

The Qur'anic Concept of Charity an Approach to Resolve Contemporary Economic Challenges

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Abstract:

The practice of usury (riba) has become an integral component of contemporary economic systems across secular, liberal, and religious societies. Although widely accepted as a financial mechanism, usury often promotes unjust and exploitative relations that disproportionately burden poor, marginalized, and financially vulnerable individuals. Interest-based economic practices encourage wealth concentration, excessive profit-seeking, and social inequality while weakening ethical responsibility and communal welfare. Existing legal and regulatory frameworks have proven insufficient in eliminating exploitative financial practices disguised as legitimate economic activities. This study examines the Qur'anic concept of charity as an alternative economic approach grounded in justice, compassion, and social responsibility. Using the perspective of Critical Realism, the paper argues that charity functions not merely as an act of personal generosity but as a transformative socio-economic mechanism capable of addressing structural inequality and reducing dependency on exploitative financial systems. The Qur'anic model emphasizes equitable wealth distribution, protection of vulnerable groups, and the promotion of mutual trust and collective wellbeing. The study further contrasts the ethical foundations of capitalism, socialism, and the Qur'anic economic framework. While capitalism prioritizes freedom and profit maximization, and socialism emphasizes equality, the Qur'anic Deen places justice as the central principle governing economic and social relations. The findings suggest that Qur'anic charity provides a humane and universally applicable model for promoting economic justice, reducing inequality, strengthening social solidarity, and fostering sustainable societal prosperity.

Keywords: Welfare Economy; Economic Justice; Riba; Trading; Islamic Economic System

Introduction

Contemporary global economic systems continue to face persistent structural crises manifested through widening income inequality, predatory financial practices, debt dependency, and the

concentration of wealth within small segments of society. Modern capitalism, while successful in accelerating industrial growth and technological advancement, has simultaneously intensified socio-economic disparities through interest-based financial mechanisms and speculative accumulation of capital. Scholars such as Karl Marx, Max Weber, and Thomas Piketty have demonstrated how economic structures frequently reproduce domination and inequality through institutionalized financial systems (Marx, 1867/1990; Piketty, 2014; Weber, 1905/2002). Within the framework of Critical Realism, these observable crises are not treated merely as empirical events, but as manifestations of deeper generative mechanisms embedded within socio-economic structures. The dominance of interest-based finance (riba/usury), excessive profit maximization, and exploitative lending practices therefore represent underlying causal powers that shape unequal social realities. Consequently, contemporary economic challenges require not only policy reforms but also deeper ethical and ontological reconsiderations regarding the nature and purpose of economic activity itself.

The Qur'anic worldview offers an alternative civilizational framework grounded in justice, compassion, and ethical economic relations rather than unrestricted accumulation of wealth. Unlike modern secular economic systems that often separate morality from market operations, the Qur'anic Deen integrates spiritual, ethical, social, and economic dimensions into a unified structure of virtuous living. According to *The Reconstruction of Religious Thought in Islam* by Muhammad Iqbal and the writings of Syed Muhammad Naquib al-Attas, Islam conceptualizes economic activity not merely as material exchange but as a moral responsibility linked to human stewardship (khilafah) and accountability before God (Al-Attas, 1978; Iqbal, 1930/2013). Within this perspective, trade is permitted because it fulfills genuine human needs and contributes to social prosperity, whereas usury is condemned because it institutionalizes exploitation and transfers wealth unjustly from vulnerable groups to financially dominant actors. The Qur'anic prohibition of riba and promotion of charity therefore represent not isolated legal injunctions, but part of a broader ontological and ethical system intended to preserve social equilibrium, human dignity, and distributive justice.

