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Rupiah Redenomination from the Perspective of Islamic Economics (An Analysis of the Monetary Policy of the Minister of Finance of the Republic of Indonesia)

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Abstract

The discourse on the redenomination of the Indonesian rupiah has re-emerged as part of the government's long-term monetary policy agenda and has generated diverse public responses regarding its economic and social implications. From the perspective of Islamic economics, such a policy should not only emphasize monetary efficiency but also ensure justice, public welfare (*maṣlaḥah*), and the protection of wealth (*ḥifẓ al-māl*) in accordance with the objectives of *maqāṣid al-syarī'ah*. This study aims to analyze the discourse on rupiah redenomination conveyed by the Minister of Finance of the Republic of Indonesia, Purbaya Yudi Sadewa, examine the discourse through the framework of Islamic economics, and assess its potential sharia implications if implemented in Indonesia. This research employed a descriptive qualitative approach using a library research method. Data were collected from official statements of the Minister of Finance, government policy documents, publications of Bank Indonesia, statements of the House of Representatives, and relevant academic literature. The data were analyzed through data reduction, data display, and conclusion drawing using the *maqāṣid al-syarī'ah* framework. The findings indicate that no contradiction exists between official government documents and the Minister of Finance's public statements regarding redenomination. Although the Ministry of Finance, Bank Indonesia, and the House of Representatives emphasize different institutional perspectives, all regard redenomination as a long-term policy requiring comprehensive economic, regulatory, technical, and social readiness. Furthermore, the study reveals that the current redenomination discourse cannot yet be regarded as generating definite public benefit (*qaṭ'iyyah maṣlaḥah*) because it still poses potential risks, including public misunderstanding, price rounding, market speculation, and uncertainty in economic contracts. Therefore, from the perspective of Islamic economics, redenomination can only be justified when it effectively safeguards public wealth, promotes justice, and prevents potential harm through adequate regulation, public education, and institutional supervision in line with the objectives of *maqāṣid al-syarī'ah*.

Keywords: Rupiah redenomination; Islamic economics; *maqāṣid al-syarī'ah*; public policy; *ḥifẓ al-māl*.

1. Introduction

From the perspective of Islamic economics, money serves not only as a medium of exchange but also as an instrument for maintaining economic justice and public welfare. The stability of the value of money constitutes an essential element in sustaining economic activities because it is closely related to the protection of wealth (ḥifẓ al-māl), fairness in transactions, and the prevention of uncertainty (gharar) and harm (mafsadah). Therefore, any monetary policy that has the potential to influence the

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value of money or public perception of the national currency should be directed toward achieving public welfare (maṣlaḥah) in accordance with the objectives of maqāṣid al-syarī'ah. In the Indonesian context, this principle is also consistent with Law Number 7 of 2011 on Currency, which stipulates that the rupiah, as the country's legal tender, must maintain economic stability and protect the interests of society. (aw of the Republic of Indonesia No. 7 of 2011 on Currency)

One monetary policy that has recently regained public attention is the redenomination of the Indonesian rupiah. The proposal to simplify the nominal value of the currency by removing three zeros without altering its purchasing power was first introduced in 2010 but has not yet been implemented(Bank Indonesia Public Relations Bureau. "Redenomination Is Not Currency Value Reduction." Bank Indonesia (Central Bank of the Republic of Indonesia). The discourse resurfaced following the issuance of the Minister of Finance Regulation Number 70 of 2025 concerning the Ministry of Finance's Strategic Plan for 2025–2029, which includes the preparation of the Draft Law on the Adjustment of the Rupiah's Nominal Value (Redenomination Bill) as one of the government's strategic priorities for the 2026–2027 period(Rachman, 2025;Madjid, 2025). The government considers redenomination part of a broader monetary modernization strategy aimed at improving transaction efficiency, strengthening the credibility of the rupiah, and aligning Indonesia's payment system with international practices.

