

ISLAMIC ECONOMIC INTEGRATION : OPPORTUNITIES AND CHALLENGES IN ESTABLISHING A UNIFIED ISLAMIC ECONOMIC BLOC

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Abstract :

Islamic economic integration as an effort to build a coordinated and stable Islamic economic bloc. In the context of increasingly complex globalization, member countries have various opportunities to enhance cooperation in trade, investment, and human resource development. However, major challenges are also faced, including regulatory differences, political instability, and inadequate infrastructure. This study analyzes the possible benefits of Islamic economic integration, as well as increased competition and social justice, and identifies the strategic measures needed to overcome the obstacles. Through open dialog and cross-sectoral cooperation, countries in the Islamic economic bloc can create a solid foundation for inclusive and sustainable economic growth and contribute significantly to the global economy. This article also discusses the importance of education and training to increase the capacity of human resources in the field of Islamic economics. A focus on understanding Shariah principles and ethical business practices is key to encouraging the active participation of economic actors. In addition, this study highlights the need for harmonization of regulations and policies among member countries to create a more favorable business environment. Through close cooperation between Islamic financial institutions and government agencies. The government should optimize resource allocation and expand access to funding. The importance of building an international cooperation network to enhance the competitiveness of Islamic economic blocs in the global market. By combining strengths and resources, member countries can overcome challenges and take advantage of opportunities, so that the Islamic economic bloc can develop sustainably and provide more benefits to society.

Keywords : *Islamic Economy, Economic Bloc, and Integration*

INTRODUCTION

Islamic economic integration has become an increasingly important topic in the context of increasing globalization (Gani, A. A, 2022). Muslim-majority member countries have great potential to build a strong and stable economic bloc, which is not only able to improve the welfare of its population, but also strengthen its position on the global economic stage. In recent years, awareness of the importance of economic principles based on Islamic ethics and

values has increased. This rise has prompted discussions on how these countries can work together to face common challenges and capitalize on opportunities. The main challenges in building an Islamic economic bloc include regulatory differences, political uncertainty and limited existing infrastructure. Each member country has legal and political frameworks in some countries that can lower investor confidence and hamper economic growth (Addainuri, et.al, 2023). Therefore, a comprehensive approach is needed to address these challenges and create an enabling environment for Islamic trade and investment.

On the other hand, the opportunity to build an Islamic economic bloc is also enormous, especially with the increasing global demand for halal products and services. The presence of Islamic financial institutions is growing rapidly, offering an alternative to the conventional financial system and offering opportunities to increase cross-border investment (Sudarmanto, et.al, 2024). By capitalizing on their competitive advantages, such as abundant natural resources and young, dynamic populations, Islamic economic bloc countries can create an inclusive and sustainable economic ecosystem. In this context, this article aims to explore the opportunities and challenges associated with building an Islamic economic bloc as well as the strategies that can be implemented to create effective and mutually beneficial integration.

To achieve stronger economic integration, it is important to understand that cooperation between countries is not limited to economic aspects alone, but also includes social and cultural dimensions. Cooperation in education and human resource training is one of the main objectives. Member countries should invest in educational programs that are tailored to the principles of Islamic economics, as well as in the development of skills needed to face the challenges of the global market. By strengthening the capacity of qualified human resources, countries can create a competitive and self-reliant workforce, strong competition. In addition, the importance of policy and regulatory harmonization cannot be overlooked. Member countries should work together to harmonize legal and policy frameworks that support the growth of the Islamic economy.

This includes developing a transparent and accountable regulatory framework that can attract foreign investment and boost business confidence. By creating a favorable business environment, Islamic economic bloc countries can facilitate this process. With the growth of the Islamic finance sector and the encouragement of innovation in various areas of the market, the huge potential of the Islamic economic bloc must also be properly utilized. With a large population and a rapidly growing middle class, member countries have the opportunity to develop strong domestic markets. The development of halal industry, tourism and sharia-compliant products can be the engine of economic growth (Ahyani, H., et.al, 2023). Finally, to achieve the goal of sustainable Islamic economic integration, a strong political commitment from the country's leaders is required. Open and participatory dialogue among stakeholders, including governments, the private sector, and civil society, provides a solid

foundation for closer cooperation.