From a critical realist perspective, charity in the Qur'an can

be understood as a transformative social mechanism possessing causal efficacy beyond its immediate observable effects. Thinkers such as Roy Bhaskar emphasize that social reality consists of layered structures in which invisible mechanisms generate empirical outcomes (Bhaskar, 1978). In this context, charity (*sadaqah*, *zakat*, and voluntary spending) operates not only as individual moral conduct but also as a structural corrective mechanism against economic injustice produced by exploitative financial systems. The Qur'anic model of charity addresses both material deprivation and social fragmentation by redistributing resources, strengthening communal solidarity, and reducing dependency upon interest-based lending institutions. Unlike usury, which accumulates wealth through passive capital ownership insulated from market risk, charity circulates wealth toward productive and humane purposes. This creates what critical realism identifies as emancipatory potential, where social structures can be transformed through ethical agency and value-oriented practices. Hence, Qur'anic charity may be interpreted as an alternative socio-economic mechanism capable of counteracting the generative structures of inequality embedded within contemporary financial capitalism.

Furthermore, the distinction between trading, usury, and charity in the Qur'an reflects a sophisticated economic philosophy that differentiates productive economic exchange from exploitative financial accumulation. Trade contributes directly to real economic activity because it involves goods and services possessing intrinsic utility and tangible contribution to societal welfare. By contrast, usury-based finance often generates wealth detached from productive economic value, enabling accumulation without proportional contribution to social prosperity. Scholars such as M. Umer Chapra and Seyyed Hossein Nasr argue that Islamic economics fundamentally seeks balance between material development and moral responsibility (Chapra, 2000; Nasr, 1991). The Qur'anic encouragement of charity extends this balance further by promoting compassion, mutual care, and equitable distribution of wealth across society. In critical realist terms, such practices reshape social relations and institutional behaviour through normative mechanisms that influence both individual agency and collective structures. Therefore, the Qur'anic concept of charity should not be reduced merely to philanthropy, but understood as a comprehensive

socio-economic approach capable of addressing contemporary crises of inequality, exploitation, and moral disintegration.

This study therefore examines the Qur'anic concept of charity as an alternative approach for resolving contemporary economic challenges through the analytical lens of critical realism. Rather than treating charity solely as theological doctrine or devotional practice, the research investigates its deeper structural and causal implications within economic life. The study particularly explores how Qur'anic charity functions as a mechanism for promoting justice, reducing exploitative dependence on usury, encouraging productive circulation of wealth, and strengthening communal welfare. By comparing the characteristics of trading, usury, and charity, the article seeks to uncover the ontological assumptions underlying each economic model and evaluate their respective impacts on social wellbeing. In doing so, the paper contributes to broader discussions within Islamic Economics and Critical Realism by demonstrating how ethical-religious principles may function as real causal mechanisms capable of transforming unjust economic structures and promoting a more humane and equitable society.

Discussion

The Qur'anic Economic Framework between Trading, Usury, and Charity

The Qur'anic Deen represents a comprehensive framework of virtuous living that governs not only spiritual obligations but also economic, social, political, and moral behaviour. Within the Qur'anic worldview, economic transactions are inseparable from ethical responsibility and accountability before God Almighty. Every form of interaction, including communication, trade, finance, and social relations, is expected to operate under the principles of justice ('adl), fairness, compassion, and collective welfare. Unlike contemporary economic systems that frequently separate morality from market mechanisms, the Qur'anic economic framework integrates material prosperity with ethical and spiritual objectives. In this regard, economic activity is not perceived merely as a process of wealth accumulation, but as a moral instrument intended to preserve social balance, human dignity, and communal wellbeing. Such a perspective resonates with normative economic discussions concerning distributive justice, morality, and welfare economics as

discussed by Hausman and McPherson (2005), Fleurbaey (2008), and Lamont (2007), who emphasize that economic systems cannot be detached from ethical evaluation and social consequences.

Modern economic transactions may broadly be divided into two dominant categories. The first concerns trading activities involving the exchange of goods and services, while the second relates to financial activities based upon lending and borrowing money capital through interest-bearing mechanisms. Trade contributes directly toward economic production, employment generation, and circulation of wealth because goods and services possess intrinsic utility capable of satisfying human needs. By contrast, interest-based finance frequently generates wealth through debt accumulation rather than through productive economic contribution. The Qur'an therefore distinguishes between lawful trade and exploitative usury (*riba*), permitting the former while condemning the latter. This distinction reflects a deeper economic philosophy that differentiates productive economic exchange from financial accumulation detached from social utility. Roubini and Backus (1998) argue that productive economic growth fundamentally depends upon real-sector productivity and efficient allocation of resources rather than speculative financial expansion alone. Similarly, Wells (1890) explains that sustainable prosperity emerges from productive economic transformation and equitable wealth distribution rather than concentration of financial power among a small elite.

