABSTRACT**

*The interaction of Islamic economics and government transformation Technology in Indonesian Muslim society can create justice, prosperity for all parties, and blessings both in this world and the hereafter, to know the interaction of Islamic economics and government transformation Technology in Indonesian Muslim society. The research method uses a quantitative survey approach to ensure accuracy and relevance in this research. The type of data used is primary data using a sampling technique via snowball sampling using an online survey. With locations in 16 provinces in Indonesia: South Sulawesi, West Java, East Java, DKI Jakarta, Nanggroe Aceh Darussalam, North Sumatra, Gorontalo, South Sumatra, East Kalimantan, North Maluku, West Kalimantan, Riau, West Papua, Bali, Papua, and East Nusa Tenggara, it can see that the largest is DKI Jakarta and the lowest is West Papua, with several 1200 informants in each province, 75 informants with a period of 2 years. The technique used to collect study data on published material in the interaction between Islamic economics and government transformation technology is that Islamic economics is based on Islamic ethical principles such as the prohibition of usury (interest), justice, and fair distribution. In Indonesian Muslim society, these principles can be used as a guide in business and finance, and advances in technology, especially the internet and digital platforms, have provided greater access for society to participate in the economy and governance, with Islamic economics encouraging entrepreneurship. Interaction between Islamic economics and technology has great potential to shape Indonesia's economic, social, and governmental future in a way that is more in line with social justice.*

**Keywords:** Interaction; technology; government transformation; Indonesian Muslim society.

**How to Cite:** Indriana, Arman, Yussof, I., & Maasi J. W. (2023). Interaction of Islamic Economics and Government Transformation Technology in Indonesian Muslim Society. *Jurnal Ilmiah Al-Syir'ah*, 21(2), 261-282. <https://doi.org/10.30984/jis.v21i2.2660>  
Copyright © 2023, Jurnal Ilmiah Al-Syir'ah

## **INTRODUCTION**

In the modern era of information and communication technology advances, the interaction between Islamic economics and technology has become a vital aspect of government transformation in Indonesian Muslim society. The interaction of Islamic economics and government transformation Technology in Indonesian Muslim society is essential and new. Indonesia, as a country with the largest Muslim population in the world, has unique challenges and opportunities in integrating the Islamic economy with technological developments to achieve a more efficient, transparent, and just government transformation. The influence of Islamic economics as an economic framework rooted in the principles of the Islamic religion, coupled with technological advances that have changed how humans interact, do business, and communicate, has created new dynamics in the Indonesian economic and government ecosystem. In this context, we will explore how the interaction between Islamic economics and technology has impacted the transformation of governance in Indonesian Muslim society. The only economic theory expected to shed light on dealing with economic problems is an economic system that can create justice, prosperity for all parties, and blessings in both the world and the hereafter. The theory is Islamic economics, which cannot be separated from Islamic economic law. If traced in classical Islamic history, the term Islamic economics was not widely discussed by scholars or scientists at that time; unlike other sciences, both religious sciences such as tafsir, hadith, fiqh, kalam, literature, and general sciences such as philosophy, medicine, chemistry. Islamic economic scientists are also rarely mentioned in classical literature, in contrast to scientists in other fields of science. The discipline of Islamic economics is also not widely discussed; the discussion generally concerns Islamic economic law, known as fiqh muamalah, and the discussion is not directly related to Islamic economics (Idri, 2023).

For this reason, we can see the interaction of Islamic economics and government transformation Technology in Indonesian Muslim society's governance. Indonesian Muslim society can be seen in its religious values. Many people see that the application of Islamic values in the governance of Indonesian society can strengthen ethics, morality, and integrity in everyday life. It emphasizes justice, solidarity, and concern for the poor and weak. Looking at the Sharia Legal System, there is strong support for applying Sharia law in several aspects of life, especially family law and economics. They believe Sharia law reflects true Islamic principles and can help create a more just society. Religious education is also essential for understanding religious identity and morality. They support the teaching of the Islamic religion as a way to strengthen religious beliefs and values. By prioritizing religious tolerance, people respect the tradition of religious tolerance in Indonesia, where various religious groups live. It reflects respect for religious freedom and harmony between religious communities. Hence, it is essential to understand self-evaluation and explain how dispositional mindfulness improves Muslim communities' well-being (Saleem et al., 2022).

Apart from that, governance in Indonesian Muslim society has drawn criticism of extremism, worrying about the emergence of extremism among certain religious groups and seeing it as a threat to religious freedom and social stability. Aspects of governance in Indonesian Muslim society still do not accommodate gender equality, and women often face discrimination. Inter-religious conflict and religious intolerance are still problems in several regions of Indonesia, which shows that governance still has challenges in promoting tolerance and harmony. It is important to remember that these opinions reflect the various viewpoints within Indonesian society and among Indonesian Muslims. Opinions can vary widely, and debates about governance in Indonesia's Muslim society are an essential part of the democratic process and public discussion in the country.

Effective and just governance is a primary goal in Islamic economics, as is the prohibition of *riba* (interest) and an emphasis on a more equitable distribution of wealth. Meanwhile, technological advances have enabled faster and more transparent provision of government services, strengthened public participation in decision-making, and provided greater access to Islamic economic knowledge. The interaction between Islamic economics and technology can transform Indonesian Muslim society's governance. Islamic economics is an economic framework based on Islamic principles. This study uses institutional theory and Islamic institutional logic to identify how technology can overcome accountability and transparency challenges in the *waqf* management system (Mohaiyadin et al., 2022). These principles include Sharia, social justice, joint ownership, and usury (interest) prohibition. Islamic economics also encourages equal income distribution and avoids exploitation, so technology is needed to become modern society's main motor of change. Information and communication technology (ICT) has changed how we communicate, transact, and access information in the last few decades. Therefore, government transformation is needed to increase efficiency, transparency, and accountability. It also includes reforms in the provision of public services and citizen participation in decision-making. Looking at the Indonesian Muslim Community in the country with the largest Muslim population in the world, the government is trying to accommodate these values, and we need to know that religious-based violent extremism is still a problem in Indonesia (Jamhari & Nisa, 2021). It is why a religious phenomenon emerged, which caused certain Islamic groups in Indonesia to spread hatred (religious hate speech), which became the primary rationale. (Wijaya et al., 2021) There is no need for gaps in the way Muslims polarize religious attitudes to be built. (Sardjuningsih, 2022).