By utilizing the existing potential and overcoming the challenges faced, it is expected that the Islamic economic bloc can become an important force in Indonesia. In this context, a focus on building adequate infrastructure is also essential to support economic integration. Investments in transportation, energy and information technology infrastructure will facilitate the movement of goods and services, as well as improve operational efficiency among member countries. With good infrastructure, the Islamic economic bloc can increase its competitiveness in the international market and attract global investors. Also, cooperation in research and technological development is an equally important aspect. Countries in the Islamic economic bloc should unite to invest in innovation and technology that can support the growth of strategic sectors, such as agriculture, renewable energy, and creative industries. By sharing knowledge and resources, they can create more innovative and sustainable solutions to the challenges they face. Addressing global challenges such as climate change and economic crisis, Islamic economic integration also offers added value by promoting sustainability and social responsibility. Member states should promote business practices that reflect Islamic values, such as fairness, transparency, and social and environmental responsibility. By adopting a more sustainable approach, the Islamic economic bloc can set an example for other economic systems in the world.

This research shows that with strong commitment, a clear vision and close cooperation, Islamic economic bloc countries can overcome the challenges and capitalize on opportunities to create an inclusive and highly competitive economic system. In an increasingly connected world, Islamic economic integration is not only a strategic imperative, but also an opportunity to improve people's welfare and achieve broader sustainable development goals.

RESEARCH METHOD

This research utilizes a qualitative approach to explore the opportunities and challenges in building an integrated Islamic economic bloc. Data was collected through a comprehensive literature review, covering scholarly journals, books and digital articles relevant to the theme of Islamic economic integration. These sources were selected based on their credibility and relevance, with a focus on publications published in the last five years and books published in the last ten years.

The analysis process was conducted by identifying key themes that emerged from the reviewed literature including aspects of regulation, political stability, infrastructure, and market opportunities and innovation. Furthermore, the data collected will be analyzed descriptively to understand the context and dynamics affecting Islamic economic integration. By combining data from the literature and research, this study aims to provide a holistic picture of Islamic economic integration and recommend strategic measures to foster an effective and sustainable economic bloc.

FINDINGS AND DISCUSSION

Islamic Economic Integration

Islamic economic truth refers to the moral and ethical principles underlying the system in Islam, which seeks to achieve social welfare and economic prosperity. This theory emphasizes the need for openness, honesty, and responsibility in financial transactions, as well as avoiding actions that harm other parties, such as usury, gharar, and gambling. Islamic economics aims to build following these principles, it is a system that not only provides economic benefits, but also contributes to the development of a just and prosperous society (Wahyudi, A., & Rosyidah, E, 2024).

In this context, Islamic economic integration also includes efficient and sustainable resource management and pays attention to social and environmental conditions. This includes social and environmental responsibility, so that economic activity is not only focused on personal gain, but also social responsibility and environmental welfare. Therefore, the truth of Islamic economics is not only the basis for ethical business practices, but also a guide to creating an efficient and fair economic system (Hayati, N., & Yulianto, E, 2020).

Islamic economic truths encourage active participation of the community in economic activities by emphasizing the importance of zakat, shadaqah and waqf as a means of wealth distribution (Fadilah, N., & Zen, M, 2024). This principle shows that wealth does not belong to humans, but to individuals and there are also trusts that need to be managed for the welfare of society. Therefore, Islamic economic integration serves to reduce social differences and increase unity among community members.

Furthermore, in the Islamic economic system, monopoly and arrogance activities that lead to injustice are prohibited. This is in line with the principle of distributive justice that everyone deserves fair access to financial resources and opportunities. This concept is to create a healthy and sustainable business environment and encourage innovation and job creation.

The implementation of Islamic economic integration will also benefit the global economy. In an era of globalization, where economic interaction between countries is increasingly intense, Islamic economic principles can change economic patterns that cannot be ignored in moral and social aspects. For example, when investing, the right approach can reduce the risk of loss and increase the confidence of entrepreneurs, both local and international (Bayumi, M. R., et.al, 2022).

Therefore, the integration of Islamic economics is not only theoretical, but also has important practical implications for sustainable and inclusive economic development. By applying these principles, it is hoped that we will have a noble, just, and prosperous nation, where all people reside. This can help the current economic system and make it profitable.

Opportunities to Build an Islamic Bloc

Opportunities to build an Islamic economic bloc continue to emerge amidst the difficulties of the world economy. In recent years, there has been an

increasing awareness of the importance of economic programs based on Islamic principles and values not only in Islamic countries, but also in other parts of the world. The goal of Islamic economic associations is cooperation between countries in the fields of trade, investment, and human resource development. In accordance with sharia standards, this economic group will strive to create a better and more stable market by using the collective strength of its member countries. In addition, the increasing demand for halal products and services will provide more opportunities for the development of the Islamic economic sector and thus contribute to global economic growth.