Usury (*riba*) occupies a central position in the Qur'anic critique of economic injustice. Linguistically, *riba* refers to increase, excess, or addition imposed over the principal amount of a loan. In economic practice, it represents predetermined financial gain charged upon borrowers as a condition for lending money. Such arrangements create exploitative relationships because lenders continue accumulating wealth irrespective of the borrower's economic circumstances or productive outcomes. The lender remains insulated from business losses, market fluctuations, and economic risks while borrowers bear the full burden of repayment obligations. From a critical realist perspective, the observable realities of poverty, indebtedness, and widening inequality are not accidental events but outcomes generated by deeper structural mechanisms embedded within interest-based financial systems.

Page (1985) argues that interest-bearing lending historically evolved into mechanisms capable of perpetuating social dependency and economic domination, particularly among vulnerable populations lacking financial protection. Likewise, Elliot (1902) emphasizes that usury creates unjust wealth transfer from economically weak groups toward financially dominant individuals and institutions.

The exploitative nature of usury becomes increasingly visible in contemporary financial capitalism where debt dependency permeates households, corporations, and governments. Modern financial institutions normalize interest-bearing debt as an essential component of economic growth, consumption, and investment. However, excessive dependence on debt financing often results in wealth concentration, financial instability, and recurring economic crises. Criminal and predatory lending practices further intensify the vulnerability of marginalized groups unable to access equitable financial opportunities. Legal frameworks such as the Criminal Interest Rate provisions under the Canadian Criminal Code demonstrate that even secular legal systems recognize the destructive consequences of excessive interest rates and exploitative lending practices. Nevertheless, despite regulations and statutory controls, exploitative debt structures continue to flourish under institutional legitimacy. This supports the Qur'anic critique that usury inherently promotes injustice because it transforms human financial vulnerability into opportunities for unlimited wealth accumulation.

The Qur'anic condemnation of *riba* is therefore not limited to theological prohibition but extends toward broader socio-economic concerns involving exploitation, greed, and concentration of wealth. Martin Luther (1524/1897), in his critique of trade and usury, similarly condemned excessive interest-taking practices because they weakened social morality and encouraged unjust enrichment through exploitation of the poor. The Oxford English Dictionary (2012) defines usury as the practice of lending money at unreasonably high rates of interest, reflecting longstanding ethical concerns surrounding exploitative finance across religious and philosophical traditions. Peter Russell further argues that usury functions as a destructive economic force because it encourages accumulation of wealth without proportional productive contribution to society. Such critiques remain relevant within

contemporary economies where speculative finance frequently dominates productive sectors such as manufacturing, agriculture, and community-based enterprises.

In contrast, trading activities involving goods and services are recognized by the Qur’an as legitimate and socially productive economic practices. Goods and services possess real utility because they directly fulfill human needs and contribute positively toward societal welfare. Trade stimulates production, creates employment opportunities, strengthens markets, and increases economic circulation within society. Unlike usury, lawful trade requires participation in productive activities, exposure to market risks, and engagement with real economic conditions. Profit generated through trade is considered legitimate because it emerges from productive contribution, entrepreneurial effort, and market participation rather than from passive ownership of money capital alone. Barro (1996) identifies productive investment, entrepreneurship, and institutional efficiency as major determinants of sustainable economic growth. Similarly, Julian Simon (1981) argues that human creativity, innovation, and productive enterprise represent the true foundations of economic prosperity rather than mere accumulation of financial assets.