Interaction of Islamic Economics and Technology A government transformation regarding governance in Indonesian Muslim society can emerge. E-government has enabled the Indonesian government to provide public services online, increasing transparency and accessibility for citizens. It is a novelty in this research. E-government, or in some contexts, government transformation, is the use of information technology by the government to provide information and services for its citizens, business affairs, and other matters related to government (Arman, 2022). E-government is new in Indonesian Muslim society because of the limited

access to technology. Access to technology and the internet is not evenly distributed throughout Indonesia. Several areas still experience limited internet and technology access. It may slow down the adoption of e-government in some areas. Limitations of digital literacy: Even though internet adoption has increased in Indonesia, there are still challenges regarding digital literacy among some people, especially those living in rural areas. Low digital literacy can hinder participation in e-government programs. Ethical and legal issues: E-government faces ethical and legal challenges, especially in handling personal data and regulations following Islamic law. It requires special consideration in the context of Muslim societies.

E-government refers to the use of new technology by governments. (Adm, 2021) Previous research was conducted (Yuan et al., 2023). E-government trust in technology, affordability, and public participation in government-initiated digital innovation. Islamic governance is essential (Sela Srimaya et al., 2023). Islamic governance is as important as corporate governance for any institution. Whereas, (Imsar et al., 2023) aim to determine the impact of digital education, educational openness, I-HDI, and education on the growth of Indonesia's GDE. Digital transformation is a global trend that has changed how businesses and governments work worldwide (Suryawijaya, 2023).

Although several challenges must be overcome, e-government has excellent potential to improve governance and government services in Indonesia and support economic and social development. With exemplary efforts, e-government can be effectively integrated into Indonesian Muslim society, enabling citizens to interact more efficiently and transparently with the government. It helps improve governance per the principles of social justice. To enable greater transparency in managing public finances and forms of entrepreneurship. Our findings affect public policy development (Tautiva et al., 2023). It can help avoid corruption, which is against Islamic economics. We can relate Islamic economics to the banking industry. The challenges facing the Islamic banking and finance industry include, among other things, solving the problem of 'form over substance,' implementing social finance and value-based ethics, and strengthening public confidence that its businesses and services are following the principles of Sharia (Ayub & Khan, 2021). Considering the role and position of the state is an exciting object of debate for economists, it raises questions in Islam (Masrimang, Sirajuddin, 2020).

This research aims to discover the interaction of Islamic Economics and Government Transformation Technology in Indonesian Muslim society. In line with that, environmentally friendly finance is expected to play an essential role in encouraging environmentally friendly growth and the progress of innovation (Zheng et al., 2023), with sustainable development goals (SDG) having great relevance in the business world, where economic sustainability alone is not enough without sustainability from an ethical, environmental, and social perspective, (Aguado-Correa et al., 2023)

With the implications of the development of the Sharia economy, which is proliferating in Indonesia, Technology plays a vital role in supporting this

development. Technology-based financial platforms (shariah fintech) allow Muslim communities to access financial products and services that follow the Islamic economy. It supports financial inclusion and Sharia economic growth. In addition, e-government allows the government to provide public services and information more efficiently and transparently. It can reflect Islamic economics, which emphasizes justice, accountability, and community service in Indonesian Muslim society. Seeing the interaction of Islamic economics and government transformation Technology in Indonesian Muslim society, seen from better governance following the principles of social justice, which cannot be separated from religious values, can strengthen ethics, morality, and integrity in everyday life in 16 provinces. Six provinces with perfect answer choice scores, namely South Sulawesi, West Java, East Java, DKI Jakarta, Nanggroe Aceh Darussalam, and North Sumatra, with an average score of 90. 6 provinces with good answer choice scores, namely, Gorontalo, South Sumatra, East Kalimantan, North Maluku, West Kalimantan, and Riau, have an average score of 85. Meanwhile, four provinces had a choice score of less, namely, West Papua, Bali, Papua, and East Nusa Tenggara, with an average of 80.

Technological progress continues to develop from time to time, starting with the era of agricultural technology, industrial technology, information technology, and communication and information technology. This development impacts the lives of society, nation, and state. Everyone is interested in using and exploiting these developments (Muhamad, 2019). Technology supports this transformation by increasing accessibility, efficiency, and accountability in delivering public services, analyzing the interaction of Islamic economics and technological transformation of government in Indonesian Muslim societies, green technology innovation in economic development, and air quality in cities in China. As technology develops in this era of rapid globalization, it gives birth to relatively new behaviors and understandings in contemporary Muslim society (Wafi et al., 2022). Thus, Islamic economics is a solution for this country (Riyadi & Hilyatin, 2021). We find that inventive, environmentally friendly technological innovations benefit economic development and improve air quality, which have significant spatial spillover effects (Zhang et al., 2023).

The interaction between Islamic economics, technology, and government transformation in the context of Muslim society in Indonesia is an important and complex topic. It reflects significant developments in economics, technology, and governance in the modern world. Islamic economics in Indonesia refers to economic principles that align with Islamic teachings, including the principles of justice, transparency, and the prohibition of usury. In Indonesia, there have been significant developments in sharia financial institutions and businesses. Technology and transformation have significantly changed government and public services worldwide, especially in digitalization and the internet. In Indonesia, the government has been active in efforts to apply technology to public services so that community participation increases transparency and community participation in the decision-making process. By looking at the challenges and opportunities in the

Indonesian context, there are still challenges in broadly implementing Islamic economic principles. Likewise, the application of technology in government also faces several obstacles. However, there are also many development opportunities. In using technology, it is essential to consider data sovereignty and privacy issues. The government needs to take appropriate steps to protect citizens' data. In transforming government with technology, it is vital to maintain a balance between efficiency and ethics. It is essential to ensure that technology is used for the good of society and avoids misuse.

## **METHODS**

This quantitative research approach uses survey methods to ensure accuracy and relevance. The type of data used is primary data using a sampling technique via snowball sampling (Elfia & Duhriah, 2022) with snowball sampling, confidentiality and trustworthiness of the data, and a dynamic population using online surveys because of efficiency and lower costs. Respondents were invited to complete the survey via email or a social media link. However, please note that online surveys may not include people who do not have internet access or who are less technologically savvy. The existing problems of the interaction of Islamic economics and the technological transformation of government in Indonesian Muslim society require a question: what is the conceptual structure of Islam? Second, Islam teaches its people about living together in an Islamic community and among followers of other religions (Wijaya et al., 2021). For this reason, responding to this to know the interaction of Islamic economics and government transformation Technology in Indonesian Muslim society in line with Sustainable Development (SDG) has great relevance in the business world, where economic sustainability alone is not enough without sustainability in terms of ethics, environment, and social, (Aguado-Correa et al., 2023) as well as analyzing the interaction of Islamic economics and government transformation Technology in Indonesian Muslim society. Techniques used to collect data (Simangunsong & Hutasoit, 2018) is a study of published material on the interaction between Islamic economics and government transformation technology. This reality brings us to the fundamental question: is it religion that causes a person to become weak, or is it poverty that causes a person to become more religious? (Adnan and Bukido 2020) Is this research in line with Ethical methods used to analyze two research questions by describing and analyzing them (Wijaya et al., 2021)? Democracy and authoritarianism impact the quality of life and happiness (Woodside et al., 2023).

