

# Islamic Economics and Wealth Management from the Perspective of Prophetic Hadiths "An Applied Study on the Concepts of Asceticism and Generosity"

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## Abstract

This study aims to shed light on the concepts of asceticism and generosity as mentioned in the Noble Prophetic Hadiths and analyze their role in wealth management from the perspective of Islamic economics. The study provides an interpretation of Islamic concepts related to asceticism and generosity, clarifying how they can be applied in the contemporary context to achieve equitable wealth distribution and promote social justice. It adopts a descriptive-analytical methodology, analyzing religious texts and reviewing relevant Prophetic Hadiths to understand the positive impact of these concepts in achieving economic and social stability. The study also seeks to highlight the contribution of Islamic economics in addressing modern economic challenges by drawing inspiration from Islamic moral values in guiding wealth management.

**Keywords:** Islamic Economics, Wealth Management, Asceticism, Generosity, Prophetic Hadiths, Social Justice.

## Introduction

Praise be to Allah, Lord of all worlds, and may the best blessings and most complete peace be upon our master Muhammad, the leader of all creation, and upon those who follow him with righteousness until the Day of Judgment.

Islam does not merely organize spiritual life and acts of worship but encompasses all aspects of human life, including the economic dimension. This reflects a harmony between religion and worldly affairs. Islam provides comprehensive guidance aimed at achieving social and

economic justice, establishing the concept of "Islamic economics," which stems from Islamic beliefs and aligns with moral values that frame all economic activities in society. Thus, it goes beyond traditional economic laws, relying on divine principles that ensure fair wealth distribution and serve the interests of both individuals and communities.

The goal of Islamic economics is to prioritize the welfare of society over individual interests, demonstrating the deep connection between religion and economics. Economic matters are not confined to material aspects alone but extend to spiritual dimensions, considering work and wealth as means of drawing closer to Allah.

One of the fundamental principles of Islamic economics is that wealth does not belong to humans but is the property of Allah, who entrusts humans with it to earn and spend in ways that please Him. In this context, the Noble Prophetic Hadiths play a significant role in guiding individuals' attitudes toward wealth through the concepts of asceticism and generosity, which are integral to the philosophy of Islamic economics.

Through this study, we aim to explore the concepts of asceticism and generosity in the Prophetic Hadiths and analyse how they can be applied in wealth management in line with Islamic economics. The goal is to understand how these concepts guide individuals in their dealings with wealth and how they contribute to achieving economic justice, focusing on the role which Islamic economics can play in offering solutions to contemporary economic challenges.

### **The Concept of Islamic Economics**

#### *Definition of Islamic Economics*

The term "Islamic Economics" is composed of two words: the first, "Economics," derived from the ancient Greek word *OICONOMIA*, meaning "management and organization of household affairs"; the second, "Islamic," pertains to the noble religion of Islam.

Linguistically, it denotes moderation, balance, and uprightness (Jabal, 2010). Terminologically, it refers to a set of principles and foundations derived from the Holy Qur'an and the Noble Prophetic Sunnah, in addition to other sources of Islamic legislation, which are applied to establish an economic system based on these principles and implemented according to the prevailing circumstances and environment of each era.

#### *The Emergence of Islamic Economics*

From the early days of Islam, its teachings comprehensively addressed all aspects of human life, embodying the concept of "Islam as a religion and way of life." It does not focus solely on beliefs and acts of worship but also provides practical guidance for all areas of human activity (Dawaba, 2010). Islamic economics addresses societal economic issues within a framework of Prophetic laws applied in accordance with the circumstances of time and place (Al-Fanjari, 1994).

It is founded on the principle that wealth belongs to Allah and that humans are merely entrusted with it, bearing responsibility for how they earn and spend it, both in this world and the Hereafter. The Prophet (peace be upon him) said in a Hadith: " *Man's feet will not move on the Day of Resurrection before he is asked about his life, how did he consume it, his*

knowledge, what did he do with it, his wealth, how did he earn it and how did he dispose of it, and about his body, how did he wear it out." (Tirmidhi: 5197). This indicates that all economic activities must adhere to Shariah regulations, ensuring social and economic justice.