The experiences of several countries demonstrate that the success of redenomination is highly dependent upon sound economic fundamentals, political stability, and effective policy communication(Chapra et al.,2012). Germany successfully implemented monetary reform after the Second World War due to controlled inflation, comprehensive institutional reforms, and growing public confidence in the new currency. Likewise, Türkiye successfully eliminated six zeros from its currency after reducing inflation to a single-digit level through disciplined fiscal and monetary policies. In contrast, Zimbabwe, Venezuela, Argentina, and Brazil experienced unsuccessful redenomination because the policy was implemented while inflation remained high, economic fundamentals were weak, and government communication failed to establish public confidence. These experiences suggest that the success of redenomination depends not only on technical monetary considerations but also on the government's ability to manage public perceptions regarding the proposed policy.

Previous studies on redenomination have primarily focused on macroeconomic stability, inflation control, payment system efficiency, and the economic impacts of the policy. Meanwhile, studies adopting an Islamic economics perspective remain relatively limited. For instance, Alfianti (2024) primarily examined the concept of money in Islam and the legal implications of transactions following the implementation of redenomination. Existing studies have not specifically investigated how the discourse on redenomination is constructed through government policy communication, particularly through the statements of the Minister of Finance as the principal public official responsible for communicating policy direction. In public policy, official statements should not merely be viewed as information but rather as strategic communication capable of shaping public perceptions, expectations, and even economic responses before a policy is formally implemented.

Based on the existing literature, a significant research gap remains regarding the absence of studies specifically examining the construction of the rupiah redenomination discourse through the statements of the Minister of Finance of the Republic of Indonesia from the perspective of Islamic economics. Most previous studies have emphasized conventional economic aspects and the technical implementation of the policy, while the dimensions of wealth protection (ḥifẓ al-māl), public welfare (maṣlaḥah), and the prevention of harm (sadd al-dharī'ah) have not been comprehensively explored.

Accordingly, this study offers a novel contribution by positioning the statements of the Minister of Finance of the Republic of Indonesia, Purbaya Yudi Sadewa, as the primary object of discourse analysis while examining their relationship with the statements issued by Bank Indonesia and the House of Representatives through the framework of maqāṣid al-syarī'ah. This approach is expected to provide a more comprehensive understanding of the ethical, social, and economic

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dimensions of the rupiah redenomination policy while enriching the literature on Islamic economics, particularly in the field of monetary policy communication.

Based on this background, this study aims to comprehensively analyze the discourse on the redenomination of the Indonesian rupiah as articulated by the Minister of Finance of the Republic of Indonesia, Purbaya Yudi Sadewa, to examine the discourse from the perspective of Islamic economics in assessing justice, public welfare, and wealth protection, and to investigate the potential Sharia implications that may arise should the redenomination policy be implemented in Indonesia.

2. Literature Review

Rupiah Redenomination

Redenomination is a monetary policy aimed at simplifying the nominal value of a currency by removing a certain number of zeros without altering its real value or purchasing power(pembudi DKK,2014). According to Bank Indonesia, redenomination is an administrative monetary policy designed to improve the efficiency of the payment system, simplify accounting and financial reporting processes, and strengthen public confidence in the national currency. Unlike *sanering*, which reduces the real value of money, redenomination merely changes the nominal representation of the currency while maintaining its equivalent economic value. Therefore, the success of redenomination depends not only on macroeconomic stability but also on effective public communication and the credibility of the institutions responsible for implementing the policy.

The implementation of rupiah redenomination in Indonesia should be carried out in accordance with the values embodied in **Pancasila** as the ideological foundation of the State. The principle of **Belief in the One and Only God** requires honesty, integrity, and transparency in both the formulation and implementation of public policy. Meanwhile, the principle of **Just and Civilized Humanity** emphasizes the State's responsibility to protect vulnerable groups, particularly low-income communities that are more susceptible to the potential effects of psychological inflation(Alfred Benu,dkk,2019 DKK).

From the perspective of economic policy, redenomination is generally implemented after inflation has been successfully controlled and macroeconomic conditions have become relatively stable. The experiences of Germany and Türkiye demonstrate that redenomination can enhance transaction efficiency and strengthen public confidence in the national currency when supported by sound economic fundamentals. In contrast, the failures experienced by Zimbabwe, Venezuela, Argentina, and Brazil indicate that implementing redenomination under unstable economic conditions may lead to public distrust and greater economic uncertainty.

