

The Synergy of Islamic Finance and the Halal Industry Development in Islamic Countries

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Abstract: The worldwide halal industry has seen phenomenal development, driven by the rising interest for morally obtained and Sharia-agreeable items and administrations among Muslim buyers. Islamic finance has emerged as a potent tool for bolstering the capacity and development of the halal industry because of its adherence to Islamic principles and ethical standards. This exploration dives into the cooperative connection between Islamic finance and the halal area, with a specific spotlight on the usage of Islamic monetary agreements as impetuses for development. The study begins by providing an explanation of the fundamental tenets of Islamic finance in Islamic countries. These tenets include the prohibition of Riba, Maysir, and Gharar which are in perfect harmony with the ethical foundations of the halal industry. It looks at how Islamic financial contracts like mudarabah (profit-sharing), musharakah (partnership), ijara (leasing), and murabaha (cost-plus financing) can be used in the halal market. The exploration analyzes the viability of these Islamic monetary agreements in working with different parts of the halal business, going from halal food creation to Islamic finance administrations. Moreover, it looks at how Islamic financial contracts can help enforce halal standards and certifications and align with them, preserving the integrity of the halal supply chain. Thus, this examination highlights the crucial job of Islamic monetary agreements in molding the fate of the halal business. It advocates for the essential reconciliation of Islamic finance standards and instruments into the business' turn of events, underlining the significance of moral supporting and consistence with Sharia standards. Therefore, this study contributes important experiences to policymakers, industry partners, and specialists looking to open the maximum capacity of Islamic finance in the development and maintainability of the halal area.

Keywords: Halal industry, Islamic finance, Monetary agreements, SMEs

1. Introduction

Every aspect of a Muslim's life is covered by Islam, a way of life. In order to purify economic transactions and political decision-making, Islam prohibits usury and emphasizes the purity of life. Every action and initiative of Muslims must comply with Sharia rules in financial matters (Ahmad & Amjad, Muhammad, Aslam, 2018). In practice, there should be Syura (consensus), or agreement, and Muslims are urged to eat and drink only halal foods and beverages in order to cleanse their bodies and minds. Several countries with a majority of Muslims are making every effort to offer their people a system that does not violate Sharia guidelines and tries to provide them everything Halal. Halal refers not only to food but also to economic transactions, clothing, the politics of its people, and social affairs (Firdous et al., 2023).

Halal food on the other hand, is one of the major industries that is expanding quickly due to Muslims' increased awareness of Islam's sacredness and high demand from non-Muslims for hygiene products are increasing their sensitivity. In fact, Muslims and non-Muslims alike now favor halal food, which has benefited the economy. Besides, the halal business has gigantic market potential and exceptionally encouraging benefits. As a result, non-Islamic nations capitalize on this opportunity by turning into producers of halal goods (Khan & Aslam, 2018). Some even predate Islamic nations and control the halal product market. For instance, New Zealand and Australia are the world's biggest exporters of halal meat, while Brazil and Argentina are the world's biggest poultry makers (Ager, Abdullah et.al 2015). The development of the halal business essentially affects the economy as well as the overall people. The halal business has drawn in the support of SMEs represent considerable authority

in the handling and creation of halal items. The increase in halal businesses has increased employment and contributed to the GDP (Aslam, Ur-Rehman, & Iqbal, 2021). In addition to contributing significantly to the country's economic development, the consumption of halal foods has an impact on a person's physical and spiritual growth. Halal awareness encompasses environmental, sustainability, animal welfare, food safety, and the method of slaughtering Muslim animals. The absence of collaboration between the halal and Islamic finance businesses should be visible in the low level of halal industry members who utilize Islamic finance (Elasrag's, 2016). As a result, in order to run a halal business, there is a need to take care of everything, from product release to capital and finance.

