

# Public Financial Management System in Meulaboh City - West Aceh (Relevance of the Review of Abu Yusuf & Abu Ubaid's Thought)

Susi Herawati<sup>1\*</sup>, Azhari Akmal Tarigan<sup>2</sup>, Muhammad Ridwan<sup>3</sup>

<sup>1</sup> STAIN Teungku Dirundeng Meulaboh, Indonesia; email : [susiherawati2820@gmail.com](mailto:susiherawati2820@gmail.com)

<sup>2</sup> Universitas Islam Negeri Sumatera Utara-Medan, Indonesia

<sup>3</sup> Universitas Islam Negeri Sumatera Utara-Medan, Indonesia

\*Corresponding author : [susiherawati2820@gmail.com](mailto:susiherawati2820@gmail.com)

**Abstract.** In this study the results of the study showed that the Islamic economic system in the classical era, namely the thought of Abu Yusuf and Abu Ubaid was still relevant in the management of public finances in contemporary times. The thoughts of Abu Yusuf and Abu Ubaid about the management of public finances can be a philosophical and theoretical foundation for financial management in the city of West Meulaboh-Aceh. The principles of justice, efficiency, transparency, and people's welfare that they convey can be applied in managing the budget and public financial policy in the city of West Meulaboh-Aceh, to achieve sustainable development goals. The method in this study uses historical qualitative and literature study analysis. This approach shows that classical thoughts are still relevant to date, so that it can be a foundation as a system in managing public financial in government.

**Keywords:** Public Finance, Islamic, Economy, Management, System.

## 1. INTRODUCTION

The Qur'an and As-Sunnah as the foundation in applying a concept and applying in life universally not only partial. Including the concepts and practices of Islamic economics become the foundation of the development of Islamic economic thought. The history of so many inspiring thinkers, who not only leave the dark story in the past, but also bequeathed the monumental thoughts that became a legacy of science for the generation afterwards. In the heyday of the Abbasyiah Dynasty, precisely in the era of the Kemakahan al-Rasyid, there were scholars who lived at that time, namely 113-182 H/731-798 AD. The ulama named Abu Yusuf and Abu Ubaid, they were fiqh experts. The thoughts of Abu Yusuf and Abu Ubaid are still very relevant when applied in today's life. The two scholars are Muslim scholars who are experts in the field of Islamic economics. Many of his thoughts are formulated in various works, one of which is in the book of Al-Amwal. This book contains the rules of Islamic economics which are references in the discussion on the problems of state finances in the Islamic view. Whereas in the thought of Abu Yusuf there is also the book of Al-Kharaj which not only discusses taxation, but also discusses other types of public finances. The author here analyzes the regional financial management system in Meulaboh City, so to support the government that is the authority of the district region, namely the Regional Financial and Asset Management Agency led by the Head of the Agency which is domiciled and responsible to the Regent through the Regional Secretary as the Coordinator.

## 2. THEORETICAL STUDY

Abu Joseph's thought in the book of Al-Kharaj, emphasized the importance of a fair and efficient taxation system to reduce economic inequality. Efficient public financial management in various aspects of the economy, including taxation, income distribution, and inflation control. The importance of people's welfare, Abu Yusuf's thinking reflects efforts to create a fair, efficient, and in accordance with Islamic values. The thought of Abu Ubaid in the book of Al-Amwal, emphasized the importance of a just and equitable distribution of wealth, and fiscal justice in the

Received: May 19, 2025

Revised: June 01, 2025

Accepted: June 15, 2025

Published: June 18, 2025

Curr. Ver.: June 18, 2025



Copyright: © 2025 by the author.

Submitted for possible open

access publication under the

terms and conditions of the

Creative Commons Attribution

(CC BY SA) license (

[https://creativecommons.org/lic](https://creativecommons.org/licenses/by-sa/4.0/)

[enses/by-sa/4.0/](https://creativecommons.org/licenses/by-sa/4.0/))

management of public finances. Abu Ubaid argues that the government must be responsible for the use of public funds and keep corruption or abuse of authority. He seeks to apply the principles of Islam in people's lives, especially in the management of public finances. Relevance to the Regional Financial Management of the City of Meulaboh-Aceh Barat, that Abu Yusuf's thinking about transparent public finance management, regarding the responsibility of the government in the management of public finances can be the basis for transparent and accountable public finance management in Meulaboh, even in fair and efficient taxation can also be a reference. In achieving the welfare of the community, the two scholars emphasize the importance of the welfare of the community as the main goal in managing public finances. This is in line with the efforts of Meulaboh City to improve the welfare of the community through various development programs. The thoughts of Abu Yusuf and Abu Ubaid about the management of public finances can be a philosophical and theoretical foundation for financial management in the City of West Meulaboh-Aceh.