This principle was evident from the earliest periods when the Prophet (peace be upon him) established a marketplace in Medina and set rules to prevent fraud and usury while ensuring fairness. These principles continued to evolve and expand with the growth of the Islamic state. Over time, these concepts were further developed during various Islamic ruling periods. Recently, contemporary Islamic jurisprudential research has emerged to address the growing needs of commercial and financial transactions in ways that comply with Islamic law (Al-Fanjari, 1994).

### *The Fundamental Principles of Islamic Economics*

Islamic economics is based on three main principles that distinguish it from other economic systems:

1. **The Principle of Dual Ownership:**

Islamic economics acknowledges the principle of dual ownership, combining private ownership (individual) and public ownership (belonging to society or the state). It ensures an individual's right to own private property while also permitting public ownership for the benefit of the community. This differs from capitalism, which focuses solely on private ownership, and socialism, which emphasizes public ownership.

2. **The Principle of Economic Freedom**

Economic freedom is legitimate and permitted, allowing Muslims the freedom to own property, manage their personal assets, and engage in commercial and financial activities in accordance with Islamic law. This economic freedom contributes to societal welfare and serves as a means to achieve general prosperity.

3. **The Principle of Social Justice:**

Social justice in Islam is not abstract or absolute but is defined within a tangible social framework suited to reality, with clear boundaries linked to human rights and individual responsibilities toward society. Moreover, the state is considered responsible for managing financial resources as a trustee on behalf of the community.

Thus, Islamic economics differs from both capitalist and socialist systems by focusing on public welfare rather than prioritizing personal interests at the expense of society. While capitalism emphasizes economic freedom and free markets to generate wealth, and socialism seeks government intervention to achieve economic justice, Islamic economics represents a balanced model that integrates human and moral values with jurisprudential rulings.

### **General Characteristics of Islamic Economics**

Islamic economics has several defining characteristics, including:

1. **Stewardship (Istikhlaf)**

Humans are considered stewards of Allah on Earth, and wealth is not truly owned by individuals but is a trust from Allah. Humans must manage it in ways that please Allah and benefit society (Muhammad Ad-Dardari, 2016). As Allah says: ﴿آمَنُوا بِاللَّهِ وَرَسُولِهِ وَأَنْفِقُوا مِمَّا جَعَلَكُمْ مُسْتَخْلِفِينَ فِيهِ﴾ "Believe in Allah and His Messenger and spend of that whereof He has made you trustees" (Al-Hadid: 7).

## 2. Integration and Inclusiveness

Islamic economics is not isolated from religious, social, or political systems. It is tied to Islamic beliefs, affirming Allah as the ultimate sovereign. It is also linked to worship, such as zakat, which supports the poor, and to financial transactions that safeguard wealth through lawful means, connecting economic development to productive activities that benefit individuals and society (Nasser, 2011).

## 3. Connection to Moral Values

It is based on human ethical values, unlike capitalist or socialist systems that prioritize human needs regardless of moral considerations. Ethics are the foundation of Islamic economics, governing relationships between individuals and communities, ensuring social justice and balanced growth (Nasser, 2011).

## 4. Divine Foundation

Islamic economics is "divinely inspired," relying on revelation, unlike other systems based on human reasoning. The Qur'an and Sunnah are the primary sources of its legislation, establishing human rights and responsibilities in alignment with innate nature and sound reason (Ashour, 2016).

## 5. Dual Oversight

Islamic economics operates under dual oversight:

- *Human oversight*: State authorities supervise markets to prevent financial misconduct.
- *Self-oversight*: Individuals are encouraged to monitor their actions according to what pleases Allah. (Ahmed Ashour, 2016) The Prophet (peace be upon him) said: "*Whoever cheats is not one of us*" (Muslim: 102).

## 6. Universality

It is characterized by a universal nature, stemming from the comprehensiveness of the Islamic message, which is considered part of Islam's general methodology. Therefore, its scope cannot be confined to a specific environment, location, or group of people belonging to a particular religion, unlike the conventional economic system, which is tied to the environment and prevailing philosophy. (Ahmed Ashour, 2016). The Islamic Sharia was revealed for all humanity, as Allah says: "*O mankind, I am the Messenger of Allah to you all*" (Al-A'raf: 158). Hence, Islam introduced comprehensive rulings and general principles suitable for all times and places, combining constancy with flexibility and allowing room for *ijtihad* (independent reasoning) by scholars.