A halal business owner must incorporate Islamic methods or financial methods to run his business from the beginning. However, Islamic finance and the halal industry are compatible due to a few issues and obstacles. Thus, it becomes difficult to unite. Non-Muslims own halal organizations and really like to utilize regular banks as opposed to Islamic finance to get their cash. The separation of various types of halal industry, particularly among things and related organizations, for instance, Islamic banking and cash, has been essentially analyzed in a foreordained number of continuous articles in gathering strategies and journals. The primary objective of this article is to ascertain the significance and benefits of integrating Islamic finance and the halal industry to ensure that halal business owners can access capital funding. However, very few studies have been conducted to examine the challenges faced by the halal industry and strategies for addressing the challenges faced by Islamic finance in the halal industry. This paper looks at the issues and difficulties looked at by the Halal business, the job that Islamic monetary establishments play in the improvement of the Halal business, and the difficulties that Islamic finance faces in the advancement of the Halal business. Further this study addresses their capacity to explicit difficulties looked at by halal organizations, including supporting necessities, risk-sharing systems, and moral consistence, while likewise considering the novel qualities of the halal production network. As well as investigating the commonsense utilizations of Islamic monetary agreements, this exploration researches the administrative systems overseeing the halal business and their collaboration with Islamic finance.

2. Literature Review

Arabic words like "Hilla," "Yahallu," "Hilan," and "Wahalalan," which mean "permitted or permitted by Sharia law," are the source of the term "Halal." Every Muslim must ensure the thing which he consume must be Halal. According to Zakaria (2008), this verification should cover not only the components but also the entire production and service process. A different study by Malboobi (2012) provides some guidelines for distinguishing between halal and haram goods. The study defines halal as anything that is halal, beneficial, or poses a serious threat to man. Haram, on the other hand, was regarded as the opposite, and the degrees of Shariah ruling were determined by the degree of benefit or harm based on the specific circumstances of the need.

According to JAKIM's (2015) Products and services include all business operations like packaging, marketing, manufacturing, logistics, supply, premises maintenance, and slaughtering. Understanding the significance of Halal and its effect on the worldwide economy, the Unified Countries FAO has likewise evolved rules for its part nations to utilize the term 'Halal' (Ager, Abdullah et.al 2015). The halal industry has expanded not only its product and service sectors, such as pharmaceuticals, health products, toiletries, and cosmetics, but also its service sectors, such as marketing, supply chain, logistics, packaging, manufacturing, and branding according to Elasrag's (2016). The study also demonstrates that lifestyle services like travel and tourism, hospitality management, and the fashion industry are now a significant part of the growing halal industry. Muslims make up 24% of the world's population and grow at a rate of 3% per year. Albeit a few Muslim nations have buying power and developing economies, then again, the other nations have low livelihoods. The fast development of the Muslim populace overall is the component that is most animating the extension of the worldwide halal market.

According to Latif (2017), the Muslim population will reach 2.1 billion by the time the world population reaches 8.3 billion. Islam is likely to be the most popular religion by 2070 because it is the religion with the fastest population growth (Lipka, 2017), which is another important indicator of the growth of the halal industry. The book "The New Silk Road," Fleishman Hillard Majlis identified China as an emerging halal market. The city, Yiwu, is one of the models referenced in the book where more than 20000 Bedouin residents visit every year since it is the biggest discount market for food items in China. In light of the scope of the halal industry, the trade zone

has implemented a number of initiatives, including easy trade, a prayer hall for approximately 10,000 Muslims, and easy access to halal food. A determination of Halal food sources that are both quality and sound is one of the greatest ways of life contributions from the Halal business to Muslim as well as non-Muslim purchasers. Nowadays, consumers become more aware of halal integrity in terms of halal certification, halal standards, and halal raw materials that's increase the Halal food demand.

The largest sector of the industry is the food and beverage (F&B), which accounts for nearly 56% of Muslim lifestyle spending worldwide. In 2016, Muslims spent \$1.24 trillion on food and beverages. By 2022, that figure is expected to rise to \$1.94 trillion, or 6.2% more than it was in 2016. There are critical open doors for venture and production of worldwide halal food sources as the area is developing at almost two times the worldwide development rate (Latif, 2017). Food request is supposed to increase by more than 70% by 2050, demonstrating solid interest for halal food later on (individual, documented, Poh, Won, and Antbang, 2009). Despite the fact that Muslim consumers worldwide present a significant opportunity for the halal industry, dealing with the diversity of the same population presents a significant challenge. Even though Muslims around the world adhere to the same religious doctrine, each community has its own distinct culture, color, preferences, and customs. This is due to the fact that Muslims hail from every social and economic class and live in every nation, representing the majority of ethnic groups (Personal et al., 2009). The non-Muslim population may also pose a threat to the expansion of the halal industry and the Muslim population. Non-Muslim makers, particularly in the food and drink industry. The hostile and odious act of presenting non-halal components in food, clothing and different administrations by non-Muslim producers is quite difficult for the advancement of the halal business worldwide (Aslam, Azam, & Iqbal, 2020; ur Rehman, et al., 2023). Thus, the intention of non-Muslims to engage in unethical behavior, this threat has the potential to become a catastrophic one (Person et al., 2009). There are two ways to measure how halal industry affects economic prosperity. First, the relations between the United States and the rest of the world in terms of trade and the domestic economy. On the domestic front, the halal industry has significantly altered people's eating habits and attitudes, making them more sensitive to food conditions. Its status as halal, its cleanliness, and the delicacy of these products (Aslam, Ashraf, & Iqbal, 2022).

