

The utility of Islamic Financial Instruments in Preserving Nature

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Abstract

The degradation of nature is a global problem facing the world. The emergence of Green Finance is a response by the financial sector to preserve nature. The discussion related to Green Finance, which is linked to Islamic finance, is dominated by green Sukuk, because these instruments are currently in demand. Many other Islamic financial instruments can be explored to support Green Finance. This literature explores Islamic financial instruments that can be used to preserve nature. Reviews from various literary sources are used in this study to enrich the literature that explores the role of Islamic finance in preserving nature using various Islamic financial instruments. In addition to green Sukuk, the development of financing products carried out by Islamic financial institutions with the theme of Islamic green financing can contribute to preserving nature by providing services and financial access to environment-friendly projects. Islamic social finance instruments such as zakat, *infaq*, sadaqah, and waqf can also be developed to preserve nature and empower communities.

Keywords: Utility; Islamic Green Finance; Islamic Financial Instruments; Ecology

INTRODUCTION

Awareness of nature preservation is encouraged. This is because the world faces a problematic degradation of natural sustainability. Attention and action are needed to prevent the worsening of the condition. As part of ecology, it is appropriate for humans to be the creatures responsible for the degradation of nature (Galaz et al., 2018). Exploitative economic activities contribute to global climate change because of the degradation of natural sustainability (Chakravarty & Mandal, 2020).

Islamic economics prohibits all forms of overexploitation, including activities that cause environmental damage that disrupts nature's sustainability. This is in line with one of the principles of Islamic Economics: balance (Askari et al., 2017). The realisation of a balance in carrying out economic activity has been regulated in the teachings of Islam. Islam regulates ethics in economic activity, both in the spheres of production, distribution, and consumption. Moreover, Islamic Economics upholds every economic activity to achieve *maslahah* (Al-Daghistani, 2016).

Muslims, like the rest of humanity, also feel the impact of environmental degradation. It is worth noting that countries with a majority population are very at risk of experiencing the impact

of environmental damage. Koehrsen (2021) stated that North African and Middle Eastern regions with arid or semi-arid climates make this region vulnerable to increased heat stress and shrinking freshwater availability. Parts of Sub-Saharan Africa, such as Northeast Nigeria and Mali, are also affected by this phenomenon. Meanwhile, extreme weather events and floods have occurred in the Asian region of Muslim-majority countries, such as Pakistan, Bangladesh, and Indonesia.

A response from various parties is needed to protect nature from environmental degradation. Scholtens (2017) revealed that the financial sector has neglected its ecology. Disruption of natural sustainability, such as biodiversity loss, climate change, pollution, and depletion of natural resources. The reality is that the financial sector should take part in contributing to these problems. Moreover, the Sustainable Development Goals (SDGs) campaign is currently being promoted. SDGs are the world's efforts to respond to the 17 challenges humans face in which goals have been set. By 2030, the world is expected to achieve each of these goals. The issue of natural sustainability is also raised in the SDGs.

To preserve nature, the financial sector can play the role of an integral part in economic activity, and the Islamic financial sector is no exception. Islamic Finance can support efforts to preserve nature through financial services and access. In line with the development of Islamic Finance to preserve nature, there are still not many studies that try to reveal the development of the use of Islamic Finance to preserve nature. The problem in this study is how Islamic finance, as an integral part of Islamic economics, can take part in efforts to prevent environmental damage. Therefore, this study explores Islamic financial instruments that have contributed and may contribute to preserving nature in various parts of the world by applying library research.

METHOD

This study applied a qualitative approach to library research methods. Library research can be understood as the study of secondary written materials such as research articles, documents, and published reports related to research topics. Data analysis techniques are performed inductively and deductively (Hayatudin & Adam, 2020; Iskandar et al., 2020, 2021; Rahmayati, 2021). To conduct library research, we first conducted literature studies of previous studies to determine the linkage between Economics and Finance to Environmental Damage. We then explore Green Finance's concept as a tool to mitigate Environmental Damage. From the results of the two-step process outlined above, we examine the connectedness between Islam and Preserving Nature. This is very important in creating a basic argument since Islamic Finance refers to the rules of Islamic teachings. Finally, we present the development of the use of Islamic financial instruments that have contributed and may contribute to preserving nature to preserve nature as the main interest of this study.