Islamic Economics

Islamic economics is an economic system founded upon the principles of the Qur'an and the Sunnah(Wahyuni,2015), further developed through *ijtihād* by Muslim scholars to achieve justice (*al-ʿadl*), balance (*al-tawāzun*), and public welfare (*maṣlaḥah*) in economic activities. Unlike conventional economics, Islamic economics is not solely oriented toward efficiency and profit maximization but also emphasizes ethical values, social responsibility, and equitable wealth distribution.

Islamic economics is an economic system founded upon Islamic values that emphasizes spiritual, moral, and social dimensions in the implementation of economic activities. (Chapra, 1992). Unlike capitalism, which primarily emphasizes capital accumulation and unrestricted private ownership, and socialism, which prioritizes collective ownership, Islamic economics differs from both systems by maintaining a balance between the rights of individuals, society, and God. This balanced approach serves as a fundamental principle in ensuring that economic activities promote justice, social welfare, and moral responsibility.

(Siddiqi, 1983).

Within the framework of *maqāṣid al-syarīʿah*, every economic policy is expected to preserve the five essential objectives of Islamic law, particularly the protection of wealth (*ḥifẓ al-māl*). Therefore, every

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monetary policy should avoid elements of uncertainty (*gharar*), injustice (*ẓulm*), and potential harm (*mafsadah*), while promoting sustainable public welfare.

Statements of the Minister of Finance as Policy Discourse

In this study, the statements of the Minister of Finance are defined as all forms of official public communication delivered by the Minister of Finance of the Republic of Indonesia, Purbaya Yudi Sadewa, including speeches, press releases, media interviews, and official policy documents related to the discourse on the redenomination of the rupiah.

These statements serve as the primary source of analysis because they are regarded as representations of government policy discourse rather than merely factual information. From the perspective of public policy communication, official statements made by government officials have the capacity to shape public understanding, influence economic expectations, and strengthen public confidence in monetary policy. Therefore, the statements of the Minister of Finance are analyzed as forms of policy discourse that embody narratives, arguments, and policy directions concerning the proposed redenomination of the Indonesian rupiah.

3. Research Methods

Research Approach and Research Design

This study employs a qualitative approach using a descriptive qualitative research design. Descriptive qualitative research is a method that aims to understand, describe, and analyze a phenomenon in depth based on descriptive data in the form of written or spoken words obtained from the object of study. According to Lexy J. Moleong, qualitative research seeks to comprehensively understand social phenomena from the participants' perspectives within their natural settings.(Moleong,2017).

Research Object

The object of this study is the discourse surrounding the Indonesian rupiah redenomination policy as constructed and reproduced through the official statements of the Minister of Finance of the Republic of Indonesia, Purbaya Yudhi Sadewa. The study does not primarily focus on the redenomination policy as a formal legal product, but rather on the discursive practices employed by the Minister of Finance in responding to, positioning, and framing the redenomination issue in the public sphere.

The discourse encompasses the Minister's views, arguments, communication strategies, and policy directions conveyed through various official channels, including press releases, interviews with mass media, public speeches, and strategic policy documents concerning the planned rupiah redenomination. Accordingly, this research analyzes not only the substantive content of the policy but also how the policy narrative is constructed, negotiated, and reproduced within the context of political and economic communication. Chronologically, the analysis follows the sequence of official statements and policy developments related to the redenomination issue.

Data Collection Techniques

This study employs several data collection techniques. Based on the data sources, the research utilizes both primary and secondary data. In terms of data collection methods, the study applies document analysis, policy discourse analysis, and documentation. Primary data consist of official statements and public communications issued by the Minister of Finance, while secondary data are obtained from government documents, credible national media reports, and relevant academic literature.

Data Analysis

This study applies both source triangulation and theoretical triangulation to ensure the credibility and trustworthiness of the findings. Source triangulation is conducted by comparing and cross-checking data obtained from multiple sources. For example, information regarding the redenomination policy is verified by comparing expert opinions, official statements of the Minister of Finance, government documents, and reports published by credible national media in a systematic and continuous manner.

Theoretical triangulation is conducted by employing multiple theoretical perspectives to interpret the same set of data. Through this approach, the researcher is able to compare the explanatory power of different theories in interpreting the phenomenon under investigation, thereby enhancing the depth and validity of the analysis.