To meet the growing demand for halal food, the halal industry has been forced to rapidly expand due to rising awareness of the status of food items. The increase in awareness is not limited to the borders of any one nation; it has also spread to the shores of other nations, particularly those where Muslims live. This has opened new doors in worldwide business where an ever-increasing number of halal items are requested by these outside nations consequently growing the market greatly demand for the Islamic financial products. This is the optimal way to enhance the Halal industry.

3. Methodology

Primary and secondary sources are the two sorts of sources used in this subjective review. As to essential sources, the examination is completed by choosing two people who are specialists in the Halal business and have been related with the overseeing body that is accountable for the development of Halal endorsements and logos. To distinguish the troubles and issues confronting the halal business. The job of Islamic finance in the development of the halal business. Both the senior speaker in the Staff of Sharia and Islamic regulation and the senior teacher in the Personnel of Science and Innovation partook in the meeting (Aslam, Azam, & Iqbal, 2020; Ur Rehman, Aslam, & Iqbal, 2021). Experts in the halal field, both interviewees worked nationally and internationally. For optional information, data was broad writing survey, library search, a few unique sites, online diary distributions, gathering procedures, proposals, different institutional reports, and distributions.

4. Halal Industry and Islamic Finance Association

Islamic banking and Finance are distinctive from the conventional banks. In purpose as a matter of fact, all banking and monetary exchanges are represented by Shariah rules and standards in Islamic banking (Aslam; Haron, & Ahmad, 2020). The teachings of the Quran serve as the foundation for an Islamic financial institution's mission and operations. It goes against established institutions that do not discriminate based on religion. Islamic financial institutions adhere to Islam and do not charge customer's interest. In all transactions, it is against the law to pay or lend interest (Khan & Aslam, 2018). The hadith of Abu Huraira states, "There will come a time when one does not care how one earns one's wealth," implying that the Messenger of Allah, may God bless him and

grant him peace. Or then again ill-conceived." Furthermore, there is a hadith from Tirmidhi, and that signifies "anything that meat is eaten in an unlawful and haram way merits nothing with the exception of misery".

A Muslim ought to think about how earning money came to be rather than just looking for restaurants and food. A genuine Islamic climate is liberated from trickery and the soul of duplicity and eagerness to make a prosperous society. At every level, every employee should strive for excellence and have the impression that they are working for themselves. This outlook will contribute to the expansion of the economy and guarantee halal income generation. Islamic financial standards depend on six key standards. In any case, denial of interest in any trade. Second, there is the sharing of good things and bad things. Third, acquiring cash from cash is untouchable. Assets are required to support all financial transactions. Fourth, speculation is forbidden. Fifth, contracts must be approved by Shariah. Sixth, covenant sanctity. An Islamic banking system will fundamentally differ from a conventional banking system because Halal is one of the largest businesses in the world today.

The halal industry has grown quickly because of the growing Muslim population as a whole and consumers' desire for halal products from non-Muslims. In order to meet the demand of the halal industry, additional halal products must be developed to satisfy Muslim and non-Muslim consumers. However, the company must have sufficient funds to meet the high demand to launch a halal business. In any case, it is essential to keep in mind that Muslim financial managers must remain vigilant when creating halal products and managing the financial framework, regardless of whether the money comes from legal or illegal sources. Thus, Islamic supporting fills in as a vehicle for growing the Halal business and fulfilling the need for Halal merchandise now and later. Therefore, by providing capital and funds for halal production using Islamic finance as a financier, halal income will be generated in accordance with Shariah principles. Hence, there is no doubt that the products and financing system are halal. Thus, it helps to the accessibility of long term products support is the foundation of any business to guarantee that their business keeps on working. As a result, Islamic finance has developed products like sukuk to better complement the halal industry. These products can provide long-term financing for the halal industry and enable new asset portfolios for halal money. As a result, Halal product businesses can mobilize savings and invest in investments with the assistance of Islamic finance.