RESULT

Economic Ties and Environmental Damage

Kahuthu (2006) stated that an interdependent relationship exists between economic growth and environmental quality. The argument that explains this statement is that economic activity, which includes the processes of production, distribution, and consumption, is inseparable from the environment as a place where economic activity is conducted. Economic ethics have grown, and the impact on the environment has increased. As explained by the curve, environmental degradation increases with per capita income in the early stages of economic development. However, at certain per capita income levels, environmental degradation decreases as people sense and switch to environmentally friendly technologies (Ulucak et al., 2020).

Several empirical studies have perpetuated the link between economic growth and the degradation of natural sustainability. Using autoregressive distributed lag (ARDL) modelling, Xiong & Xu (2021) examined the influence of production activity in China on economic growth and environmental degradation rates from 1995-2015. The study results show that production activities have a positive relationship with economic growth but a negative impact on the environment. Perman & Stern (2003) researched the relationship between economic growth rates and environmental degradation and found that an Environmental Kuznet Environmental Curve does not occur. The same result was obtained by Aung et al. (2017), who conducted research in Myanmar and found that eco-growth impacts environmental degradation even further, indicating that Kuznet's Environmental Curve Theory does not apply to Myanmar. Aung et al. (2017) and Perman & Stern (2003) corroborated the arguments for criticism of the Kuznet Environmental Curve theory (Kuznets, 1955), as expressed by Stern (2004), that the theory behind the birth of the curve is not based on the use of a strong econometric footing.

Two important factors can disrupt the relationship between the economy and the environment: the excessive exploration of natural resources and the production of household carbon gas emissions (Beckerman, 1992). According to Hafeez et al. (2019), in recent decades, poor environmental maintenance has driven global awareness of the importance of preserving nature. This is because economic and financial growth has brought the environment to the brink of serious degradation. The same thing was also conveyed Çetin and Ecevit (2017) also stated that evolving economic and financial growth is considered one of the key stakeholders in the degradation of natural sustainability. Further, Dasgupta et al. (2001) state that the environmental conditions in countries with well-developed and efficient financial markets are better than those with less efficient financial systems.

There are at least five arguments used to strengthen the argument of Dasgupta et al. (2001) that with the advancement of the development of a country's financial sector, the environmental conditions in the country will improve Zakaria & Bibi (2019). First, an efficient financial system can attract foreign investment, and destination countries can use foreign investment funds to increase research and development (R&D) activities, which is expected to help reduce pollution. Second, financial development helps companies to adopt cleaner technologies to improve their environmental conditions. Third, a well-developed financial system can provide low-cost loans for eco-friendly projects to improve the environment. Fourth, pro-environmental financial development can increase technological innovation and reduce carbon emissions. Fifth, the financial industry will only provide loans to companies that comply with laws and regulations related to the environment.

Financial Sector Ties and Environmental Damage

Several empirical studies on the interrelationship between the development of the financial sector and environmental quality have produced mixed results. Baloch et al. (2021), using Pooled Mean Group Autoregressive Distributed Lag (PMG/ARDL) estimates in the observation period from 1990 to 2017, found that the development of the financial sector in the OCDC contributed positively to improving environmental quality. Using the nonlinear ARDL method, Shahbaz et al. (2016) found that from 1985 to 2014, the development of the banking sector as a proxy for the development of the financial sector in Pakistan had a negative impact on environmental quality, namely by increasing carbon dioxide emissions. Omri et al. (2015) used the generalised method of moments (GMM) to examine the relationship between the development of the financial sector and environmental quality using carbon gas emissions as a proxy in 12 countries in the Middle East region during the observation period 1990-2011. The results of the study found that the development of the financial sector had a significant impact only for two out of the 12 countries studied, namely Qatar and Jordan. In Qatar, the development of the financial sector positively affects carbon dioxide gas emissions, whereas Jordan has a negative effect.