4. Result and Discussion

The Rupiah Redenomination Discourse Proposed by Purbaya Yudhi Sadewa

The Narrative of Policy Commitment in Official Documents

In the Minister of Finance Regulation No. 70 of 2025 concerning the Strategic Plan of the Ministry of Finance for 2025–2029, the Government explicitly includes the completion of the Draft Law on the Rupiah Redenomination (Redenomination Bill) as a strategic target for 2026–2027. This regulation, signed by Purbaya Yudhi Sadewa on 10 October 2025 and promulgated on 3 November 2025, also designates the Directorate General of Treasury as the institution responsible for preparing the proposed legislation. These official documents indicate that Purbaya Yudhi Sadewa continues to regard redenomination as a relevant policy agenda within the Government's long-term strategic planning.

Based on these findings, it can be concluded that Purbaya Yudhi Sadewa continues to regard rupiah redenomination as a relevant policy agenda within the Government's strategic planning. The inclusion of a specific implementation target (2026–2027) and the designation of a clearly responsible institution—the Directorate General of Treasury—indicate that, institutionally, the Ministry of Finance has played an active role in advancing this policy agenda. This view is reinforced by Budi Frensidy, a financial sector analyst and Professor at the Faculty of Economics and Business, Universitas Indonesia, who stated that, constitutionally, the Draft Law on Rupiah Redenomination was proposed jointly by the Ministry of Finance and Bank Indonesia.(Kompas.com)**.**

***Al-Maṣlaḥah* and Public Policy**

Within the framework of *maqāṣid al-sharīʿah*, public benefit (*maṣlaḥah*) must be evaluated by balancing the expected benefits (*jalb al-manāfiʿ*) against the potential harms that should be prevented (*darʾ al-mafāsid*). A public policy is not considered legitimate merely because it pursues a desirable objective; it must also demonstrate that its expected benefits outweigh its possible risks. According to the theory of *maṣlaḥah* developed by Imam al-Ghazālī and al-Shāṭibī, every public policy should be assessed based on its contribution to the five essential objectives of Islamic law: the preservation of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-nafs*), intellect (*ḥifẓ al-ʿaql*), lineage (*ḥifẓ al-nasl*), and property (*ḥifẓ al-māl*). In the context of the redenomination discourse, the most relevant objective is the extent to which the proposed policy contributes to the protection of wealth (*ḥifẓ al-māl*) and the realization of public welfare.

To determine whether the Government's claim of public benefit satisfies the standards of *maṣlaḥah mursalah* formulated by al-Ghazālī, three criteria should be considered.

First, the criterion of necessity (*ḍarūriyyāt*). The primary question is whether redenomination constitutes an essential necessity or merely serves secondary (*ḥājiyyāt*) or complementary (*taḥsīniyyāt*) needs. Based on empirical evidence, improving accounting efficiency and simplifying large numerical denominations cannot be classified as an essential necessity. Indonesia has maintained a currency with many zero digits for decades without experiencing systemic economic crises caused by its nominal structure. Consequently, redenomination is more appropriately categorized as a *ḥājiyyāt* policy, which facilitates economic transactions but is not indispensable for social and economic stability. From the perspective of *maqāṣid al-sharīʿah*, therefore, redenomination cannot be regarded as an urgent policy priority, particularly when compared with more pressing structural challenges such as poverty, inequality, and price stability.

Second, the criterion of certainty (*qaṭʿiyyah*). The question is whether the benefits claimed by the Government can be established with sufficient certainty. This study argues that the anticipated gains in administrative efficiency and monetary credibility remain largely speculative and have not yet been empirically demonstrated within the Indonesian context. Conversely, potential harms—including hidden inflation resulting from price rounding, as highlighted by the Chair of the House Budget Committee, Said Abdullah, who warned that a price of IDR 280 could be rounded up to IDR 300—as

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well as the transition costs borne by micro, small, and medium enterprises (MSMEs), are more predictable based on the experiences of countries such as Ghana, where inflation increased following redenomination (Rachman, 2025). According to *maṣlaḥah* theory, speculative benefits cannot justify the adoption of public policies that involve significant risks.