The following table summarizes the comparative distinctions between trading, usury, and charity within the Qur’anic economic framework:

Table 1. Comparative Analysis of Trading, Usury, and Charity in the Qur’anic Economic Framework

NO	PARAMETER	TRADING	USURY	CHARITY
1	Item Broad Category	Tradable Commodities [2:275]	Non-tradable Commodities [2:275]	Tradable and Non-tradable Commodities [14:31]
2	Item Class	Consumer Goods & Services [2:275]	Finance i.e. Money [2:275]	Both [Goods & Services and Finance] [2:280]

3	Scope	Restricted to Business Transaction of Non-financial Items [Trading Activity] [2:275]	Restricted to transaction of Financial Services [Lending of Loans/Debt extended as source to Funding] [2:275]	Unrestricted. Applicable to both class of items [35:29], [32:16], [14:31]
4	Operation Mode	Sales and Purchasing	Money Lending	Giving Freely with no repayment [30:39], [73:20], [64:16]
5	Parties involved	Supplier and Consumer	Lender and Borrower	Giver and Receiver
6	Ultimate Beneficiary	Both Supplier & Consumer	Lender	Receiver [2:273]
7	Gross Domestic Product (GDP)	Direct contribution to GDP	No direct contribution to GDP	Indirect contribution through welfare enhancement
8	Description	Fulfillment of economic needs and lawful profit-making	Fulfillment of financial needs through exploitative lending	Fulfillment of financial and non-financial needs altruistically
9	Rationale behind	Reasonable Profit Making	Excessive Exploitation	Seeking Pleasure of God Almighty
10	Business Operator	Profit-oriented traders	Profit-oriented lenders	Non-profit humanitarian actors
11	Profit Source	Price of Goods & Services	Interest charged on debt	No Profit

12	Factor Affecting Profit	Market mechanisms and pricing systems	Interest rate determination	No Profit
13	Profit Protection	Subject to market risks	Immune from market uncertainties	No Profit
14	State Control	Highly regulated	Partially regulated	Generally free from taxation
15	Qur’anic Status	Approved [2:275]	Forbidden [2:276], [4:164], [3:130]	Encouraged and Promoted [2:276]

The table demonstrates that the Qur’anic economic framework differentiates clearly between productive and exploitative economic practices. Trading and charity are approved because both contribute positively toward social welfare, economic circulation, and communal wellbeing. Usury, however, is condemned because it enables wealth accumulation without proportional productive contribution while simultaneously exploiting financially vulnerable groups. The distinction also reveals that charity occupies a unique position within the Qur’anic economic order because it transcends both commercial profit-making and exploitative financial relations. Charity addresses both financial and non-financial needs through voluntary support motivated by compassion, justice, and spiritual accountability rather than material gain.

The Qur’anic concept of charity therefore functions as a transformative mechanism for achieving economic justice and social solidarity. Charity encompasses both goods and services as well as financial assistance provided without expectation of repayment or profit. Unlike usury, which concentrates wealth among economically dominant groups, charity redistributes resources toward poor, marginalized, neglected, and vulnerable communities. It creates an environment of compassion, mutual trust, kinship, and collective wellbeing. The Oxford Handbook of the Welfare State (Castles et al., 2010) explains that welfare-oriented redistribution mechanisms are essential for preserving social stability and reducing inequality within modern societies. The Qur’anic model of charity similarly promotes equitable wealth circulation and social protection through

zakat, sadaqah, and voluntary assistance.

Beyond its immediate economic impact, charity also contributes toward human development by enabling access to food, healthcare, education, shelter, and economic opportunities for disadvantaged populations. In many societies, charitable institutions historically played significant roles in supporting public welfare, social infrastructure, and community resilience. The Qur'anic model of charity therefore extends beyond individual acts of generosity and operates as a broader social institution capable of empowering communities and enhancing collective prosperity. This perspective challenges contemporary assumptions that social welfare should depend exclusively upon state intervention or market efficiency. Instead, the Qur'anic approach emphasizes shared moral responsibility among members of society for protecting vulnerable groups and preserving social balance.