With locations in 16 provinces in Indonesia: South Sulawesi, West Java, East Java, DKI Jakarta, Nanggroe Aceh Darussalam, North Sumatra, Gorontalo, South Sumatra, East Kalimantan, North Maluku, West Kalimantan, Riau, West Papua, Bali, Papua, and East Nusa Tenggara, by selecting these 16 provinces, Geographical Representation can be used. The selection of 16 provinces can be used to achieve better geographic representation. By selecting provinces from different geographic regions, the research can provide a broader picture of factors that may differ based on other geographic locations. Social and Cultural Diversity: Different provinces often have significant social, cultural, and demographic diversity. It

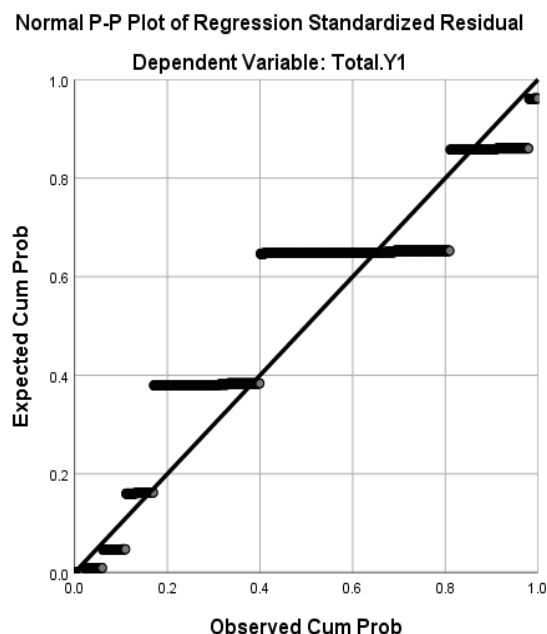
allows research to understand differences and similarities in societies across other regions. There are 1200 informants in each province, 75 informants within two years.

## **RESULTS AND DISCUSSION**

The research results (Rahman, 2020) use the Borg and Gall research model of research and development (R&D) with three research steps: preliminary study, model development, and model validity. A focus group discussion (FGD) was conducted to assess the feasibility of successfully developing the G-Pro into an approaching E-G-Pro. E-G-Pro was declared eligible after an internal assessment by Experts and Users (Rahman, 2020). Interestingly, this research seeks to find ways to integrate knowledge initiatives that will place Muslim education in a new light that benefits humanity by utilizing original materials such as government data and unpublished publications.

The Interaction of Islamic Economics and Technology Transforming Government in Indonesian Muslim Society The increasingly growing role of Islamic economics and technology plays a vital role in government transformation in Indonesia, as seen from Sharia E-Commerce, Sharia Fintech, and Sharia Crypto. However, this research looks at Sharia Fintech, where Sharia financial technology opens up financial access for underserved communities. This research effort needs to be made to increase awareness of the importance of Islamic economics in society, and the government needs to continue to strive to strengthen infrastructure and institutions related to Islamic economics and technology.

It recommends that the monotheistic approach be recognized and used to build bridges and channels of academic, scientific, and technical collaboration with other educational systems and institutions at the local and national levels. The concept of knowledge integration serves the interests of the country and its surroundings (Gamon & Tagoranao, 2023); apart from that, the interaction of Islamic Economics and the Technological Transformation of Government in Indonesian Muslim Society requires the spread of ecological discourse and practices in the Islamic world, as starting from the case of Muhammadiyah in Indonesia, (Efendi et al., 2021). This phenomenon occurs because some groups of Muslims consider their religious understanding to be the only actual theological truth and ignore religious ethics in a religiously plural society. Therefore, several questions arise: First, what is the conceptual structure of Islam? Second, what does Islam teach its people about living together in Islamic communities and among followers of other religions (Wijaya et al., 2021)?



**Figure 1. Normal P-P Plot of Regression Standardized Residual**

The image above is input from the Normal P-P Plot of the Regression Standardized Residual, so points are distributed. The normal P-P plot is used to see whether the data has a normal distribution or vice versa, not a normal distribution so that the results of this graph show the distribution of points close to the vertical line. Alternatively, parallel to a straight line so the data is appropriately distributed normally.

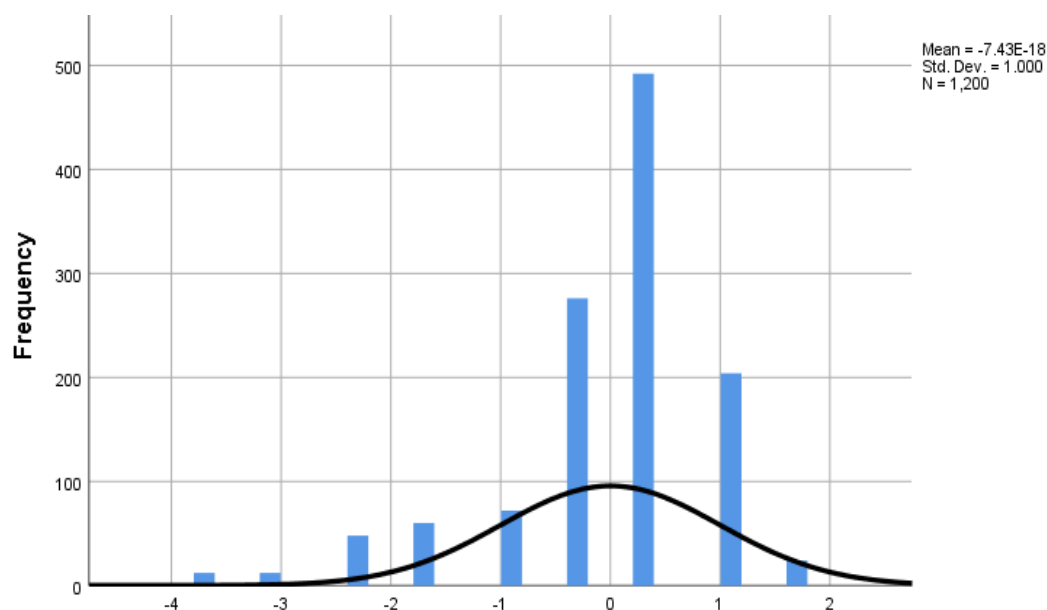
Well-available data can support government transparency, allowing citizens to access information about policies, government spending, and social programs easily. It is an essential principle in transforming a more open and responsible government. Better Decision: Good decisions can help leaders and policymakers make decisions. In the context of Islamic economics, this can include planning policies that support a fairer and more efficient distribution of wealth, as well as the economic empowerment of the Ummah.