Green Finance as Environmentally Friendly Financing

The United Nations Environment Programme (UNEP) defines the Green Economy as part of efforts to improve welfare and social equality, accompanied by significantly reduced environmental risks and efforts to maintain ecology (Loiseau et al., 2016). The preservation of ecosystems and natural resources is the intention of UNEP to encourage a Green Economy to preserve nature. To implement a Green Economy, a source of funding is needed to finance environmentally friendly projects and preserve nature. This term is called Green Finance (Semenova et al. 2020).

G20 defines Green Finance as investment funding that benefits the environment, including reducing environmental pollution, maintaining the availability of depleting natural resources, and mitigating climate change. According to Wang & Zhi (2016), Green Finance is a form of concern for the financial sector, which seeks to connect the business and financial sectors while preserving nature. Green Finance is a forum for business and finance to increase concerns about environmental conditions. It is hoped that Green Finance can bring together consumers, producers, investors, creditors, and debtors who care about preserving nature. The emphasis of Green Finance is on the benefits to be achieved, namely, sustainability and ecological protection.

According to Owen et al. (2018), policies must support efforts to encourage Green Finance to contribute more to economic activities while preserving nature. The government's role is to create a financial ecosystem that can accommodate Green Financing by bringing together the demand side, namely from businesspeople, and the supply side, namely, the financial sector. In developing Green Finance, several instruments can be used to support environmental sustainability, such as grants, capital market instruments, placement of venture capital funds, banking loans, and crowdfunding funds. The empirical research by Secinaro et al. (2020) demonstrates the benefits of applying Green Finance. By implementing Green Finance, companies can reduce the impact of environmental risks on business activities, reduce production costs, and increase profitability.

From what has been explained about the concept of Green Finance, this concept does not contradict Islamic principles because many postulates in the al-Qur'an and al-Hadith of Prophet Muhammad SAW discuss the importance of man's position as a caliph on Earth to participate in preserving nature. Thus, if linked to Green Finance and Islamic finance, Islamic Green Finance can be interpreted as a form of Green Finance that does not conflict with Sharia regulations by utilising Islamic financial instruments to preserve nature.

DISCUSSION

Overview of Islamic Economics and Finance

Islamic Economics places the al-Qur'an and as-Sunnah as the main reference sources for humans in carrying out an economic activity where rational human reason is guided by revelation as the source of truth and is a distinguishing feature between Islamic economics and conventional economics (Kahn, 2012). Consequently, economic activities carried out by humans must not conflict with Sharia, including activities in managing and utilising the resources provided to humans by Allah SWT (Khan, 2013).

From the perspective of Islamic economics, Allah SWT owns resources that exist in the universe. Humans are parties that manage and utilise these resources to meet their needs. Equality

and justice are the key principles in allocating and distributing resources in Islamic economies (Julia et al. 2016). Furthermore, in Islamic economics, the economic activity carried out by humans is counted as a form of worship of Allah SWT, as stated in Az-Zariyat Verse 56 (Saad et al., 2014).

Islam opposes all forms of exploitation, both to fellow human beings and other living beings created by Allah SWT. Islam reminds every believer that there will be accountability in the hereafter for every deed, as the letter Al-Isra' verse 36 says. Thus, from an Islamic economics perspective, all forms of exploitation are despicable acts and serious and fundamental problems; thus, exploitation cannot be underestimated or ignored (Farooq, 2012). In the Islamic economic concept, the goal to be achieved is *falab* which can be interpreted as a principle where material achievement is in line with the achievement of spiritual values as a form of worship to Allah SWT (Abdullahi, 2018). The afterlife dimension is the next distinguishing feature between Islamic Economics and the concept of Conventional Economics, where economic activity is not only based on the fulfilment of worldly deity in pursuit of profit alone but also an interest in fulfilling life in the hereafter.