From a critical realist perspective, charity operates as an emancipatory causal mechanism capable of transforming unjust economic structures. It not only alleviates immediate poverty but also reshapes social relations, behavioural norms, and institutional ethics. Charity promotes empathy, solidarity, cooperation, and trust while weakening structural tendencies toward greed, individualism, and excessive materialism. In this sense, charitable practices generate social effects extending far beyond material redistribution. They influence collective consciousness, strengthen communal identity, and foster ethical economic behaviour rooted in responsibility rather than self-interest alone. Phillipe Mongin (2000) argues that normative economics must address moral consequences of economic arrangements rather than focusing exclusively upon efficiency and utility maximization. Similarly, Le Grand (1991) emphasizes that economic justice requires balancing individual incentives with equitable social outcomes. The Qur'anic emphasis on charity reflects this balance by integrating economic productivity with ethical obligations toward society.

The Qur'anic framework therefore offers an alternative economic vision capable of addressing contemporary crises of inequality, exploitation, and social fragmentation. While capitalism often prioritizes unrestricted market freedom and socialism emphasizes equality, the Qur'anic Deen establishes justice as the

central ethical principle governing economic life. Justice in this context involves ethical trade, prohibition of exploitation, equitable wealth distribution, and protection of vulnerable groups from economic oppression. Consequently, the Qur'anic approach to charity should not be viewed merely as spiritual philanthropy, but as a comprehensive socio-economic mechanism for promoting sustainable development, human dignity, and collective prosperity.

Charity as a Humane Approach to Promote Economic Justice

The persistence of usury (*riba*) within contemporary economic systems demonstrates the structural dominance of interest-based financial relations in both developed and developing societies. Modern economies whether capitalist, socialist, secular, liberal, or religiously influenced continue to rely heavily upon debt-based financial mechanisms as instruments for investment, consumption, and economic expansion. Despite numerous legal frameworks designed to regulate excessive lending practices, exploitative financial arrangements continue to flourish under institutional legitimacy. Interest-bearing finance often functions as a mechanism for transferring wealth from economically vulnerable populations toward financially dominant institutions and individuals. From a critical realist perspective, such inequalities are not isolated incidents but manifestations of deeper structural mechanisms embedded within modern economic systems. The visible realities of poverty, indebtedness, and social exclusion are therefore generated by underlying institutional arrangements that normalize unequal financial relations and legitimize accumulation of wealth without proportional productive contribution (Page, 1985; Elliot, 1902).

The Qur'anic critique of usury extends beyond theological prohibition and addresses broader socio-economic consequences arising from exploitative financial systems. Interest-based lending encourages hoarding of wealth, concentration of economic power, and commodification of human vulnerability. Individuals experiencing economic distress frequently become dependent upon loans merely to satisfy basic necessities such as healthcare, food, education, shelter, or survival during emergencies. The lender, however, remains protected from economic risks while continuously

accumulating additional wealth through interest repayments. Such arrangements deepen social inequalities and intensify economic marginalization among vulnerable populations including the poor, elderly individuals, physically challenged persons, and socially disadvantaged communities. Martin Luther (1897), in his critique of usury, similarly argued that excessive interest-taking weakens social morality and transforms economic relationships into instruments of exploitation rather than mutual welfare. Likewise, the Oxford English Dictionary (2012) identifies usury as lending money at unreasonably high rates of interest, emphasizing the exploitative character historically associated with such practices.

Within this context, the Qur'anic concept of charity emerges as an alternative moral and socio-economic framework intended to restore justice, balance, and compassion within society. Charity in the Qur'anic worldview is not limited merely to voluntary generosity or personal spirituality; rather, it represents a systemic ethical mechanism designed to prevent exploitation, protect vulnerable populations, and promote equitable distribution of wealth. The Qur'anic model of charity encompasses zakat, sadaqah, financial assistance, provision of goods and services, debt relief, and broader forms of social support aimed at preserving human dignity and communal welfare. Unlike usury, which extracts wealth from those in need, charity redistributes wealth toward marginalized groups without expectation of repayment or material gain. Consequently, charity operates not only as an economic instrument but also as a moral institution capable of strengthening social solidarity and reducing structural inequality.