The interaction of Islamic economics and technology in government transformation has facilitated the development of Sharia economics in Indonesia. Governments can leverage technology to regulate and supervise the sector, ensuring compliance with sharia principles in banking and finance. Evidence suggests that bank-specific characteristics are essential in determining Islamic financing behavior. Islamic and conventional banks lending to changes in monetary policy (Zulkhibri, 2018) carry on (Zulkhibri, 2018). All Islamic banks in Malaysia conducted the research. Technology also allows the government to manage and distribute zakat more efficiently. Digital applications and platforms have been introduced to help distribute zakat to those entitled to it. Transforming government through technology, such as e-government, can help increase efficiency and



transparency in public services and government administration. It also includes digitizing business licensing processes and other public services, which can support economic growth.

In line with that, we can see the histogram charts of government transformation technology in Indonesian Muslim society with a total of 1200 respondents in 16 provinces below:

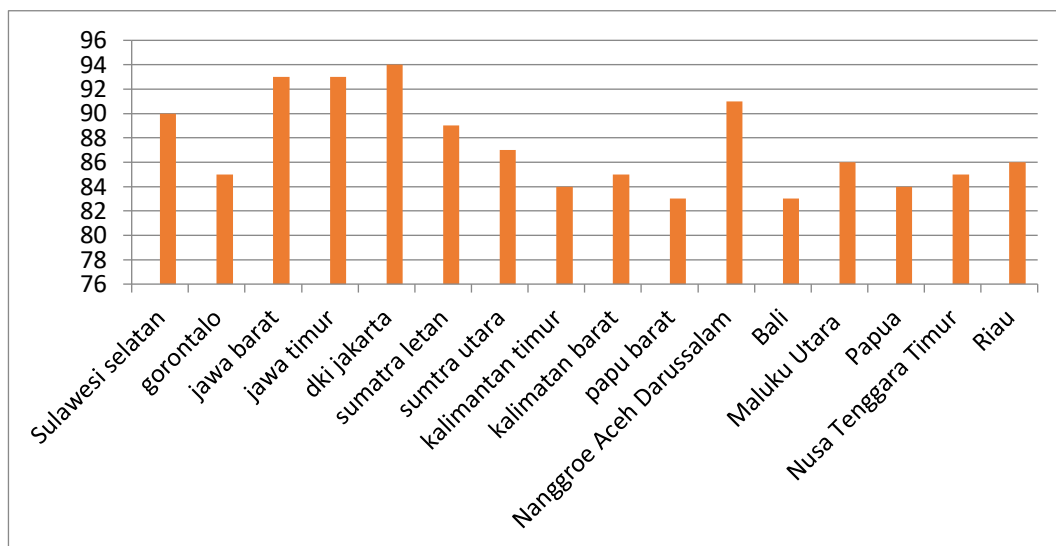


**Figure 2. Histogram Charts of Technology Transformation of Government in Indonesian Muslim Society**

Histogram Charts of Technology Transformation of Government in Indonesian Muslim Society with a total of 1200 respondents from 16 provinces above show that Islamic Economics is very influential in terms of its governance, so economic policies are needed by the government, referring to economic principles based on Islamic teachings, especially those found in the Quran and Hadith. Islamic economic policy aims to create a fair, sustainable, and appropriate economic system that is socially just. One aspect often appreciated in Islamic economics is the emphasis on social justice. Principles such as zakat (obligatory donations), almsgiving, and laws of fair distribution were seen as ways to reduce economic inequality and help the less fortunate and concerned about poverty to support efforts to overcome poverty through redistribution of wealth and support for those in need.

Considering criticism, people are concerned that Islamic economic principles, such as the prohibition of usury, may hinder economic growth, especially in a competitive global context. The prohibition against usury and unethical financial practices in Islam can hinder financial innovation and investment. There are concerns that strict regulations in the Islamic economy could limit individual freedom and private initiative.

The Interaction of Islamic Economics and Government Transformation Technology in Indonesian Muslim Society with 38 provinces, 16 provinces were taken in this research so that we can see the prediction results by looking at the diagram below:



**Figure 3. Predicted Results of the Interaction of Islamic Economics and Government Transformation Technology in Indonesian Muslim Society**

The diagram above shows the interaction of Islamic Economics and the Technological Transformation of Government in Indonesia, with the highest being DKI Jakarta and the lowest being West Papua. In line with this research, it was found that Islamic economics is based on Islamic ethical principles, such as the prohibition of usury (interest), justice, and fair distribution. In Indonesian Muslim society, these principles can be used as a guide in business and finance. Moreover, technological advances, especially the internet and digital platforms, have given people greater access to participate in the economy and government. It creates opportunities for Muslim communities in Indonesia to develop their businesses and participate in government processes. Technology can facilitate access to Sharia financial services, such as banking and insurance, which follow Islamic economic principles. Technology also allows Muslim communities to develop businesses following Islamic economic principles, encouraging entrepreneurship.

**Better Public Services** The application of technology in government can improve the efficiency and quality of public services, which is following the values of justice in Islamic economics. However, some challenges exist, such as personal data protection, cyber security, and unequal access to technology. Therefore, further research could focus on the positive and negative impacts of these interactions and how the government and society can manage these developments wisely to ensure that the transformation of the Islamic economy and governance through technology benefits the Muslim society in Indonesia.

For this reason, the interaction of Islamic Economics and Government Transformation Technology in Indonesia can be seen in the visualization image in the diagram below:



**Figure 4. Visualization of the Interaction of Islamic Economics and Government Transformation Technology**

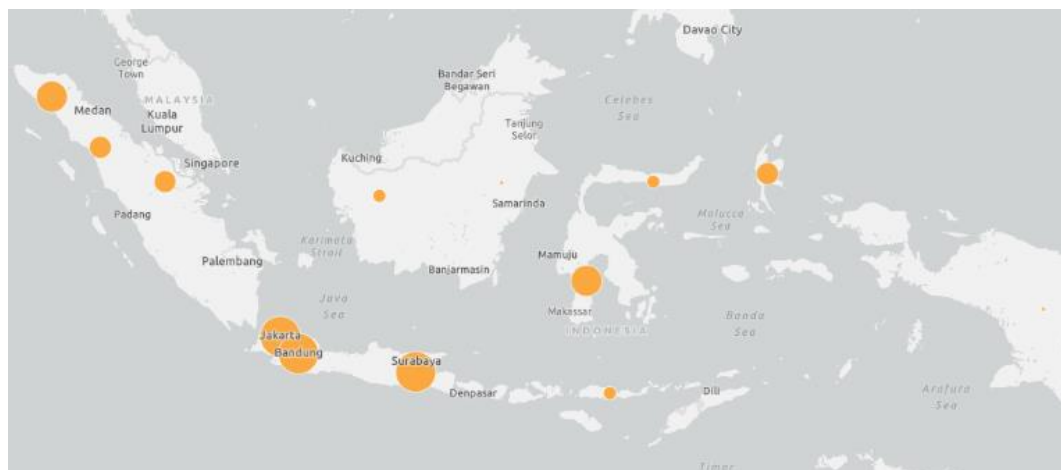
The visualization image above clearly shows the interaction of Islamic economics and the technological transformation of government in Indonesia, showing that the highest is Jakarta and the lowest is West Papua, and the spread of the map is determined by being able to see the infrastructure. The success of this interaction can depend significantly on the level of technological and communication infrastructure in a region. As the capital and business center, Jakarta tends to have better infrastructure than more remote areas such as West Papua. Correspondingly, investment and institutions investment in Islamic economics and technology and government policies that support it can vary by province.