Islamic economics emphasises the importance of benefits (*maslahah*). This means that economic activities must benefit all the parties involved (Furqani, 2017). Benefits can be achieved by applying *maqashid Sharia* (Diab & Muhalling, 2018). According to Imam al-Ghazali, *maslahah* is intended to maintain the purpose of Sharia, consisting of protection in guarding religion (*hifdzul-din*), protecting guarding the soul (*hifdzun-nafs*), protecting guarding reason/mind (*hifdzul-aql*), protecting guarding offspring (*hifdzun-nasl*), and protecting guarding property (*hifdzul-maal*) (Herianingrum, 2014). One benefit is the effort to maintain the value of Sharia. Therefore, the construction of concepts in the Islamic Economy is realised to increase justice, reduce waste, improve welfare, reduce exploitation, increase equality and justice, and eliminate discrimination (Hassan, 2005).

Islamic finance is an integral part of the Islamic Economy, and cannot be separated as an inherent aspect. Therefore, applying for Sharia protection must be congruent with the Islamic economy's pillar, which consists of justice, balance, and benefit. The Sharia has provided guidelines for carrying out economic and financial practices that must be adhered to consisting of banning usury-based transactions, banning *gharar*, namely a form of uncertainty in contracts, banning *maysir* as a form of speculation, and prohibiting engaging in illicit activities, both production, distribution, and consumption (Franzoni & Allali, 2018).

Islam prohibits the imposition of interest in transactions and places profit-sharing as a substitute instrument under Sharia (Halim & Jaaman Sharman, 2013). Profit-sharing applications reflect the indigo of fairness and creation of cooperative relationships between financiers and

entrepreneurs. The profit-sharing interpretation is that profits and losses are borne together following the agreed ratio (Doktoralina & Nisha, 2019).

Preserving Nature from a Sharia Perspective

According to Saniotis (2012), there are three foundations of ecological ethics in Islam: tawhid (oneness), caliphate (leadership), and the afterlife (life after the world). The foundation of tawhid places Allah SWT as the creator of the universe with beauty, sufficiency, and harmony, as can be found in Surah Ibrahim verses 19-20, Al-Ahqaf Verse 3, and Al-Hijr verses 85-86. The caliphate's foundation places man as the leader or can also be regarded as the representative of Allah SWT on Earth, as in Sura Al-Baqarah verse 30, so Allah SWT warns man not to do damage on Earth as in Surah Al-A'raf verse 56. Therefore, the actions taken by humans are not only oriented toward what is happening. Preserving nature for the next generation is important.

Allah SWT created an ecology under both perfect and balanced conditions. Every element in the environment created by Allah SWT is integrated and plays an important role in maintaining balance, as in Surah Al-Mulk verse 3, Surah As-Sajdah verse 5-7, and Surah An-Naml verse 88 (Abedi-sarvestani & Shahvali, 2008). When reviewing from the side of *maqashid Sharia*, environmental preservation and protection are important elements in maintaining human life (Muhamad et al., 2020). According to Hope & Jones (2014), religious beliefs strongly influence the governance of individuals, groups, and societies. Empirical studies of the al-Qu'ran related to environmental topics can be categorised into seven themes, namely humans, water, air, soil, plants, animals, and other natural resources of the seven themes, many messages are conveyed to maintain, care for, and preserve nature (Helfaya, 2018).

Helfaya (2018) outlined the ecological aspect of human responsibility for preserving nature in Table 1 as follows:

Table 1. Al-Qur'an on Man, Ecology, and Nature Sustainability Responsibilities

Guard	Human Responsibility	Description in the Qur'an
Human	The prohibition of exploiting fellow human beings, provides protection to fellow human beings from harmful influences derived from external factors such as chemical products and waste.	Surah An-Nisa verse 29 Surah Al-Isra' verse 70
Water	Prohibition of polluting water or abusing it, carrying out wastewater treatment, and prohibition of overuse of water (redundant)	Surah Al-Mu'minun verse 18 Surah An-Naml verse 60
Air	Prohibitions on polluting the air, such as activities that emit large amounts of carbon dioxide (CO ₂) emissions.	Surah Ar-Rum verse 48 Surah Lukman verse 20