The Qur'anic approach to charity further differs fundamentally from dominant economic ideologies such as capitalism and socialism. Capitalism generally prioritizes individual freedom, private ownership, and unrestricted market competition as supreme economic values. While such systems encourage innovation and productivity, they frequently result in concentration of wealth, commodification of social relations, and widening inequalities between economic classes. Socialism, by contrast, emphasizes equality and collective welfare but may limit economic flexibility and individual initiative. The Qur'anic Deen neither absolutizes freedom nor equality as the ultimate ethical

objective. Instead, it establishes justice (*`adl*) as the foundational principle governing all economic, political, and social relations. Justice within the Qur'anic framework requires balance between individual rights and collective welfare, productive enterprise and social responsibility, as well as economic freedom and moral accountability. Fleurbaey (2008) and Lamont (2007) similarly argue that distributive justice must address fairness of outcomes and ethical obligations within economic arrangements rather than focusing solely upon efficiency or liberty.

The humane dimension of charity becomes especially significant when viewed through the lens of social welfare and human development. Charity directly contributes toward fulfillment of basic human needs including food security, healthcare access, education, shelter, and economic empowerment for disadvantaged populations. Historically, charitable institutions within Islamic civilization played substantial roles in supporting public welfare, social infrastructure, orphan care, educational institutions, and healthcare services. Such practices demonstrate that charity functions not merely as temporary relief but as a long-term mechanism for strengthening community resilience and societal stability. Castles et al. (2010), in *The Oxford Handbook of the Welfare State*, explain that welfare-oriented redistribution systems are essential for maintaining social cohesion and reducing inequality within modern societies. Similarly, the Qur'anic framework promotes redistribution of wealth not through coercive class conflict but through moral obligation, spiritual consciousness, and communal responsibility.

From a critical realist perspective, charity can be understood as an emancipatory causal mechanism capable of transforming unjust social structures. Critical realism emphasizes that observable social realities emerge from deeper generative mechanisms operating within institutions, cultures, and economic systems. Within this framework, charity challenges structural tendencies toward greed, excessive individualism, and accumulation of wealth among elites. By encouraging altruism, compassion, and redistribution, charity reshapes social relations and influences collective moral consciousness. It creates conditions for trust, cooperation, empathy, and mutual care within society. Such ethical

transformation cannot be adequately explained solely through positivist economic models because its effects extend beyond measurable financial outcomes toward broader cultural and social dimensions. Mongin (2000) argues that normative economics must account for moral consequences of economic arrangements, while Le Grand (1991) emphasizes that economic justice requires balancing market incentives with social equity. The Qur'anic emphasis on charity reflects this balance by integrating economic activity with moral and humanitarian obligations.

Moreover, charity within the Qur'anic framework serves as a preventive mechanism against social fragmentation and economic instability. Societies characterized by extreme wealth inequality frequently experience rising social tensions, distrust, crime, political instability, and weakening communal solidarity. Excessive concentration of wealth undermines collective wellbeing because economic prosperity becomes disconnected from social justice. Charity contributes toward equitable circulation of wealth and prevents accumulation of resources exclusively among economically privileged groups. Julian Simon (1981) argues that human welfare and societal prosperity depend fundamentally upon human cooperation, creativity, and social organization rather than accumulation of material wealth alone. In this regard, charity strengthens social harmony by fostering collective responsibility and reducing antagonism between economic classes.

The Qur'anic model of charity also possesses universal relevance beyond specific religious or cultural contexts. Although rooted within Islamic ethical teachings, its principles of justice, compassion, redistribution, and protection of vulnerable populations address universal human concerns shared across societies. The emphasis on helping marginalized communities, preventing exploitation, and promoting social welfare resonates strongly with broader philosophical discussions concerning economic justice and moral responsibility. Hausman and McPherson (2005) argue that economic analysis cannot be separated from moral philosophy because economic systems inevitably shape human wellbeing, freedom, and social relations. The Qur'anic approach therefore offers a holistic economic paradigm where spirituality, morality, and economic life remain interconnected rather than fragmented into isolated domains.

Ultimately, the Qur'anic conception of charity represents a humane and transformative approach capable of addressing many contemporary economic challenges including inequality, exploitative finance, social exclusion, and weakening communal solidarity. Unlike systems centered primarily upon profit maximization or unrestricted accumulation of capital, the Qur'anic framework prioritizes justice, compassion, and human dignity as central objectives of economic life. Charity thereby functions not only as an ethical recommendation but also as a structural mechanism for sustainable development, equitable wealth distribution, and social harmony. Through its integration of moral accountability with economic practice, the Qur'anic approach provides a comprehensive vision for constructing a more humane, balanced, and just society.