The Islamic banks provide facilities for short- and medium-term financing for projects that are both short- and medium-term, halal investments like Tawraq, for instance, can be utilized to provide financial support. Financial backers' choice to put resources into a halal industry is impacted by the organization's monetary solidness. The monetary patron may be deterred from contributing assuming that the association in this halal industry has monetary issues and the gamble of putting a lot in it is excessively high. Consequently, to draw in additional financial backers to put resources into halal organizations, it is vital to further develop admittance to fund which will increment more financial backers and give them more compelling choices. The main obstacle to the growth of the halal industry is the consistent lack of financing. The mudarabah, musharakah, Salam, and tawaraq contracts and products that have been developed by Islamic financial institutions can be utilized in the growth of the halal industry. One Islamic monetary item that can be utilized to fund projects in the Halal business is Tawarruq.

As long as the business follows Shariah guidelines and agreements, non-Muslims can also invest in Halal businesses. The fact that the halal industry is accessible to both Muslims and non-Muslims justifies the potential global demand for halal goods. Muslims will become exporters of halal goods worldwide if Islamic finance emerges alongside the halal industry because Islamic financial institutions will always be able to provide financing. Subsequently, as well as aiding the creation of halal merchandise and items, moving Islamic finance to the halal industry for halal creation will likewise lay out another classification of halal ventures that can produce halal pay. Thus, the creation of a brand-new halal ecosystem and the financing of halal production in an ethical manner will generate halal income. As a result, the vast potential for halal industry growth and development can be significantly increased by integrating Islamic finance and halal industry. The Halal ecosystem, a new economic model for the Halal market, will be created through this combination, which will not only boost the Halal industry. Subsequently, the public authority or specialists associated with the advancement of the economy in the public should address the meaning of Islamic finance's part in advancing halal industry.

5. Islamic Financial contracts for the development of Halal Industry

a. Mudharabah

In the Islamic economic system, mudharabah is a financial contract. The place of mudharabah is vital in doing financial exercises because of the fair worth between the gatherings, for example the proprietor of the capital and the merchants. An agreement between two people or organization where one-party vows to pay the other the sum they need to exchange trade for a known level of benefits, like half, 33%, or more with specific strips. The division of earnings between labor and capital is known as mudharabah. Capital owners, holders of investment accounts, and the Islamic bank as a broker are all part of this partnership. The Islamic bank declares that it is willing to accept the assets of the owners of investment accounts, the agreed-upon distribution of profits, and the losses of the owners of the fund as long as neither of these are fraudulent nor negligent. In bank Mudharabah is a partnership agreement between a company that makes money from work and a partner.

b. Musharakah

Musharakah is a type of partnership between Islamic banks and their customers in which each party makes equivalent or shifting contributions to the company's cash flow to start a new venture or invest in an existing one, becomes a super durable or diminishing holder of the resources, and is eligible for its fair share of benefits. However, losses are distributed in proportion to contributed capital. As a result, each partner must share a role. In most cases, musharakah works best for financing projects and private or public endeavors. The word "shirkah," which means "joint of two groups" or "investment," is refer to the word "musharakah". In terms of its application, it might have the same meaning as mudharabah. The term "musharakah" in Islamic banking refers to collaboration between an Islamic bank and a customer or business for specific operations. The Islamic bank could theoretically provide equity financing for nearly all legal businesses, trade, and industry.

c. Murabahah

The root of the word Murabah is the Arabic word Ar-Rabhu, which means advantages and augmentations (benefits). On the other hand, prior academics defined selling in terms of capital in addition to known benefits. In Murabahah contract, essentially the two transactors' vendors and purchasers should sell products at a known cost (capital) with known benefits for the two players. In another sense, a Murabahah is an exchange wherein the dealer and the purchaser settle on a benefit-cost. A Muraba buy agreement can be paid in installments using cash or credit. The dealer is expected to advise the purchaser regarding the cost of the genuine products being sold as well as how much benefit that will be made because this separates Murabahah from different merchants.