The prediction results and data visualization obtained using a quantitative approach using survey methods to ensure accuracy and relevance in this research, the Interaction of Islamic Economics and Government Transformation Technology in Indonesian Muslim Society, were first carried out using data processing. After the data is collected, it needs to be processed. It involves recording, coding, and grouping data using a predetermined analytical framework. Data processing also includes statistical analysis, the use of data analysis software, and the identification of patterns.

Research results obtained from data can be used to answer research questions and develop findings or recommendations. In the context of research on the interaction of Islamic economics, technology, and government transformation in Indonesian Muslim society, the data is to analyze the extent to which Islamic economics is implemented in the economic and business sectors in Indonesia, with the results of assessing the level of technology adoption in business and government in Indonesia and the extent of it, has impacted efficiency and transparency. Identifying obstacles and opportunities in implementing Islamic economics and technology in the context of Muslim society in Indonesia, The findings can be used

to understand better the dynamics between Islamic economics, technology, and governance transformation and provide valuable insights for policymakers, business practitioners, and the general public. It happens in Indonesia, which is different from Malaysia, where other Islamic financial institutions are improving customer services. (Haron et al., 2020). Islamic financial institutions in Indonesia are still limited to encouraging the development of Islamic financial institutions through various regulations and incentives to promote the Sharia financial industry. As a result, this sector has experienced significant growth and is increasingly attractive to people who wish to access financial services in line with Islamic values.

So we can see that provinces that are more active in encouraging investment and have institutions that support Islamic economics and technology may have better development, as can be seen in the picture below:



**Figure 5. Map of the Interaction of Islamic Economics and Government Transformation Technology in Indonesia**

The map above shows the interaction between Islamic economics and the technological transformation of government in Indonesia. We can see that with 38 provinces, researchers took a sample of 16 provinces. It can be seen that the largest is DKI Jakarta and the lowest is West Papua. We can see social and cultural conditions. Social and cultural factors also play an essential role. Differences in education levels, technological awareness, and acceptance of Islamic economics may influence these interactions and natural resources. Regions such as West Papua may have different economic characteristics based on their natural resources. These factors can influence economic patterns, government transformation, and technology adoption. Changes in the global economy can also influence these interactions, especially regarding investment, trade, and technology related to Islamic economics. More in-depth research and up-to-date data are needed to make more accurate predictions about how these factors interact in various regions of Indonesia. Governments, research institutions, and private organizations may conduct such studies better to understand these dynamics at regional and national levels.

Islamic Economics and Technological Transformation of Government in Indonesian Muslim Society can be done. There is a vital role for Islamic scholars in educating Muslims; for example, the role of Islamic scholars regarding the dangers and possible consequences of COVID-19 (Sardjuningsih, 2022). The Indonesian Muslim community supports Islamic economic principles, such as the prohibition of usury and joint ownership. They hope that the government will promote economic justice and reduce social inequality. We need to learn that UIN Sunan Kalijaga has been active for a long time in preventing and fighting violent extremism (P/CVE) through its subtle methods, namely prioritizing moderation.(Wildan & Muttaqin, 2022) Muslim communities have experienced rapid development in recent decades. Technology has influenced various aspects of the lives of the Indonesian Muslim community, including the spread of the internet in Indonesia, which has enabled greater access to information, including religious and educational sources. It has helped the Indonesian Muslim community to deepen Islamic teachings, listen to religious lectures, and participate in online religious discussion forums. It has also helped spread Muslim feminist ideas in Indonesia's digital era and what challenges and opportunities the internet provides that hinder and help spread these ideas. (Nurmila, 2021).

The role of social factors in Islamic economic interactions is an essential and complex aspect. Social factors form the cultural foundation, values, and norms that influence how Islamic economic principles are interpreted and implemented in Muslim societies. Below is a long narrative explaining the role of social factors in the interaction of Islamic economics in a world dominated by global finance and an increasingly complex economy. Islamic economics plays a significant role as an alternative framework based on ethical principles and values. Islam. At its roots, Islamic economics has strong basic principles in the principles of the Islamic religion, such as justice, honesty, and social solidarity. These principles play a crucial role in shaping how Muslim societies interact with economics and finance, and social factors play a significant role in organizing and interpreting these principles.

The first principle that needs to be considered is the religious values in Islam. Islam is a religion that covers all aspects of life, including economics. For example, the prohibition of usury (interest) is one of the basic principles of Islamic economics based on the Koran. In Muslim societies, religious values such as these solid guide business ethics. Social factors ensure these values are upheld and respected in various economic and financial activities.

Then, some local cultures and traditions play a role in how Muslim societies apply Islamic economic principles in their context. For example, local culture and traditions in Indonesia can influence business and financial practices. The way of doing business in Java may differ from that in Aceh, even though both are within an Islamic economic framework. These social factors create variations in Islamic economic practices, reflecting cultural diversity among Muslim societies.

Furthermore, religious organizations and ulama strongly influence guiding and promoting Islamic economic principles. They interpret how Islamic economic principles should be applied in concrete situations. These social factors help spread understanding and consistent application of Islamic economic principles in Muslim societies. Education and the level of public awareness are also important. The higher the level of education and awareness about Islamic economics, the more likely people will adopt these principles in their daily practices. Education is vital in strengthening understanding Islamic economic principles and helping society make decisions aligning with these values.

While social factors create a robust framework for Islamic economics, social and technological changes have also played an important role. Technological advances, particularly the internet and social media, have enabled Muslim communities to access information about Islamic financial products more efficiently and facilitate trade and transactions per Islamic economic principles. Social changes, such as urbanization and population growth, influence consumer demand and behavior in an Islamic economy.

Finally, social solidarity in Islam is a powerful concept that influences economic practices. The concepts of *zakat* and *infaq*, which are forms of mandatory and voluntary donations, create a system of wealth redistribution that reflects the values of justice in Islamic economics. These social factors are essential in wealth distribution and overcoming economic inequality.