In this context, it is important to have different strategies and methods that can be used to create a profitable Islamic economic group. These include infrastructure development, strengthening Islamic financial institutions, and human resource capacity building. Through an integrated approach, Islamic economic countries can support each other to achieve common goals such as improving social welfare and reducing economic disparities (Triani, et.al, 2020). The importance of creating this economic bloc can be seen from various studies. It shows that economic cooperation based on Islamic values can improve economic and social welfare and reduce the risk of financial crises. Therefore, the development of Islamic economic groups is not only natural, but also strategic in this world era.

The development of Islamic economic groups can utilize the potential of natural resources in many member countries (Firdaus, A, 2024). This material, if handled properly, can be used as an engine for sustainable economic growth. Cooperation in energy, agriculture, and technology can create synergies and encourage domestic innovation. In this regard, investment in research and development (R&D) is crucial. Countries in the Islamic economic group must work together to create new technologies that not only meet local needs, but are able to compete in the global market.

The challenges to the formation of an Islamic economic group cannot be ignored. Factors such as differences in laws, trade policies and the level of economic integration between countries are factors that need to be considered. Therefore, a strong political commitment from government leaders is needed to create a framework that supports integration and cooperation, through effective discussion and negotiation member countries can reach agreements on common interests and minimize conflicts of interest. In addition, the development of Islamic economic groups also needs to consider aspects of life and social responsibility. As the world pays increasing attention to environmental and social issues, the implementation of sustainable and responsible business practices is important for countries in this group. This includes the efficient use of resources, minimizing negative impacts on the environment and the development of social programs to support the community. Therefore, the Islamic economic bloc will not only be a platform for economic growth, but also a model for the application of the principles of life based on Islamic teachings.

As the project continues to build an Islamic economic community, the aspects of technology and digitalization must also be considered. In this digital

world, technological change is the key to increasing efficiency and effectiveness in this sector. The economic use of information technology, such as Islamic e-commerce and fintech, enables market access for small and medium enterprises (SMEs) in member countries. By managing e-commerce according to Islamic standards, the Islamic economic bloc can expand the range of products and services and increase competition in the global market (Hidayati, et.al, 2025). In addition, education that focuses on Islamic economics should focus on the core. Education strengthening human resources through appropriate training programs provides a sustainable competitive advantage (Hamid, A. M., & Rohmaningtyas, N, 2024). Countries in this group, which have skilled workers and know the principles of Islamic economics will be better able to renew and adapt to rapid market changes. Developing a curriculum that integrates Islamic values and modern business practices is a strategic way to build a strong foundation for future economic growth.

It is important to create linkages between Islamic financial institutions, through cooperation between Islamic banks and other financial institutions, Islamic economies can optimize resource allocation and improve access to financial resources for sectors in need, such as infrastructure and industrial development. It can also help build financial stability in the face of this economic crisis is the whole world.

The importance of economic integration among member countries cannot be ignored, harmonization of trade laws and policies will facilitate the flow of goods and services and increased investment across national borders (Lestari, et.al, 2024). By creating a clear and transparent framework, Islamic economic group countries can increase the attractiveness of foreign investment and strengthen their position in the world market. Finally, forming an Islamic economic group is not an easy task strengthening the economic position of member countries and contributing to social and political stability. This bloc will be able to reduce social problems and increase cohesion among local communities by creating jobs and improving people's quality of life. Therefore, this economic grouping needs to be built with a sense of social responsibility and commitment to achieving common goals. So give room for it to build an Islamic economic bloc because behind all that requires the role of cooperation and also hard work for one goal in building a sustainable economic bloc in the future and establishing sustainable principles, this economic bloc will play an important role in global economic growth and social welfare.

Challenges of Building an Islamic Economic Bloc

Building an Islamic economic bloc faces many complex challenges, one of the biggest of which is the differences in laws and economic policies between member countries. Each country has different legal and political frameworks regarding Islamic finance, taxation, and international trade. This can hinder inclusion and cooperation, so regulations need to be tightened to create a stronger environment. For business and investment political and economic instability in many member states is a major obstacle. Political instability can lead to sudden political changes and lower investor confidence. To increase

investment attractiveness, Islamic Economic Group countries should take steps to maintain policy stability.