Analysis Based on the Principle of Justice (*Al-ʿAdl*)

From the perspective of the principle of *al-ʿadl* (justice), this study finds that the principal challenge of the redenomination discourse lies not in the nominal adjustment of the currency itself but in the possibility of unequal impacts across different social groups. In theory, redenomination applies equally to all citizens because every monetary denomination is reduced proportionally. Nevertheless, equal treatment does not necessarily produce substantive justice when individuals possess different levels of understanding and varying capacities to adapt to monetary changes.

Analysis Based on the Principle of the Protection of Wealth (*Ḥifẓ al-Māl*)

Conceptually, redenomination does not alter purchasing power or the real value of wealth because it merely changes the nominal unit of currency. Accordingly, the policy does not inherently conflict with the principle of *ḥifẓ al-māl*. However, in practice, several potential risks may undermine these intended benefits if they are not properly anticipated.

One of the most significant risks is systematic price rounding, as illustrated by Said Abdullah. From the perspective of *maqāṣid al-sharīʿah*, the protection of wealth extends beyond preventing substantial financial losses; it also includes safeguarding individuals from gradual reductions in economic value. If price rounding systematically favors sellers, the accumulated differences may gradually diminish consumers' real wealth.

Analysis Based on the Principle of Preventing Harm (*Sadd al-Dharāʾiʿ*)

In principle, redenomination is permissible because it neither changes the intrinsic value of money nor contradicts Islamic legal principles. Instead, it is intended to improve the efficiency of the monetary system. Nevertheless, the doctrine of *sadd al-dharāʾiʿ* requires policymakers to evaluate not only the intended objectives of a policy but also the possible pathways leading to undesirable consequences during its implementation.

Accordingly, the principal concern from this perspective is not the redenomination policy itself but the circumstances that may facilitate greater harm if preventive measures are not implemented. The findings indicate that differences in emphasis among the Ministry of Finance, Bank Indonesia, and the House of Representatives may generate inconsistent public understanding. Within the framework of *sadd al-dharāʾiʿ*, such inconsistency constitutes a potential means (*dharīʿah*) leading to greater harm. Public confusion is not harmful in itself; however, it may encourage speculation, misunderstanding of policy objectives, and declining confidence in monetary authorities. If these conditions become widespread, the economic stability that redenomination seeks to promote may instead be undermined.

Another potential *dharīʿah* concerns speculative market behavior arising from uncertainty surrounding the implementation of the policy. Although redenomination does not change the real value of money, uncertainty regarding its execution may encourage irrational economic behavior, distort market expectations, and weaken public confidence in the national monetary system.

Dampak social implikasi redenominasi di Indonesia

First, there is a potential risk of increases in the prices of goods and services due to excessive price rounding. This issue is associated with the practice of rounding prices upward following the reduction in the nominal value of the rupiah. Nevertheless, this risk can be mitigated through statutory regulations that establish clear and reasonable standards for price-rounding practices. Second, there is a risk that the redenomination program may be rejected or misunderstood by the general public, particularly among older adults. This challenge can be addressed through comprehensive communication strategies, public education campaigns, and broad public consultations conducted across all regions of the country. Third, there is a risk of disputes arising from the misinterpretation of financial documents that contain rupiah denominations issued before and after redenomination. Such

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disputes can be minimized by establishing clear legal provisions regarding the validity and applicability of each denomination in financial and legal documents during the transition period (Nuralam).

Sharia Implications of Implementing Redenomination in Indonesia

Should redenomination be implemented, the Government is obliged to ensure that all segments of society enjoy equal access to information, legal protection, and opportunities to adapt to the new monetary system. Based on the findings of this study, the Sharia implications of redenomination do not primarily concern the nominal adjustment of the rupiah itself, but rather the State's responsibility to protect public wealth, ensure justice for all social groups, and prevent potential harms throughout the transition period.

Accordingly, from the perspective of Islamic economics, the success of redenomination depends largely on the adequacy of the regulatory framework, the effectiveness of public education, the protection of vulnerable groups, and the Government's ability to maintain macroeconomic stability and public confidence. If these prerequisites are fulfilled, redenomination has the potential to align with the objectives of *maqāṣid al-sharīʿah* in promoting public welfare (*maṣlaḥah ʿāmmah*).

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