Thus, the role of social factors in Islamic economic interactions is very significant. Social factors such as religious values, culture, education, religious organizations, and social solidarity help shape and direct Islamic economic principles. Muslim societies view their economics as an integral part of their religious beliefs, and social factors are the glue that binds Islamic economic principles into their daily actions. In an increasingly complex and globalized context, a deep understanding of the role of social factors in Islamic economic interactions will help shape practices that are more appropriate and follow Islamic values and ethics. Technology Transforming Government in Indonesian Muslim Society: Muslim intellectuals are seen as close to or far from the government; it depends on who is president or who is the center of power. They tend to be close to the government if the president departs from his social affiliations. The opposite happened. The fact that unity and diversity exist in Islamic organizations and institutions in Indonesia shows that they only follow the needs and demands of their members (Niam, 2020). For this reason, tolerance is essential (Siddiq, 2019).

Interaction of Islamic Economics and Transformational Technology: The government needs to implement a circular Islamic economy, namely reusing, to manage pre-consumer waste generated in the cutting section of the apparel industry sustainably (Haq & Alam, 2023). The circular economy is increasingly attracting the attention of the academic and business worlds due to the current policy direction (Daglis et al., 2023). For Islamic Economic Interaction, the path is to look at the technology and governance transformation in Indonesian Muslim society and the

importance of care and awareness in implementing responsible and sustainable HR management practices (Tejedo-Romero et al., 2023).

Islamic economics and governance transformation are two domains that have emerged as critical factors in changing the Islamic world's social, economic, and political landscape. They can potentially create significant changes in various aspects of Muslim society and interact closely. Below is a long narrative illustrating the relationship between Islamic economics and governance transformation. Islamic economics is based on Islamic ethics and Sharia law principles. It includes principles such as the prohibition of usury (interest), fair trade, fairness in the distribution of wealth, and the prohibition of unethical business practices, such as speculation. Islamic economics incorporates Islamic values into an economic framework to create an economy that is more just, sustainable, and oriented towards social welfare.

In the context of government transformation, we observe changes in how governments operate and interact with their citizens, especially by using modern information and communications technology (ICT). This transformation involves adopting technology to increase efficiency, transparency, and public participation in various aspects of government. This transformation can also include changes in economic, taxation, and regulatory policies aimed at creating a better business climate. Transparency is the first consideration in the relationship between Islamic economics and government transformation. Transforming government using ICT can increase transparency in economic policy processes and public resource management. It aligns with Islamic economic principles, encouraging openness and accountability (Hendrayady et al., 2022). Muslim societies that base their economies on ethical principles will appreciate government efforts to reduce corruption and ensure public funds are used efficiently.

In addition, public participation is an essential factor in this interaction. The transformation of governance that allows greater public participation in government decision-making processes reflects the principles of consultation that underlie Islamic economics. Muslim communities can feel more involved in economic policy-making, and their understanding of Islamic economics can contribute to that process. Meanwhile, research is being carried out (Boukhatem & Ben Moussa, 2018). They are examining 13 countries in the MENA region: Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Qatar, Saudi Arabia, Sudan, the Syrian Arab Republic, Tunisia, and the United Arab Emirates, as well as the West Bank and Gaza. Oil-exporting countries include Bahrain, Iraq, the Islamic Republic of Iran, Kuwait, Qatar, Saudi Arabia, Sudan, and the United Arab Emirates. However, oil-importing countries include Egypt, Jordan, the Syrian Arab Republic, Tunisia, the West Bank, and Gaza. The findings consider implementing proactive and beneficial economic and institutional policies directed at Islamic finance.

Furthermore, the role of government regulations in supervising finance and business following Islamic economic principles is becoming increasingly important in the context of government transformation. The government needs to ensure that

the regulations and policies implemented comply with Sharia law and facilitate the development of the economic sector following Islamic values. This involves enforcing rules related to the prohibition of usury, fair trade, and a more equitable distribution of wealth. Regarding economic development and social inclusion, Islamic economics can guide the government in efforts to reduce social and economic disparities. The principles of social solidarity in Islam, such as *zakat* and *infaq*, create mechanisms for the redistribution of wealth that support disadvantaged communities (Arman, 2021). Governance transformation can help identify groups that need this support and direct resources more effectively.

Lastly, education and awareness are essential in linking Islamic economics with governance transformation. Increasing public understanding of Islamic economics and Sharia law principles is essential to ensuring that government changes reflect Islamic values. This involves education and awareness programs organized by governments, religious institutions, and civil society institutions. Overall, the relationship between Islamic economics and government transformation is dynamic and influences each other. They have the potential to create an economic and government system that is more just, sustainable, and in line with Islamic values. However, successful implementation requires cooperation between the government, religious institutions, and society to ensure that the principles of Islamic economics are implemented correctly and benefit the entire Muslim community. Effective governance transformation can be a means to achieve this goal in an ever-changing and globally connected Islamic world.

The interaction of Islamic economics and governance transformation technology can contribute to existing research that can develop understanding. New research can help develop our understanding of the interaction between Islamic economics and governance transformation in Indonesian Muslim society. In Malaysia itself, the use of technology has helped the Muslim community get the latest information and fatwas from religious institutions. Therefore, this research aims to analyze the use of technology in disseminating fatwas by fatwa institutions in Malaysia (Khairuldin et al., 2018). It can involve a deeper understanding of the impact of Technology, government policies, and economic practices in the region. New research can provide more up-to-date data and insights, which can be used to update and deepen existing research. Actual data can provide an understanding of the changes that occur in the interaction of Islamic economics and government transformation. New research could conduct more in-depth analyses or focus on specific aspects of these interactions. This can help fill knowledge gaps and provide more specific insights into impacts or challenges that may not have been covered in previous research. It is important to note that research in this area is often ongoing, and the contribution of each new study can enrich our understanding of the interaction of Islamic economics and governance transformations in Indonesian Muslim societies.

Islamic Economics and Technological Transformation of Governance in Indonesian Muslim Societies has the potential to fill some of the existing knowledge gaps. This research can help understand the impact of technology,



especially information and communication Technology (ICT), on implementing Islamic economic principles in Indonesia. It can help answer questions about how technology has shaped and changed Islamic economic practices at the micro and macro levels.