Another challenge that is no less important is the lack of infrastructure in many countries in the Islamic economic group because they still have problems in several infrastructures, namely transportation, energy, and information technology (Wilestari, M., 2023). These restrictions hinder economic growth and reduce competition in international markets, investment in infrastructure is important to support better economic integration. In addition, the different levels of socioeconomic development among member countries will lead to different benefits accruing to the bloc. Economically, countries with developed economies may benefit more than countries with developing economies. Therefore, special attention should be paid to ensure that all member countries can benefit from this cooperation in a fair and sustainable manner. On the other hand, challenges related to knowledge and understanding of Islamic economics are also an obstacle. Many entrepreneurs and financial institutions are not clear on the principles of sharia and how it is applied in practice, hence education and training is needed to increase the capacity of workers in this field.

By overcoming these challenges, Islamic economies can create a stronger framework for bilateral cooperation and collaboration. In order to face these challenges, we need to think carefully about developing quality human resources. Countries in many Islamic economies should invest in education to improve the skills and knowledge of workers in Islamic economics. This includes an understanding of Shariah principles, but also financial and technical management skills, therefore qualified workers can contribute to the growth of the innovation economy in this sector.

Another overlooked challenge is the need to increase public awareness and understanding of the benefits of Islamic finance. Many people do not understand the concepts and practices of Islamic economics, which prevents them from adapting to the Islamic economic system. Therefore, public education and communication programs need to be carried out to increase public awareness of the benefits of an equitable economic system. And it is permanent. In addition, expanding access to Islamic financial institutions is a big challenge. In many countries access to Islamic finance is limited, especially in rural areas, therefore it is important to develop financial products and services according to the needs of local communities. Islamic financial institutions must be innovative in providing integrated services to serve all segments of society.

Rethinking the challenges of international cooperation in the international context Member States and international organizations should cooperate with non-Islamic countries to create broader business relationships. This includes cooperation with international financial institutions and participation in international economic conferences, which can strengthen the position of Islamic economic groups in the world (Hafid, N. S., 2025). Finally, it is important to construct interdependence among member states otherwise it

will lead to low economic access and also hinder cooperation and collaboration. Open and transparent communication between member states is essential to building effective relationships. Through cooperation and mutual trust, these challenges can be overcome and the Islamic community can be developed in a sustainable and inclusive manner.

To consider all these challenges, a strategic approach must be taken to create a strong and stable Islamic economic body. Member states must come together to formulate a common vision and mission that reflects their aspirations. This includes developing clear and structured action plans and setting performance indicators to assess progress.

Collaboration in research and development is key to meeting this challenge. Islamic economic bloc countries can undertake research partnerships that are created to discover new innovations in finance, technology and industry. By sharing knowledge and resources, they can create better solutions and adapt to global changes. In addition, it is important to create forums that include all stakeholders, including authorities, businesses, academia, and civil society. These forums can serve as a forum for sharing experiences, challenges and strategies in the development of Islamic economic groups and with the participation of all groups, the development process will be more inclusive and more responsive to the needs of society. Finally, an Islamic economic community that recognizes the challenges and is committed to working together, has great potential to make a significant contribution to the world's economic growth and social welfare. By strengthening international cooperation and resource utilization, member countries can create a fair, sustainable and highly competitive economic ecosystem. Therefore, although the challenges are great, they can be overcome with the right approach and cooperation so that the Islamic economic community can become a major force in an increasingly interconnected world economy.

CONCLUSION

In order to realize a unified and stable Islamic economic community, the challenges and opportunities that exist must be understood by all parties. Member countries have great potential to enhance cooperation in various fields, including trade, investment, and human resource development. But legal differences, political instability and limited infrastructure are obstacles that must be overcome through a combination of political and strategic investments. And strengthening education, in addition to promoting innovation and sustainability, enables the Islamic economy to create an integrated and highly competitive ecosystem.

Political commitment and effective communication between stakeholders are key to achieving effective integration, through such preventive measures, Islamic economics group countries can not only overcome the current challenges, but also have the opportunity to play a significant role in it. As global economic growth and social welfare increase with the global demand for Shariah-compliant products and services, Islamic economies can capitalize

on this opportunity to increase their competitiveness in the world market. Support the halal industry, halal tourism, and other sectors that are in line with Islamic values so that they can make a real contribution to the growth of the integrated economic bloc.

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