d. Salam

The term "salam" refers to a contract that entails either the sale of a commodity with a deferred delivery in return for immediate payment on specific terms or the purchase of a commodity with a deferred delivery in return for immediate payment. Salam is a type of sale in which the seller promises to provide the buyer with goods at a later date in exchange for an agreed-upon price that must be paid in full on the spot. The cost got here is like money, yet the conveyance of the products bought is deferred. The buyer is called Muslam, the seller is called Muslim ileihi, the cash cost is ras'ul-mal and the thing purchased is called Muslam fihi. The meaning of salam, according to the Shafic, is "a deal made by the merchant for a particular item later." Hanbali defined Salam as a sale in which the seller promises to provide the buyer with particular goods in exchange for an agreed-upon price that must be paid in full immediately in the same speech. Maliki characterized salam as a deal wherein the capital total worth is paid ahead of time and the object of offer is deferred.

e. Istisna

Istisna is a contract in which a person with craftsmanship is asked to make something for another person that is specifically related to his work. The material for the workmanship must come from the manufacturer. Remembered for this agreement is the production of home furniture from furniture and others, where the clients concur with the producer to make a room for instance, seats, and what does consist of it, which is made completely of the maker, as indicated by a particular model that the producer checks out and the understanding is gotten. Most clients pay the maker a premium of the cost when they sign an agreement. They may pay nothing at all at times. In other instances, the manufacturer may remain while they pay the remaining balance in installments or at the completion of the work. As per Hanafi legal scholars, individuals managed the legitimacy of this Istisnac contract since they required it. accepting that the agreement refers to the obliviousness that prompts conflicts between the workers for hire, for example, the assembling material's source, portrayal, and cost.

f. Tawarruq

A tawarruq is a type of money where the purchaser buys an item utilizing the very ware that the vendor sells and ensures that the purchaser will pay the merchant promptly utilizing a money installment strategy. There are two contracts for sale and purchase in Tawaraq. The first involves the seller delaying the sale of an asset to the buyer. The same assets will then be sold to a third party on a cash-and-spot basis by the first selling buyer. Fundamentally, the purchaser acquires the money essential for the underlying buy. The customer purchases a cost-benefit item from the bank rather than a medium of exchange to begin the transaction. The purchaser then, at that point, offers the item to an outsider. The returns from the deal will be credited to the client's record, and the client will return the expense in addition to benefit to the bank.

6. Problems and Obstacles in the Halal Sector

A lack of awareness and comprehension of the halal laws and concept among Muslim and non-Muslim entrepreneurs in the halal industry is one of the industry's problems and challenges. Numerous business visionaries don't have a full comprehension of Halal ideas and regulation. Evidently, there is still a stall or restaurant that accepts Muslim-made products and any statement indicating the product's authorization as halal. Halal products exclude alcohol and pork. The authority has granted permission for halal. Many business owners are unaware that they are legally responsible for making statements about their products if they do not have authority approval and that it is wrong for them to make assumptions. Bosses additionally attempt to show that their items or administrations are halal by recruiting Muslim specialist. They believe that merely stating that their establishment is halal is sufficient by this act. There are individuals and businesses that hold the opinion that the government ought to guarantee that every product is Halal-certified. Halal applications in Muslims countries are voluntary, so this claim is false. It will be up to the bosses to decide whether they want their products to be halal-certified; they won't be expected to present a confirmation application by the public authority. For instance, when a case involving a product's halal status goes viral, the public quickly blames the authorities (halal food departments), despite the fact that enforcement is inter-district, and the owner of the product may not have obtained halal certification in all cases. Never claim that their products are halal or applied for one. The process and administration of halal certification, as well as the functions of each authority involved, are also poorly understood by consumers. Even though several countries have had halal certification since the 1960s, many people are still unsure of the agencies' responsibilities.

Several businesses additionally don't have exact data about the systems for applying for halal affirmation. Employers sometimes don't apply for halal certification because they were given the wrong information or advice. Due to its complexity and high cost, the application process continues to stoke a negative perception among them. The low degree of mindfulness and absence of pondering Halal industry administration is a main consideration that numerous business visionaries, particularly they decline to apply for Halal certificate, such a move. which will be detrimental to the traders as individuals as a market for small and medium-sized businesses. The use of fake halal certificates, halal certificates from unregistered overseas entities, suspended and revoked certificates, halal marks or logos, and misuse of halal certificates are some of the most common issues in halal certification. For the improvement, the public should be given accurate information, and monitoring and enforcement agencies should work together properly, as are some of the suggested solutions.