## 7. Justice

Justice and balance are fundamental to Islamic economics, benefiting Muslims and non-Muslims alike. It strives to achieve justice in economic development through mechanisms that prevent excess or deficiency. Examples include:

- **Income distribution**: Islam promotes economic growth to ensure a dignified life for individuals, fostering sustainable and inclusive economic development to address poverty and underdevelopment.
- **Social justice**: It aims for equal opportunities, reducing gaps between social classes, and improving the economic environment through productive investments or increased collective consumption, which boosts domestic production.

## The Concept of Wealth in Islam

### *Definition of Wealth*

In Islam, wealth is not limited to money and material possessions but also encompasses spiritual, intellectual, and scientific aspects. Islam regards wealth as a blessing from Allah that Muslims must manage responsibly and conscientiously in accordance with the principles of Shariah. Wealth is seen as a means to achieve lawful objectives, such as providing for one's family, showing kindness, and contributing to the sustainable development of society.

The Hadith, "Two blessings that many people are deceived about: health and free time" (narrated by Al-Bukhari), emphasizes the importance of utilizing material and temporal blessings properly to achieve righteous goals (Rafiq Al-Masri, 1999).

## Types of Wealth and Its Objectives in Islam

Wealth in Islam is categorized into several main types, both material and non-material, including (Yousri, 1999):

1. **Money:** Material wealth that can be invested to improve the lives of individuals and society, serving as a key tool for achieving economic and social development.
2. **Time:** One of the most valuable resources, which must be utilized in worship, good deeds, beneficial knowledge, and community service.
3. **Knowledge:** Among the greatest forms of wealth, as it is everlasting. The Qur'an and Sunnah emphasize seeking and developing knowledge to improve the conditions of individuals and society.
4. **Health:** A vital form of wealth that must be preserved to fulfill religious and worldly duties effectively.

The primary objectives Islam seeks to achieve through wealth management include (Khoja, 2013):

- a. **Spending in the Way of Allah:** Whether through zakat, charity, or support for charitable projects, this is considered one of the most important means of magnifying wealth in Islam.
- b. **Providing for oneself and family:** Meeting the needs of one's family is viewed as part of the individual's responsibility in managing their wealth.
- c. **Community Development:** Islam sees wealth as a means to improve the conditions of society by helping the needy, providing job opportunities, and contributing to the achievement of social justice.

## An Applied Study on the Concepts of Asceticism and Generosity

### Asceticism and Generosity in the Prophetic Hadith

#### *Concept of Asceticism (Zuhd)*

Asceticism in Islam is one of the key principles that forms part of the true character of a Muslim. It refers to renouncing the pleasures of the worldly life and focusing on what is with Allah. Zuhd emphasizes that the worldly life should be in the hands of the Muslim, not in their heart, and it serves as a means to help them fulfill their religious and worldly duties. Asceticism is a way of life that connects the Muslim to the hereafter, guiding their heart to prepare for eternal life, while teaching them how to avoid temptations that might divert them from the path of truth (Al-Jawziyyah, 2001).

Zuhd does not mean abandoning wealth or refraining from enjoying what is lawful, but rather it involves avoiding excessive attachment to the world and focusing on matters that will benefit the person in the afterlife. The Prophet Muhammad (peace be upon him) made the concept of asceticism clear and simple in many hadiths, such as: "Be in this world as though you are a stranger or a traveler" (Narrated by Al-Bukhari). This shows that a Muslim should live in this world as if they are a passing traveler, not excessively concerned with what they own or acquire, but always focused on the hereafter, remembering that they are merely passing through.

There are other prophetic sayings that highlight the value of asceticism in the life of a Muslim and guide them toward adhering to spiritual values. One such hadith narrated by At-Tirmidhi says: "Whoever wakes up and is preoccupied with the world, Allah will scatter their affairs, and place poverty before their eyes, and they will only get from this world what has been written for them." This shows that when a person's focus is entirely on the world, they will experience confusion and live in a state of constant anxiety, ultimately receiving only what has been decreed for them. The more a person's heart is fixated on the world, the more their worries multiply, leading to a turbulent life.