Ibn Taymiyah's thoughts regarding public finances are several, namely, monetary policy, market regulation, herbah institutions, eliminating poverty. He strongly emphasizes the principle of justice and social balance. He argues that finance in government must prioritize the public interest, especially for those who need it, and the sources of state finances must be managed well in accordance with Islamic sharia. Public financial management is the role of government in the implementation of economic needs both individuals, as well as institutions which have an effect on the overall macro economy. Indonesian contemporary scholars thinking KH. Ma'ruf Amin, regarding public finances generally emphasizes the principles of justice, transparency, and general benefit (munits' ammah) in the management of public finances, with the main sources of financing from zakat, infaq, alms, and endowments. KH. Ma'ruf Amin, stressed the importance of justice in the distribution of wealth and management of state finances. This principle of justice includes a fair distribution between individuals and the state, as well as transparency in managing public budgets. He also stressed the importance of managing state assets effectively and efficiently. The ultimate goal of public finance management is to achieve general benefit, namely welfare and goodness for the whole community. This is reflected in government policies oriented to the needs of the community, such as food subsidies, health insurance, and land redistribution. The thinking of classical scholars such as Abu Yusuf and Abu Ubaid is still relevant in a modern context, especially in facing the challenges of the distribution of global wealth and social inequality. The concept of fiscal justice, transparency, and flexibility of economic policies becomes a reference in designing an economic system based on Islamic values.

### 3. RESEARCH METHOD

The author uses a historical qualitative approach from Abu Yusuf and Abu Ubaid's thoughts in the classical period and also compares the thoughts of two Muslim scholars Ibnu Taimiyah and Indonesian contemporary scholars. This study also uses library research with a theoretical approach. This study uses research analysis study methods. The results of this study were Abu Yusuf and Abu Ubaid's thoughts about public financial management, their relevance to financial management in the City of Meulaboh, West Aceh.

### 4. RESULTS AND DISCUSSION

#### Results

Relevance to the management of regional financial in the city of West Meulaboh-Aceh, that Abu Yusuf's thinking about transparent public finance management, about the responsibility of the government in the management of public finances can be the basis for transparent and accountable public finance management in Meulaboh, even in fair and efficient taxation can also be a reference. In achieving the welfare of the community, the two scholars emphasize the importance of the welfare of the community as the main goal in managing public finances. This is in line with the

efforts of Meulaboh City to improve the welfare of the community through various development programs. The principles of justice, efficiency, transparency, accountable, and community welfare that they convey can be applied in managing the budget and public financial policy of the West Meulaboh-Aceh City regional financial policy to achieve sustainable development goals. In this study with the thoughts of Abu Yusuf and Abu Ubaid al-Qasim bin Salam that the economic system in the implementation of public finances is aimed at achieving the benefit of the people. Abu Yusuf (180H/796M), argues that the ideal economic system must try to achieve the benefit of the people, which means welfare and goodness for all members of the community. In carrying out public finances focus on public finances and how to manage state revenue in the public interest. In his book *Al-Kharaj*, Abu Yusuf put forward the concept of fair tax management, including rejecting a tax collection system based on land rent and preferring the agricultural product as a taxation basis. Then also divides the source of state revenue into *Ghanimah*, *shadaqah*, *fai'* assets (assets obtained without resistance).