Soil	Prohibition of polluting the soil, such as excessive use of pesticides, non-biodegradable plastic waste, radioactive pollutants.	Surah Ar-Rum verse 41 Surah Al-Baqarah verse 27 Surah Al-Mu'minun verse 71 Surah Muhammad verse 22 Surah Al-Fajr verses 11-12
Plant	Prohibition to excessively damage and exploit vegetation.	Surah Qaf verse 7 Surah Ar-Rahman verses 11-12
Animal	Prohibition to torment, hurt and exploit animals. It is not justified to over-hunt.	Surah Al-Ma'idah verse 95
Natural resources	Protecting natural resources by not abusing them, such as overexploitation that causes pollution and imbalance effects.	Surah Az-Zariyat verse 49 Surah Al-Qamar verse 49

In addition to the Qur'an, Kula (2001) explains several hadiths related to efforts to maintain nature's classtarianism:

1. Guidance to moderately preserve water.

As narrated by Ibn Majjah, once Sa'ad (a bedouin) was in ablution and then reprimanded by the Messenger of Allah, water was not overused during ablution.

2. Guidance to maintain soil sustainability so that fertility and soil production are encouraged.

Ahmad said that if a Muslim can revive dead land, a reward is obtained for him because what he grows can provide a livelihood for other beings.

3. Guidance to protect, care for, and plant plants.

As narrated by Muslims, planting a plant not only to maintain and care for it, but it can also be intended as a form of almsgiving to other beings when the planted plants can provide a livelihood for other beings.

4. Guidance for treatment of animals

As narrated by Ibn Majjah, what humans do to animals will receive a reply from Allah SWT. If humans do gentle things to animals, then Allah SWT will treat humans as the same and vice versa.

Islamic Financial Instruments and Their Utilisation Opportunities in Preserving Nature

On Earth, man's position in Islam is seen as a caliphate or, in a broader sense, can be translated as a being whom Allah Almighty trusts as a representative in taking care of all his creations so that human life on Earth not only thinks of itself but must also be able to think of other living beings created by Allah SWT. This universe belongs to Allah SWT (Julia et al., 2016).

Therefore, it should be in economic and financial transactions carried out by Muslims to support the preservation of nature as a form of gratitude for what Allah Almighty had created.

From the Islamic view, *maqashid Sharia* is an instrument that can be used to achieve benefits in maintaining human life (Rohayana & Muhtarom, 2021). Therefore, Islamic financial institutions, as financial institutions closely related to Islamic moral and ethical values, must not be separated from Sharia *maqashid*, including in the development of Islamic financial products. Today, the issue of the importance of the sustainability of human life on Earth is gaining attention and is being promoted by a campaign known as the Sustainable Development Goals (SDGs). The campaign contained 17 goals for human life to be achieved by 2030, one of which concerns the problem of preserving nature (Asadikia et al., 2021).

It is hoped that the financial sector, especially Islamic finance, will contribute to the success of the campaign (UKIFC, 2020). The SDGs converge as a form of spelling of *maqashid Sharia*, meaning that the SDGs are in line with *maqashid Sharia*. Thus, the development of Islamic financial products carried out by Islamic financial institutions is not only fixated on Sharia rules, but also on the spirit of the Sharia goal itself through the development of products that are in line with Sharia *maqashid* to bring benefits (Sairally, 2015).

From an Islamic perspective, the environment is the key to human survival. Without an environment, the fulfilment of basic needs is impossible. Islamic finance can play an important role in financing green projects to guarantee environmental protection and promote sustainability in the future. Therefore, the implementation of sustainable development by Islamic financial institutions in the environmental sector will play a role in preserving nature and ensuring survival in the future (Al-Roubaie & Sarea, 2019).

Until now, Islamic finance literature that specifically examines green finance has been relatively limited. The discussion of Green Financing as part of the Green Economy associated with Sharia financing is still minimal (Julia & Kassim, 2019). The diversification of Islamic financial products that target the environmental segment is still in the development stage. In the Global Islamic Economy Report 2019/2020, Sukuk through green sukuk is currently more dominant as an Islamic financial instrument in realising green finance (Dinar Standard, 2019). According to Alam et al. (2016), Green Sukuk is a Sharia investment that can be used to fund environmentally friendly projects such as developing solar power plants, biogas plants, and wind power plants. Green Sukuk Bridge investments follow Sharia principles and efforts to protect the preservation of nature (Keshminder et al., 2021).

