



A HOLISTIC APPROACH TO GREEN FINANCE WITHIN MAQASID AL-SHARIA

^{1,*} Mohammed Habibullah

¹ Institute of Islamic Banking and Finance, IIUM

*Corresponding author. E-mail: ihalalconf@gmail.com

ABSTRACT

This paper explores the integration of green finance principles within the framework of Maqasid Al-Sharia (the objectives of Islamic law). It presents a comprehensive approach to aligning environmental sustainability with Islamic ethical and legal principles. The study examines the five fundamental objectives of Sharia—preservation of religion, life, intellect, lineage, and wealth—and demonstrates their relevance to contemporary environmental and financial challenges. By analyzing these principles, the paper proposes a holistic framework for green finance that is both Sharia-compliant and environmentally responsible. Key areas of focus include natural resource management, climate change mitigation, renewable energy investment, sustainable agriculture, and eco-friendly business practices. The research argues that the Maqasid Al-Sharia provides a robust ethical foundation for developing innovative financial products and services that address environmental concerns while adhering to Islamic principles. This approach not only fulfills religious obligations but also contributes to global efforts in combating climate change and promoting sustainable development. The study concludes by emphasizing the need for further research and practical implementation of these concepts in the Islamic finance industry to create a more sustainable and ethically-driven economic system.

Keywords: *Maqasid Al-Sharia, Green Finance, Islamic Environmental Ethics, Sustainable Islamic Investments, Eco-Sharia Compliance*

Cite as: Habibullah, M. (2023). A Holistic Approach to Green Finance Within Maqasid Al-Sharia. *AL-MAQASID: The International Journal of Maqāsid Studies and Advanced Islamic Research*, 4(2), 42-45. <https://almaqasid.my/index.php/ojs/article/view/96>

Funding: *These authors have no support or funding to report*



Introduction

The concept of green finance has gained significant attention in recent years as a means to address environmental concerns within the financial sector. This paper seeks to explore how the principles of Maqasid Al-Sharia can be applied to create a holistic approach to green finance that is consistent with Islamic teachings and values.

Maqasid Al-Sharia and Its Relevance to Green Finance

Maqasid Al-Sharia comprises five fundamental principles derived from the Quran and Sunnah. These principles provide a framework for understanding the objectives of Islamic law and can be applied to contemporary issues such as environmental sustainability and finance.

Preservation of Religion (Hifz Al-Din)

The preservation of religion principle emphasizes the Islamic worldview that encourages reflection on the natural world. The Quran contains numerous verses urging believers to ponder the beauty and intricacy of creation, fostering a sense of environmental stewardship (Quran, 30:41). This principle can be interpreted as a divine mandate to protect and preserve the natural environment, thus supporting green finance initiatives. By aligning financial practices with this principle, Muslims can fulfill their religious duty while contributing to environmental conservation.

Preservation of Life (Hifz Al-Nafs)

Islam prohibits the taking of life and emphasizes the sanctity of human existence. This principle can be extended to environmental protection, as a healthy environment is crucial for sustaining human life. Green finance initiatives that promote clean air, water, and sustainable ecosystems directly contribute to the preservation of life. By investing in projects that enhance environmental quality, financial institutions can play a crucial role in safeguarding public health and well-being, aligning with this fundamental Maqasid.

Preservation of Intellect (Hifz Al-Aql)

The protection of rationality and mental health is a key objective of Sharia. A stable and healthy environment is essential for cognitive well-being. Green finance projects that reduce pollution and promote environmental health align with this principle by creating conditions conducive to mental and intellectual flourishing. Investments in education, research, and development of sustainable technologies can further support this Maqasid by enhancing human knowledge and capacity to address environmental challenges.



Preservation of Lineage (Hifz Al-Nasl)

This principle emphasizes the continuity of generations and the importance of leaving a sustainable world for future generations. Green finance initiatives that focus on long-term environmental sustainability and intergenerational equity are directly aligned with this Maqasid. By supporting projects that ensure the longevity of natural resources and ecosystems, financial institutions can help secure a viable environment for future generations, fulfilling the Islamic obligation to protect and nurture offspring.

Preservation of Wealth (Hifz Al-Mal)

Islamic teachings emphasize the protection and responsible use of wealth and resources. Green finance aligns with this principle by promoting the sustainable use of natural resources and encouraging investments that generate both economic and environmental returns. This approach ensures that wealth is not only preserved but also grown in a manner that benefits society and the environment. By channeling funds into sustainable projects, Islamic financial institutions can fulfill their role as stewards of wealth while contributing to the overall well-being of the planet.

Framework for Green Finance Based on Maqasid Al-Sharia

The paper proposes a framework for green finance that incorporates the principles of Maqasid Al-Sharia. This framework includes maintaining natural resources by emphasizing the responsible use and conservation of Allah's bounties. It also focuses on climate change and climate finance, recognizing the importance of protecting the Earth's climate system as part of preserving human life and well-being. The framework encourages funding for renewable energy, promoting investment in sustainable energy sources to protect the environment and ensure long-term resource availability. Supporting sustainable agriculture is another key component, promoting agricultural practices that are environmentally friendly and ensure food security for current and future generations. Lastly, the framework emphasizes the promotion of eco-friendly businesses, encouraging and supporting enterprises that operate in harmony with environmental principles.



Conclusion

The integration of Maqasid Al-Sharia principles into green finance offers a comprehensive approach to addressing environmental challenges while adhering to Islamic ethical standards. This holistic framework provides a foundation for developing financial products and services that not only comply with Sharia but also actively contribute to environmental sustainability. By aligning financial practices with the preservation of religion, life, intellect, lineage, and wealth, Islamic financial institutions can play a pivotal role in fostering a sustainable and ethically-driven economy. Further research and practical implementation of these principles in the Islamic finance industry could lead to innovative solutions that balance economic growth with environmental stewardship, ultimately fulfilling the divine mandate to act as responsible custodians of the Earth.

** Disclaimer: Facts and opinions in all articles published on Al-MAQASID Journal are solely the personal statements of respective authors. Authors are responsible for all contents in their article(s) including accuracy of the facts, statements, citing resources, and so on. Al-MAQASID Journal disclaims any liability of violations of other parties' rights, or any damage incurred as a consequence to use or apply any of the contents of this journal.*