## **CONCLUSION**

The interaction between Islamic economics and technology has great potential to shape Indonesia's economic, social, and governmental future in a way that is more in line with social justice. However, the use of this technology also needs to be closely monitored so that ethical and moral principles in Islam are not ignored, and its benefits should be spread evenly within Indonesian Muslim society. It has contributed to the transformation of government in Indonesia. The government has used technology to increase efficiency, transparency, and citizen participation in decision-making and has facilitated the development of sharia banking and fintech. It has provided greater access to financial services compatible with Islamic economics, increased financial inclusion, and promoted a more equitable distribution of wealth, with the results assessing the level of technology adoption in business and government in Indonesia and the extent to which it has impacted efficiency and transparency. Identifying Obstacles and Opportunities in Implementing Islamic Economics and Technology in the Context of Muslim Society in Indonesia with 38 provinces, researchers took a sample of 16 provinces. It can be seen that the largest is DKI Jakarta and the lowest is West Papua. With a total of 1200 informants per province, 75 informants have implications for public policy development. It can help avoid corruption, contrary to Islamic economics and social conditions. Moreover, Culture Social and cultural factors also play an essential role.

For this reason, Jurimetrics guarantees justice and fairness for the wife since it is based on scientific calculations. The existence of variables that judges consider in determining wives' rights in divorce is one of the legal disciplines in applying Jurimetrics. One variable that is evidence of justice is the length of marriage. This variable considers the length of time the wife has devoted herself to her husband even though she is having problems with her husband. This consideration is not found in decisions that do not use Jurimetrics to determine the wife's divorce rights.

## **ACKNOWLEDGMENTS**

We would like to sincerely thank all parties who have supported and contributed to this research on the interaction of Islamic economics and government transformation Technology in Indonesian Muslim society. This research would not have become a reality without hard work, collaboration, and participation from various parties. Thanks to the governments of South Sulawesi, West Java, East Java, DKI Jakarta, Nanggroe Aceh Darussalam, North Sumatra, Gorontalo, South Sumatra, East Kalimantan, North Maluku, West Kalimantan, Riau, West Papua, Bali, Papua, and East Nusa Tenggara and all the staff who provided critical access, data, and insights that enabled us to carry out this research. We also thank the

experts and practitioners who have shared their experiences and knowledge. We appreciate the support of our research colleagues, who have collaborated enthusiastically on this project. Thanks for our dedication and commitment to the entire research team, who have worked hard in collecting, analyzing, and presenting data carefully. Team efforts are significant in producing valuable findings. Hopefully, this research on the interaction between Islamic economics and technology in the context of government transformation in Indonesia has provided valuable insights. We have seen how technology can be a powerful tool in realizing an Islamic economy and creating a more efficient and just government. Hopefully, this understanding can positively contribute to developing a better Indonesian Muslim society.

## REFERENCES

- Adm. (2021). *Teknologi Informasi di Bidang Pemerintahan, Seberapa Pentingnya?* Lembaga Penelitian Dan Pengabdian Masyarakat; LP2M Universitas Medan Area.
- Aguado-Correa, F., de la Vega-Jiménez, J. J., López-Jiménez, J. M., Padilla-Garrido, N., & Rabadán-Martín, I. (2023). Evaluation of non-financial information and its contribution to advancing the sustainable development goals within the Spanish banking sector. *European Research on Management and Business Economics*, 29(1). <https://doi.org/10.1016/j.iedeen.2022.100211>
- Arman. (2022). *Collaboration, E-Government & Manajemen Sektor Publik*. Deepublish.
- Arman, F. M. N. (2021). *Kapita selekta ilmu pemerintahan*. CV. Cahaya Arsh Publisher & Printing.
- Ayub, M., & Khan, M. F. (2021). *Evolving Monetary Economics in*. 7(2), 317–340.
- Boukhatem, J., & Ben Moussa, F. (2018). The effect of Islamic banks on GDP growth: Some evidence from selected MENA countries. *Borsa Istanbul Review*, 18(3), 231–247. <https://doi.org/10.1016/j.bir.2017.11.004>
- Daglis, T., Tsironis, G., & Tsagarakis, K. P. (2023). Data mining techniques for the investigation of the circular economy and sustainability relationship. *Resources, Conservation and Recycling Advances*, 19(April), 200151. <https://doi.org/10.1016/j.rcradv.2023.200151>
- Efendi, D., Kurniawan, N. I., & Santoso, P. (2021). From fiqh to political advocacy: Muhammadiyah's ecological movement in the post new order indonesia. *STUDIA ISLAMIKA Indonesian Journal for Islamic Studies*, 28(2), 349–383. <https://doi.org/10.36712/sdi.v28i2.14444>
- Elfia, E., & Duhriah, D. (2022). The Productivity of West Sumatra Muhammadiyah

Cash Waqf as a Model for the Development of Sharia Investment in Empowering UMKM. *Jurnal Ilmiah Al-Syir'ah*, 20(2). <https://doi.org/10.30984/jis.v20i2.2053>

Gamon, A. D., & Tagoranao, M. S. (2023). Fostering a Knowledge Culture for Peace, Development, and Integration: Muslim Education in the Philippines. *Studia Islamika*, 29(3). <https://doi.org/10.36712/sdi.v29i3.20268>

Haq, U. N., & Alam, S. M. R. (2023). Implementing circular economy principles in the apparel production process: Reusing pre-consumer waste for sustainability of environment and economy. *Cleaner Waste Systems*, 6(June), 100108. <https://doi.org/10.1016/j.clwas.2023.100108>

Haron, R., Abdul Subar, N., & Ibrahim, K. (2020). Service quality of Islamic banks: satisfaction, loyalty and the mediating role of trust. *Islamic Economic Studies*, 28(1), 3–23. <https://doi.org/10.1108/ies-12-2019-0041>

Hendrayady, A., Arman, A., Satmoko, N. D., Afriansyah, A., Heriyanto, H., Sholeh, C., Kusnadi, I. H., Tamrin, T., Mustanir, A., Ramdani, A., Amane, A. P. O., & Razak, M. R. R. (2022). Pengantar Ilmu Administrasi Publik. In A. Hendrayady (Ed.), *Eureka Media Aksara*. Eureka Media Aksara.

Idri. (2023). *Prinsip-Prinsip Ekonomi islam* (Edisi Pert). Kencana.

Imsar, Nurhayati, & Harahap, I. (2023). Analysis of Digital Education Interactions , Education Openness , Islamic Human Development Index ( I-HDI ) and Indonesia ' s GDE Growth. *Edukasi Islami: Jurnal Pendidikan Islam*, 12(01), 753–772. <https://doi.org/10.30868/ei.v12i01.4265>

Jamhari, J., & Nisa, Y. F. (2021). Voices from Indonesian Legislative on Religious Education Policy. *Studia Islamika*, 28(1). <https://doi.org/10.36712/sdi.v28i1.20515>

Khairuldin, W. M. K. F. W., Embong, A. H., Anas, W. N. I. W. N., Mohd, H., & Ismail, D. (2018). The application of technology in the dissemination of fatwas: A study on religious institutions in Malaysia. *International Journal of Civil Engineering and Technology*, 9(7), 1590–1596.