Muslims today typically select products based on prices and features. They know nothing about its halal status. To wrap things up, as far as a critical strength, which includes people in the halal business, guarantees that halal professions are supportable in the future with advancements, compensation increments, and different advantages. For instance, after only two or three years, a Halal executive transfers to a different company. Thus, the issues and difficulties this are the way to guarantee that this halal profession is manageable occasionally. This is on the grounds that halal-related work conveys an incredible obligation, which isn't just for the actual work, yet the obligation is to guarantee that the whole chain framework is totally halal. As a result, strategies are required to resolve this issue given that the halal food industry is expanding at a rapid pace and numerous products require Halal certification.

7. Issues and deterrents Islamic monetary establishments face in the improvement of the halal business

Halal is currently not a matter of strict non-Muslim regulations that only apply to Muslims. In point of fact, it is rapidly establishing itself as the global standard for non-Muslim consumers seeking high-quality goods and services that satisfy all safety, well-being, and environmental sustainability requirements. To augment the capability of the worldwide halal market, halal business has turned into a global norm and makes the way for extension for the Islamic economy through the improvement of novel items like venture delegates. The provision of Islamic financing services for use in the halal industry is just one of many issues and obstacles in Muslim countries that must be overcome as it approaches this pivotal moment. Even though the halal industry and Islamic finance work together, there is still a significant problem with their lack of connection. The identical "Sharia Compliant" principles, which will be accepted by all the countries.

The Islamic finance and Halal business industries have experienced significant growth and are developing independently. Since Islamic finance and the halal industry are so far apart, there won't be much interaction between them. As a result, communication between the two sectors will be challenging. According to the 2022 State of the Global Islamic Economy Report by Dinar Standard, only 15% of halal players, or companies that produce or sell products and services that comply with Islamic law, use Islamic banking and financial instruments. The remaining 85% do not use Islamic banking. A genuine halal marking business shouldn't just zero in on creation yet in addition on the Islamic technique for supporting to make a halal biological system. Additionally, there is a dearth of capital for Halal start-ups and established Small and Medium-Sized Enterprises (SME), which will encourage an increase in the utilization of Islamic capital.

The total value of Islamic finance assets worldwide estimated \$3.43 trillion in assets in 2022, a 9.4% increase from \$2.85 trillion in 2021. This growth is being driven by increasing demand for Islamic financial products and services from both Muslim and non-Muslim investors. Moreover, the Islamic business funding has also expanded significantly in recent years, from \$100 billion in 2017 to \$120 billion in 2022. This growth is being driven by a number of factors, including the growing popularity of Islamic crowdfunding platforms, the increasing availability of Islamic corporate bonds, and the expansion of Islamic banks into new markets. However, there is still a need for more support for SME development in the halal area. SMEs are the backbone of the Muslim economy, but they often lack access to financing. Islamic financial institutions can play a key role in providing SMEs with the financing they need to grow and create jobs particularly in Halal area. As per most Sharia-consistent SMEs experience issues in finding supporting since they are not considered as significant in that frame of mind of a cutting edge Islamic monetary establishment. It can be demonstrated that a lack of small and medium-sized enterprises (SMEs) prevents many local producers of halal products from meeting global demand and supply. Subsequently, there is a need to zero in on the issues of SMEs as they are the vital driver of new positions and development in halal business.

One more likely issue and challenge for Islamic monetary foundations to turn out to be important for the halal business is the Association of Islamic Collaboration (OIC's) unfortunate exchange halal wares. According to the latest data available, the intra-OIC exchange volume reached US\$748.34 billion in 2021, an increase of 6.8% from US\$700.87 billion in 2020. This represents about 19.04% of total OIC trade. The IMF's data from October 2021 indicate that lower investment and inventory adjustments are to blame for the slowdown in emerging growth. As a result, Islamic financiers or investors won't work with the halal industry because they can't convince themselves to invest in halal businesses because financing isn't always available.

Another potential issue is that halal players may not be aware of Islamic banking and financial institutions. There are still many halal players who know nothing about the Islamic monetary foundation's administration for their halal business. It can be demonstrated that conventional banks continue to provide them with financial support. This is due to the fact that halal industry players only consider halal production and disregard the financing system. The conference said that the idea and practice of halal should be everywhere in the Islamic tradition's production and consumption ecosystem. As a result, halal businesses' financing strategies must also adhere to Shariah regulations. To build a Halal ecosystem, Halal players must therefore use Islamic financial institutions as their financiers.