Abu Ubaid al-Qasim bin Salam (157-224 H/781-838 AD), emphasizing that justice is a basic principle, as a foundation in Islamic economics and must be a foundation for developing a fair economic system, it is set forth in its book *al-Amwal*, that the public finance system must be based on the principle of justice and equity with the main source of income including *zakat*, *kharaj* (land tax), *FAI'*, and *jizyah* (Tax for Non-Muslim). He also stressed the importance of efficiency in the management and distribution of public funds, as well as justice in tax collection. And the state has an important role in regulating and overseeing the economy to ensure justice and welfare of the community. Abu Ubaid also stressed the importance of a fair distribution of wealth through mechanisms such as *zakat*, *kharaj*, and *jizyah*. The importance of effective and transparent *zakat* management to achieve social justice and more equitable distribution of wealth. Then Abu Ubaid saw *Baitul Mal* (Treasurer of the State) as a national main financial institution that was important to manage state revenue and distribute funds in the public interest. The comparison of these two scholars, namely, Abu Yusuf is more focused on aspects of public finance and tax management, while Abu Ubaid emphasizes the principles of justice and the role of the state in the economy. But both of them agreed on the importance of justice in Islamic economics, but their approach was different in terms of how justice was realized in the economic system. Their thinking is very relevant to the challenges of modern economy, especially in terms of inequality, poverty, and effective fiscal policy. Then the research analysis of the regional financial management system in the City of Meulaboh-Aceh Barat, followed the provisions of Government Regulation Number 12 of 2019 concerning Regional Financial Management and Regulation of the Minister of Home Affairs Number 77 of 2020. The West Aceh Regency Government has also issued Regent Regulation (Perbup) Number 60 of 2022 which regulates the procedures and procedures for shifting and changes in the elaboration of the Regency Revenue and Expenditure Budget (APBK).

a. Background:

- UU no. 23 of 2014 concerning Regional Government: Establishing the authority of local governments in managing financial resources independently in accordance with the principle of decentralization.
- PP No. 12 of 2019: Regulates the scope of regional finances which include taxes, levies, revenues, expenses, regional assets, and wealth of other parties controlled by local governments.
- Minister of Home Affairs Regulation No. 77 of 2020: Provide technical guidelines for regional financial management.

b. Regional Financial Management Structure:

- The Regional Head (Regent) as the holder of regional financial management power delegates part or all of his power to the Regional Secretary, the Head of the Regional Financial Management Work Unit (Head of SKPKD), and the Head of the Regional Work Unit (Head of SKPD).

- The West Aceh Regional Financial Management Agency (BPKD) is led by the Head of the Budget Planning Division responsible to the Regent through the Regional Secretary.
- c. APBD Cycle:
  - The APBD cycle starts from planning, preparation, determination, implementation, to accountability.
  - Accountability is an important stage to show government accountability in regional finance management.
- d. Principles of Regional Financial Management:
  - Transparency: The budgeting process must be open, so that the community can access information related to the allocation and use of the budget.
  - Accountability: Regional financial management must be financially and operational.
  - Efficiency and Effectiveness: The use of the budget must be efficient and effective in achieving development goals.
  - Responsibility and honesty: Regional financial managers must be responsible and honest in budget management.
  - Internal Control: Strong internal control systems are needed to prevent budget abuse.
- e. Examples of rules and initiatives:
  - Perbup No. 60 of 2022 concerning Procedures for Shift and Changes in the Elapation of APBK in West Aceh Regency.
  - It is planned that the meeting between the Head of KPPN Meulaboh and the Simeulue Regent was elected to strengthen the synergy in managing the regional budget.

## Discussion

Abu Yusuf and Abu Ubaid al-Qasim bin Salam are two important figures in the history of Islamic economic thought, especially in pre-classical and middle periods. Abu Joseph is known for his focus on public finances and how the economic system can achieve the benefit of the people based on the Qur'an and Hadith. Abu Yusuf's thinking about public finance is divided into three sources of state revenue, namely Ghanimah, Sadaqah or Zakat, and Fa'i assets. The implementation of Abu Yusuf's thinking about public finances in Indonesia is in line with income tax revenue in the category of Sadaqah, Land and Building Tax Entry of Kharaj, and International Trade Tax consists of import duties and exit is called 'Usyr. While Abu Ubaid emphasizes justice as an economic foundation and the role of the state in ensuring the welfare of the community through the distribution of fair wealth and management of zakat. So the concepts and practices of Islamic economics have developed and this sometimes raises new developments in the philosophy of Islamic economics. The concept of Islamic economics must of course be based on the Qur'an, Hadith and Sunnah which are legally and the direction of economic policy is contained in, besides the need for adaptation to the changing times and the disparity of regional places. This research tries to reveal the relevance of the economic thought of ash 'Ubaid al-Qasim bin Salam in the economic order in the public financial system in the City of Meulaboh, West Aceh, which can be reviewed in his monumental work entitled Book of Al-Amwal. In the book, he reiterated the fundamental ideas of the economy about justice as a solid philosophical foundation for the development of Islamic economic thought. Abu 'Ubaid al-Qasim agreed that government hegemony in the global economy is very important to ensure compliance with the law of the Qur'an and Hadith.