In another hadith narrated by Ibn Majah, the Prophet Muhammad (peace be upon him) said: "Renounce the world and Allah will love you, and renounce what people possess and people will love you." This indicates that asceticism also includes freeing oneself from greed for the wealth of others and from seeking to approach them for personal gain. When a Muslim practices asceticism and relies on Allah, they become beloved in the hearts of others because they see in them a model who does not compete for what others have, but seeks only goodness and righteousness (Ibn-Taymiyyah, 1997).

#### *Concept of Generosity (Karam)*

Generosity is the opposite of stinginess and miserliness; it involves showing kindness to others through giving. It is not limited to material giving but extends to kindness in actions, ethics, and offering help to others. The Prophet Muhammad (peace be upon him) was known for his generosity and selflessness in all aspects of his life. He would give everything in his power for the sake of Allah and to relieve the suffering of others, making him the best example to follow. Generosity is not merely an ethical behavior, but it is also a form of worship, as the Prophet Muhammad (peace be upon him) said: "I was only sent to perfect noble character" (Narrated by Ahmad). This hadith highlights generosity as one of the noble traits the Prophet was sent to complete, meaning that generosity is a pillar of Islam that a Muslim should embody in all their interactions with others (Al-Ghazali, 2005).

Many prophetic sayings encourage generosity and highlight its esteemed position in Islam, one of which is: "He who does not prefer others over himself, there is no good in him" (Narrated by Muslim). This encourages Muslims to practice selflessness and to prioritize the welfare of others over their own interests. Selflessness is when a person places the needs of others above their personal needs, making generosity not just material giving but a moral action that reflects the Muslim's ability to transcend selfishness.

Another famous hadith is: "The upper hand is better than the lower hand" (Narrated by Al-Bukhari). This implies that giving with the upper hand (the hand that gives) is better than

receiving with the lower hand (the hand that takes), showing the greatness of generosity in Islam. It encourages Muslims to be givers, not to wait for others to give to them.

Although asceticism (zuhd) and generosity (karam) might seem like separate topics, they are strongly connected in Islamic teachings. Both concepts revolve around the values of humility and attachment to Allah instead of the worldly life. Asceticism helps Muslims detach from material gains, while generosity encourages giving regardless of one's financial situation. In fact, asceticism is a source of generosity. A Muslim who practices asceticism does not have a heart preoccupied with wealth or status, but is focused on meeting the needs of others. Generosity, in turn, enhances asceticism, as the Muslim who honors others and shares with them the blessings Allah has provided, feels the pleasure of Allah, which increases their piety and brings them closer to the afterlife (Ar-Razi, 2003).

Through the prophetic sayings and Islamic jurisprudence, we find that Islam calls for detachment from excessive attachment to the worldly life and encourages limitless giving to others. These principles contribute to the creation of a cooperative, pure-hearted society that always strives to seek the pleasure of Allah.

### **Application of the Concepts of Asceticism and Generosity in Wealth Management**

*Balance between the World and the Hereafter:* Islam encourages achieving a balance between the worldly life and the hereafter, viewing money as a means to facilitate worldly life. A Muslim should strive to use their wealth to fulfill their worldly interests while keeping the goals of the afterlife in mind. A clear call for this balance is found in the verse: ﴿وَابْتَغِ فِيمَا آتَاكَ اللَّهُ الدَّارَ الْآخِرَةَ وَلَا تَنْسَ نَصِيبَكَ مِنَ الدُّنْيَا﴾ "And seek by means of what Allah has given you the home of the Hereafter, and do not forget your share of the worldly life" (Al-Qasas: 77)

This encourages Muslims to work towards success in this world while maintaining the ultimate goal of the hereafter. In other words, wealth should be used as a tool to increase one's piety and serve humanity, not as an end in itself.

Through this guidance, we see that asceticism does not mean poverty or abandoning the pursuit of God's provision, but rather it signifies a kind of balance. A Muslim avoids excessive attachment to material things that might distract them from the hereafter. Therefore, wealth management in Islam is not about accumulation and boasting, but about using it for purposes that bring one closer to Allah (Qahf, 1995).