Masrimang, Sirajuddin, S. D. S. (2020). Relasi Negara, Kebijakan Fiskal dan Ekonomi Islam. *Pendidikan Agama Islam (PAI) Dalam Kurikulum Nasional*, 2(2), 1.

Mohaiyadin, N. M. H., Aman, A., Palil, M. R., & Said, S. M. (2022). Addressing Accountability and Transparency Challenges in Waqf Management Using Blockchain Technology. *Journal of Islamic Monetary Economics and Finance*, 8, 53–80. <https://doi.org/10.21098/jimf.v8i0.1413>

Muhamad, D. (2019). *Perkembangan Dan Transformasi Teknologi Digital*.

*Infokam*, 15(2), 116–123. <https://doi.org/10.53845/infokam.v15i2.178>

Niam, K. (2020). Between unity and diversity resketching the relation between institutional-affiliated Indonesian muslim intellectuals and the government (1990-2001). *Journal of Indonesian Islam*, 14(2), 477–498. <https://doi.org/10.15642/JIIS.2020.14.2.477-498>

Nurmila, N. (2021). The Spread of Muslim Feminist Ideas in Indonesia Before and After the Digital Era. *Al-Jami'ah*, 69(1), 97–126. <https://doi.org/10.14421/ajis.2021.591.97-126>

Rahman, I. K. (2020). The development of e-counseling gestalt prophetic to help students cope with academic procrastination in Indonesian Islamic higher education. *Islamic Guidance and Counseling Journal*, 3(1), 46–53. <https://doi.org/10.25217/igcj.v3i1.614>

Riyadi, S., & Hilyatin, D. L. (2021). TRANSFORMASI EKONOMI ISLAM DALAM SISTEM EKONOMI KERAKYATAN. *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah*, 6(1). <https://doi.org/10.24235/jm.v6i1.8100>

Saleem, M., Rizvi, T., & Bashir, I. (2022). Muslim Students' Dispositional Mindfulness and Mental Well-Being: The Mediating Role of Core Self-Evaluation. *Islamic Guidance and Counseling Journal*, 5(1), 1–14. <https://doi.org/10.25217/igcj.v5i1.2175>

Sardjuningsih. (2022). Portrait of Indonesian Religious Communities Attitudes toward the Government Policies Restriction on Congregational Worshipping. *Qudus International Journal of Islamic Studies*, 10(2), 443–478. <https://doi.org/10.21043/qijis.v10i2.8221>

Sela Srimaya, L., Amalia, E., Ekonomi dan Bisnis, F., Airlangga, U., Ekonomika dan Bisnis, F., & Gadjah Mada, U. (2023). Penerapan Tata Kelola Islam dalam Perbankan Syariah di Indonesia: Sebuah Studi Kepustakaan. *Jurnal Ilmiah Ekonomi Islam*, 9(01), 199–206.

Siddiq, A. (2019). Madurese Christian: In search of christian identity within muslim society. *Al-Jami'ah*, 57(1), 167–196. <https://doi.org/10.14421/ajis.2019.571.167-196>

Simangunsong, F., & Hutasoit, I. (2018). A study of the development of natuna regency as a key site on Indonesia's outer border with particular regard to national defense and security issues in the South China Sea. *Journal of Marine and Island Cultures*, 7(2), 63–73. <https://doi.org/10.21463/jmic.2018.07.2.04>

Suryawijaya, T. W. E. (2023). Memperkuat Keamanan Data melalui Teknologi Blockchain: Mengeksplorasi Implementasi Sukses dalam Transformasi

- Digital di Indonesia. *Jurnal Studi Kebijakan Publik*, 2(1), 55–68.  
<https://doi.org/10.21787/jskp.2.2023.55-68>
- Tautiva, J. A. D., Carrera, E. S., Vásquez-Lavín, F., & Oliva, R. D. P. (2023). Understanding the role of institutions and economic context on entrepreneurial value creation choice. *Oeconomia Copernicana*, 14(2), 405–447.  
<https://doi.org/10.24136/oc.2023.011>
- Tejedo-Romero, F., Tejada Ponce, Á., Ramírez Corcoles, Y., & Pérez, M. D. M. L. (2023). Board leadership structure and human capital disclosure: Role of independent directors. *European Research on Management and Business Economics*, 29(3). <https://doi.org/10.1016/j.iedeen.2023.100224>
- Wafi, M. B. F., Ilhami, N., & Taufiqurohman, T. (2022). Transformasi Perilaku Beragama Masyarakat Muslim Kontemporer: Fenomena Al-Qur'an Di Era Digital. *IN RIGHT: Jurnal Agama Dan Hak Azazi Manusia*, 11(1), 39.  
<https://doi.org/10.14421/inright.v11i1.2503>
- Wijaya, A., Suwendi, & Syamsuddin, S. (2021). Observing islam with ethics: From hatred theology to religious ethics. *Qudus International Journal of Islamic Studies*, 9(1), 175–208. <https://doi.org/10.21043/QIJS.V9I1.9538>
- Wildan, M., & Muttaqin, A. (2022). Mainstreaming Moderation in Preventing/ Countering Violent Extremism (P/Cve) in Pesantrens in Central Java. *Qudus International Journal of Islamic Studies*, 10(1), 37–74.  
<https://doi.org/10.21043/qjjis.v10i1.8102>
- Woodside, A. G., Mir-Bernal, P., & Sádaba, T. (2023). How democracy and authoritarianism impact nations' QOL and happiness: Applying complexity theory tenets in building and testing case-based models. *Journal of Innovation and Knowledge*, 8(4). <https://doi.org/10.1016/j.jik.2023.100428>
- Yuan, Y. P., Dwivedi, Y. K., Tan, G. W. H., Cham, T. H., Ooi, K. B., Aw, E. C. X., & Currie, W. (2023). Government Digital Transformation: Understanding the Role of Government Social Media. *Government Information Quarterly*, 40(1), 101775. <https://doi.org/10.1016/j.giq.2022.101775>
- Zhang, Z., Zhou, Z., Zeng, Z., & Zou, Y. (2023). How does heterogeneous green technology innovation affect air quality and economic development in Chinese cities? Spatial and nonlinear perspective analysis. *Journal of Innovation and Knowledge*, 8(4), 100419. <https://doi.org/10.1016/j.jik.2023.100419>
- Zheng, M., Feng, G. F., & Chang, C. P. (2023). Is green finance capable of promoting renewable energy technology? Empirical investigation for 64 economies worldwide. *Oeconomia Copernicana*, 14(2), 483–510.  
<https://doi.org/10.24136/oc.2023.013>

Zulhibri, M. (2018). The impact of monetary policy on Islamic bank financing: bank-level evidence from Malaysia. *Journal of Economics, Finance and Administrative Science*, 23(46), 306–322. <https://doi.org/10.1108/JEFAS-01-2018-0011>