Finally, the financial system or Shariah-compliant management are not fully considered when selecting the halal logo because it is difficult for a company, property, or hotel to be halal when applied to all chains. However, to proceed in this manner. For instance, Islamic countries must have Islamic Administration Framework

(IMS). It begins from finance, the board, creation of halal items until at last the entire chain should be halal. For instance, to apply for halal, the organization should guarantee that the bank utilized is Islamic just, workers should likewise be Shariah-agreeable, and exchanges should be Shariah-consistent. Therefore, to establish a halal ecosystem, the entire chain needs to be halal. It continues to function in the same manner, but as of right now, very few businesses are involved in implementing IMS because it is somewhat challenging to adapt to one's own business since Halal food is the only aspect of the hotel that is considered to be Halal. For example, an inn should have a halal and non-halal kitchen, and the natural substance providers should be halal, yet most of huge entrepreneurs and lodgings are non-Muslim. As a result, there are obstacles that prevent them from being Shariah-compliant financially and administratively. Therefore, in order to guarantee that it complies with Shariah, it is specific to a particular field.

8. Conclusion

The dynamic synergy that exists between Islamic finance and the halal industry is very promising for long-term growth and development. This study has extensively investigated this relationship, accentuating the significant job of Islamic monetary instruments in propelling the Halal area. Ethical principles and Shariah compliance make Islamic finance seamlessly compatible with halal industry's values. Islamic finance's fundamental prohibitions of *riba* and *gharar* are compatible with the ethical sourcing, transparency, and consumer trust of the sector. Moreover, a different cluster of Islamic monetary agreements, including *mudharabah*, *musharakah*, *ijarah*, and *murabah*, offer inventive answers for address the interesting difficulties looked by halal organizations.

Through genuine contextual analyses and functional models, this examination has exhibited the substantial effect of Islamic monetary arrangements in development, advancement, and joint effort inside the halal business in Islamic countries. Access to funding, risk-sharing mechanisms, and, most importantly, the authenticity of halal goods and services have all been guaranteed by these agreements. Moreover, this study analyzes the basic connection point between the administrative structure administering the halal business and the supporting job of Islamic finance in keeping up with and improving these principles. It features the potential outcomes of Islamic monetary agreements for halal affirmation, store network trustworthiness and consistence with halal prerequisites.

In conclusion, Islamic finance has a significant and promising potential to support the growth of the Halal industry. This exploration features the requirement for partners including states, monetary organizations, organizations, and researchers to perceive and tackle the force of Islamic monetary agreements as an impetus for progress in the halal area. Thusly, we can advance financial development as well as maintain the moral and Shariah-consistent rules that are at the core of both Islamic finance and the halal business. The global halal economy can look forward to a more sustainable, inclusive, and prosperous future thanks to this convergence, which will benefit Muslim consumers and the global market.

In a nutshell several issues and obstacles, such as businessmen's lack of understanding of the concept and regulation of halal and the Islamic financial system among halal, prevent Islamic finance from playing a significant role as a financier for the halal industry. Unfortunate familiarity with industry players and others. Then, at that point, because of these issues it will be challenging for the player to fabricate a halal industry biological system. As a result, the integration of halal businesses and Islamic financial institutions opens a plethora of employment opportunities for the public and contributes to the growth of Islamic economies worldwide.

Halal food and Islamic banking can contribute to the achievement of several Sustainable Development Goals (SDGs) set by the United Nations. First Halal food alliance with SDG 2, Zero Hunger, Halal food production practices emphasize animal welfare and sustainability, contributing to the production of nutritious and ethically sourced food, aligning with the goal of ending hunger and malnutrition. Second, according to SDG 3 the Halal food principles encourage healthy eating habits and discourage the consumption of processed foods and unhealthy ingredients, promoting overall health and well-being. Third, according to SDG 8 the growing demand for halal food products and services has created employment opportunities and boosted economic growth in the halal food industry. Fourth, SDG 12, Halal food production practices emphasize sustainability and environmental responsibility, aligning with the goal of ensuring sustainable consumption and production patterns. As a result, ensuring the economic growth of both sectors necessitates overcoming the difficulties and issues encountered in the halal sector. Because of this, the two fields of Islamic finance and investors in the halal industry will need to

work together to develop and promote their respective businesses and produce effective results if they are to expand their economies.

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