*Halal and Haram:* One of the fundamental issues that Islam emphasizes when it comes to wealth management is distinguishing between what is halal (permissible) and what is haram (forbidden). A Muslim's commitment to acquiring wealth through lawful means contributes to purifying the soul and bringing blessings to their wealth. Halal money is seen as a means to the development of both the individual and the society, as it promotes justice and social balance. (Mohamed Jamal, 1989).

Allah says: ﴿يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ وَلَا تَقْتُلُوا أَنْفُسَكُمْ﴾ "O you who have believed, do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you [to] consume a portion of the wealth of the people in sin, while you know [it is unlawful]." (An-Nisa: 29). This verse warns Muslims against acquiring wealth through

unlawful means such as usury, fraud, and theft. The distinction between halal and haram puts the Muslim in a position of full awareness of the importance of wealth as a tool for personal and societal reform. Therefore, achieving lawful earnings is considered one of the noblest tasks that Muslims must adhere to in their daily lives, contributing significantly to building a balanced Islamic society.

*Spending in the Way of Allah:* This is one of the noblest ways of using wealth in Islam. Money is not only for personal enjoyment, but a tool for doing good and serving society. Allah says: "Indeed, those who spend their wealth in the way of Allah..." (Al-Baqarah: 261). Spending is not limited to jihad (struggle), but also includes supporting the needy, building educational institutions, and carrying out developmental projects.

Through this verse, we see how Islam encourages Muslims to use their wealth to improve and uplift society. Spending in the way of Allah purifies wealth, increases it, and contributes to reinforcing moral values in society, thereby creating a social welfare environment.

*Zakat and Charity:* Zakat is considered one of the foundations of social justice in Islam. It is not merely a religious ritual, but a means to distribute wealth fairly within society. Zakat helps reduce class disparities and improves the living standards of the most vulnerable groups. The obligation of zakat reflects Islam's vision of building a compassionate society, where wealth is distributed justly to strengthen the social fabric and give the poor and deprived a chance to live with dignity (Khalidi, 1988).

*Social Responsibility:* In Islam, social responsibility goes beyond merely paying zakat or charity; it involves a Muslim's commitment to directing their wealth toward projects that serve society and promote social justice. It also means participating in the welfare of others through economic initiatives that help eliminate poverty, provide education, and offer healthcare. Islam strengthens the concept of social responsibility as part of a culture of giving and charitable work, which leads to building a cohesive and supportive society.

From the above, it can be said that applying the concepts of asceticism (zuhd) and generosity (karam) in wealth management in Islam is not limited to the individual level, but extends to encompass the entire community. By achieving a balance between this world and the hereafter, distinguishing between what is lawful and unlawful, spending in the way of Allah, paying zakat and charity, and fulfilling social responsibility, a Muslim can achieve sustainable development that contributes to the advancement and development of society.

## **Conclusion**

In conclusion, it is evident from this study that Islamic economics is not merely a theoretical framework addressing matters of wealth and economy, but a comprehensive system that encourages the prudent use of resources and promotes ethical and humanitarian values. Through the concepts of asceticism (zuhd) and generosity (karam), Islam emphasizes a balance between fulfilling worldly desires and focusing on the hereafter. Through asceticism, Islam urges individuals to devote themselves to worship and avoid excessive attachment to worldly matters, which contributes to the purification of the heart and the achievement of tranquility. On the other hand, generosity reflects the value of giving and contributing to the elevation of society by sharing and developing communal wealth.



The Hadiths of the Prophet Muhammad provide numerous guidelines for managing wealth in ways that align with Islamic principles, such as spending in the way of Allah, paying zakat, and assisting in improving the condition of the poor and needy. These directives significantly contribute to achieving social justice and equality within society, thereby enhancing social solidarity and sustainable development.

Therefore, applying these principles in practical life will contribute to building a balanced society where religious and worldly matters harmonize, enabling individuals to reconcile their pursuit of livelihood with their concern for the afterlife. In this regard, Islamic economics, in its management of wealth, stands out as a refined human choice that addresses contemporary challenges and strengthens society's ability to confront economic and social difficulties with a spirit of cooperation and justice.

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