Indonesia was the first country to issue green Sukuk by the government, with a value of \$USD 1.25 billion and \$USD 750 million in 2018. These funds are used to maintain and improve

the environmental conditions and sustainability in Indonesia. In 2019, Majid Al-Futtaoin, a company engaged in building construction in the United Arab Emirates, issued Green Sukuk to develop renewable energy projects and environmentally friendly water management (Dinar Standard, 2019).

According to the World Bank, in 2017, Tadau Energy, a Malaysian company engaged in the energy sector, issued the world's first green Sukuk to provide space for investors interested in investing in financial instruments with the theme of socially responsible investing or socially responsible investment, followed by several other Malaysian companies issuing green Sukuk (World Bank, 2020), these issues are outlined in Table 2.

Table 2. Green Sukuk Publishing in Malaysia

Publisher	Program Budget (RM Million)	Issue Date	Issue Value (RM Million)	Publishing Purposes
Tadau Energy Sdn Bhd	250	27/07/2017	250	To finance a 50 megawatt (MW) solar power plant in Sabah.
Quantum Solar Park (Semenanjung) Sdn Bhd	1000	06/10/2017	1000	To finance three 50 MW solar power plants in Kedah, Melaka, and Terengganu.
PNB Merdeka Ventures Sdn Bhd	2000	29/12/2017	690	To fund the 83-storey office space, which is part of PNB 118's Merdeka tower project in Kuala Lumpur.
Sinar Kamiri Sdn Bhd	245	30/01/2018	245	To finance a 49 MW solar power plant in Perak.
UITM Solar Power Sdn Bhd	240	27/04/2018	222.3	To finance a 50 MW solar power plant in Pahang.

The issuance of green Sukuk in Malaysia is in demand by the renewable energy sector because this sector requires funding with a large investment value; therefore, investor participation determines the success of green Sukuk issuers in obtaining funding capital. Both government and private issuers can use green Sukuk to target potential investors from Southeast Asia and the Middle East, who care about Sharia principles in investing and are interested in investing in pro-environment investment instruments (Alam et al., 2016).

In addition to green sukuk as a financial investment instrument in the capital market, Islamic banking institutions also provide funds to support the preservation of nature with financing products that can be offered to the public. According to Ibrahim & Shirazi (2020), Islamic banking

has financing and investment instruments to support the preservation of nature, such as the application of environmentally friendly businesses, such as the application of a circular economy by applying distinctive contracts such as *mudharabah*, *musyarakah*, *ijarah*, and *murabahah*.

Julia & Kassim (2019) revealed that Islamic banking in Bangladesh performs better than conventional banking in supporting the preservation of nature. This is because Islamic banks can develop financing to support the sustainability of nature by encouraging businesses to be involved in renewable energy projects, clean water supply projects, wastewater treatment plants, solid and hazardous waste disposal plants, biogas plants, bio-fertiliser plants, and others.

Al Ansari & Alanzarouti (2020), provided examples of two Islamic banks currently expanding their business lines in the field of pro-nature sustainability, Bank Al-Baraka from Bahrain and Bank Islam Malaysia from Malaysia. Bank Al-Baraka has disbursed \$197 million in funding during the 2019-2020 period to support renewable energy and energy efficiency projects. Bank Islam Malaysia is expanding its green financing account by RM800 million in 2020. In addition, Bank Islam Malaysia will strive to increase its revenue contribution from the green financing segment to 20% by 2021.

The Islamic social finance sector cannot be ruled out as supporting nature preservation as a funding source. Even later, these instruments were combined to alleviate poverty by empowering the surrounding community. Explicitly, Islam is committed to empowering the community's economy. Zakat, Infaq, and Sadaqah instruments can empower a community's economy (Herianingrum & Shofawati, 2019). Combining funding sourced from Islamic social financial instruments as an instrument to preserve nature while empowering the community's economy in poverty alleviation is something that can be developed.

According to Ibrahim & Shirazi (2020), Waqf and Infaq can be used as environment-friendly economic activities to provide incubation, financing, and accelerator programs for startups engaged in a circular economy business line. To preserve nature in addition to utilising renewable energy as an energy source, companies can optimise company land that is no longer used to be represented so that it remains productive, for example, through re-promotion. In addition, waqf can be used by companies to improve the real economy of the community from land that is no longer used (Abdullahi, 2019).