Conclusion

This study demonstrates that the Qur'anic economic framework offers a comprehensive and ethically grounded approach for addressing contemporary economic challenges, particularly those related to inequality, exploitative finance, wealth concentration, and weakening social solidarity. The Qur'an clearly differentiates between productive and socially beneficial economic activities such as trade and exploitative financial mechanisms represented by usury (*riba*). While trade is approved because it contributes directly toward production, circulation of wealth, employment generation, and fulfillment of human needs, usury is condemned because it enables accumulation of wealth without proportional productive contribution and systematically exploits financially vulnerable individuals and communities. From a critical realist perspective, the persistence of poverty, indebtedness, and socio-economic inequality within modern societies cannot be understood merely as isolated individual failures, but rather as outcomes generated by deeper structural mechanisms embedded within interest-based economic systems.

The analysis further reveals that modern financial systems increasingly normalize debt dependency as a central component of economic life. Such systems often prioritize speculative financial accumulation over productive economic activities and social welfare. Consequently, wealth becomes concentrated among financial elites

and institutions while economically marginalized groups remain trapped within cycles of dependency and vulnerability. Although various regulatory frameworks seek to control exploitative lending practices, the structural logic of interest-based finance continues to reproduce inequality and economic injustice. The Qur'anic prohibition of *riba* therefore represents not only a theological principle but also a profound socio-economic critique of exploitative systems that commodify human hardship and transform financial vulnerability into opportunities for unlimited profit accumulation.

In contrast to exploitative economic arrangements, the Qur'anic concept of charity emerges as a transformative and humane mechanism for promoting economic justice and social wellbeing. Charity within the Qur'anic worldview extends beyond voluntary philanthropy and functions as a systemic ethical institution encompassing redistribution of wealth, social protection, empowerment of marginalized communities, and preservation of human dignity. Through mechanisms such as *zakat*, *sadaqah*, debt relief, and voluntary support, charity promotes equitable circulation of wealth and reduces social disparities without generating exploitative dependency. Unlike usury, which transfers resources from the poor toward the affluent, charity redirects resources toward vulnerable populations and strengthens communal solidarity through compassion, empathy, and collective responsibility.

The study also highlights that the Qur'anic economic paradigm offers an alternative to dominant ideological models such as capitalism and socialism. Capitalism often emphasizes unrestricted market freedom and profit maximization, whereas socialism prioritizes equality and collective ownership. The Qur'anic framework, however, establishes justice (*`adl*) as the supreme ethical principle governing all economic, political, and social relations. Justice within this framework involves balancing individual economic freedom with social responsibility, productive enterprise with ethical accountability, and wealth creation with equitable distribution. Such a balanced approach allows economic productivity and entrepreneurship to coexist with protection of vulnerable populations and preservation of social harmony.

From the perspective of critical realism, charity functions as an emancipatory causal mechanism capable of transforming unjust

economic structures and reshaping social relations. The effects of charity extend beyond material redistribution because charitable practices cultivate trust, solidarity, cooperation, and moral consciousness within society. The Qur'anic approach therefore integrates spiritual, ethical, and economic dimensions into a unified framework for sustainable human development. This integration challenges reductionist economic models that evaluate prosperity exclusively through financial growth or market efficiency while neglecting moral and social consequences.

Ultimately, this study concludes that the Qur'anic concept of charity provides a relevant and universally applicable framework for addressing contemporary economic crises characterized by inequality, financial exploitation, social fragmentation, and moral decline. By prioritizing justice, compassion, and collective welfare, the Qur'anic economic model promotes a humane and balanced civilization where economic activities remain connected to ethical responsibility and human dignity. The integration of ethical trade, prohibition of exploitative finance, and institutionalized charity offers significant theoretical and practical contributions toward the development of more equitable, sustainable, and socially responsible economic systems in the modern world.

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