Zakat, infaq, and alms can also function as instruments that empower the community to support the development of ecotourism around conservation areas. This is intended to build the economy and small businesses run by the surrounding community through ecotourism and to maintain biodiversity conservation areas. However, the need for infrastructure development in the field of conservation means that waqf can be used as a funding instrument (Oktaviani et al., 2018).

CONCLUSION

Environmental damage is a current global problem. Several studies have shown that economic development affects environmental conditions. Exploratory activities are accused of being the main factor causing environmental damage which results in the disruption of natural sustainability. Humans are a part of ecology. Thus, it is appropriate for humans to care about environmental issues. Islam describes a man's position on Earth as a caliph. This means that Allah SWT gives confidence to man as the representative of Allah SWT in taking care of all his creations. Thus, human life on Earth does not only think of itself but also of other living beings created by Allah SWT. The degradation of natural sustainability is evidence of an imbalance between economic activities and the environment. From the perspective of Islamic Economics, balance is one of the principles that must be fulfilled in every human economic activity. Islamic economics does not place human beings as absolute owners of natural resources. Allah SWT allows humans to manage and utilise natural resources while still focusing on the principle of balance.

The deteriorating environmental situation is a global phenomenon; therefore, it needs to be taken seriously by all parties. Preserving the environment is necessary, including economic activities that do not worsen the situation. Economic activities that are more environment-friendly are in line with the concept of Islamic economics that anything that is exploitative and pollutes the environment is not justified. Providing support for eco-friendly economic activities opens opportunities for the growth of new ecosystems, so that they can spur and stimulate the emergence of economic growth. We believe that the financial sector plays an important role in supporting the transition to environmentally friendly economic activities.

Islamic finance has participated in efforts to overcome environmental degradation and preserve nature, although this is still not massive. Islamic finance can contribute to preserving nature by providing financial services and access to environmentally friendly projects, such as the renewable energy sector, nature conservation, and waste management. For example, the emergence of Green Sukuk instruments in the capital market and green financing distributed by Islamic banks are manifestations of the Islamic financial instruments used to maintain environmental sustainability. With the trend that financial practices based on ethical awareness are receiving increasing attention and continuing to be voiced, upheld, and echoed, Islamic financial institutions should adapt to participate and be proactive in financial services that support environmental preservation to prevent further damage to the environment which is increasingly being degraded. Currently, the limitations of Islamic financial institutions engaging in environmental issue should be an opportunity that can be captured and utilise because there is still a financial gap in an effort to improve environmental conditions.

Collaboration between the government, regulators, and Islamic financial institutions is urgently needed to encourage public understanding of the importance of environmentally friendly financial transactions through public media channels through massive campaigns, promotions, and educational movements that are expected to encourage environmental demand when the supply of environmentally friendly financial products is readily available. In addition, all stakeholders in the financial sector also need to acquire literacy and an understanding of efforts to protect the environment so that it remains sustainable through activities such as capacity building, knowledge sharing, and training.

Thus, the development of Islamic financial products to preserve nature remains open. Existing instruments in the form of green Sukuk and green financing can be further developed. Islamic social financial instruments, such as zakat, infaq, waqf, and alms, can preserve nature while empowering the community's economy. There is still room for developing Islamic financial instruments to promote Green Finance, especially buzzing Islamic Green Finance that Islamic financial institutions provide to harmonise the balance between economic and environmental activities in line with *maqashid Sharia* as a goal to bring benefits.

The creativity and innovation of financial institutions in creating financial products that support environmental preservation efforts are urgently needed, especially with the variety of Islamic financial instruments that can be utilised, especially if they are able to combine commercial and social use to provide greater benefits. For this reason, it is appropriate that the development of Islamic financial research also begins to touch on attitudes towards deteriorating environmental conditions and efforts to improve existing conditions. Conceptual research can be conducted as an offer of ideas that may be applied before practical research accompanies it as input for better development.

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