Comparison with Ibnu Taymiyah's thoughts regarding public finances, namely, monetary policy, market regulation, Hisbah institutions, eliminating poverty. He strongly emphasizes the principle of justice and social balance. He argues that finance in government must prioritize the public interest, especially for those who need it, and the sources of state finances must be managed well in accordance with Islamic sharia. Public financial management is the role of government in the implementation of economic needs both individuals, as well as institutions which have an effect on the overall macro economy. (Sabahuddin 'Azmi, 2005).

According to Ibn Taimiyah, the source of the main revenue of state finances is zakat. Zakat must be collected and distributed to those who are entitled, including poor people, needy, and those who need other assistance. In addition to zakat, Ibnu Taimiyah also considers the booty of war (Ghanimah) as a legal source of state finances and FAI '. If needed, the government may impose a fair tax (kharaj) to meet the needs of the country, but while maintaining justice and avoiding the burden that is too heavy for the community. In addition to these sources, Ibn Taimiyah also believes the existence of state revenue from other sources, such as business results, and income from land and natural resources. Ibn Taimiyah emphasized that most of the state finances must be allocated to help those in need, including poor people, needy, and people affected by disasters. Funds must also be allocated to maintain security and national defense, including soldiers' salaries and military costs. In addition to social and defense assistance, state funds can also be used to finance other public needs, such as infrastructure development, education, and health. Ibn Taimiyah argues that state financial expenditure must be carried out fairly and in balance, so that no party is harmed or excessively benefited. The principles of public finance according to Ibn Taimiyah all state financial policies must be based on the principles of Islamic sharia, including justice, responsibility, and transparency. State financial policies must try to create social balance, so that no party is too rich or too poor. State finances must be allocated fairly, so that all members of the community get the same benefits. The government has the responsibility to manage state finances well and avoid abuse or corruption. The process of collecting and spending state finances must be transparent and can be accounted for. Thus, Ibn Taimiyah's thinking about public finances is very relevant in modern contexts, especially in an effort to create a just, prosperous and social just state.

Indonesian contemporary scholars thinking KH. Ma'ruf Amin, regarding public finances generally emphasizes the principles of justice, transparency, and general benefit (munits' ammah) in the management of public finances, with the main sources of financing from zakat, infaq, alms, and endowments. KH. Ma'ruf Amin, stressed the importance of justice in the distribution of wealth and management of state finances. This principle of justice includes a fair distribution between individuals and the state, as well as transparency in managing public budgets. In addition to zakat, infaq, alms, and endowments, ulama also emphasized the importance of managing state assets effectively and efficiently, including taxes and other income from the public sector. The ultimate goal of public finance management is to achieve general benefit, namely welfare and goodness for the whole community. This is reflected in government policies oriented to the needs of the community, such as food subsidies, health insurance, and land redistribution. The thinking of classical scholars such as Abu Yusuf and Abu Ubaid is still relevant in a modern context, especially in facing the challenges of the distribution of global wealth and social inequality. The concept of fiscal justice, transparency, and flexibility of economic policies can be a reference in designing an economic system based on Islamic values. While religious organizations such as Nahdlatul Ulama and the Indonesian Ulema Council play an important role in promoting the sharia economy in Indonesia, including in the management of public finances, such as through the Daily Implementation Agency of the National Sharia Council (DSN) of the MUI and the National Economic and Sharia Finance Committee (KNEKS).

## 5. CONCLUSION

Regional financial management in the city of West Meulaboh-Aceh follows the principles of transparency, accountability, efficiency, and responsibility. This system is guided by legislation and related regional regulations, as well as involving various related parties in the management of regional budgets, such as the Meulaboh KPPN, the Regional Financial Management Agency, and the SKPD (Regional Work Unit). The principle of transparency means budget management must be open and easily accessed by the public. Accountability ensures that the use of public funds can be accounted for. Efficiency means using resources optimally, while responsibility means that each party is responsible for their duties and obligations in the management of

regional finances. The community has access to information about the allocation, use and results of the regional budget. The use of the budget can be accounted for through financial and audit statements. The use of the budget is carried out efficiently and effectively, so that regional development goals are achieved optimally.

The Regional Financial Management System of the City of Meulaboh-Aceh Barat has relevance to the thoughts of Abu Yusuf and Abu Ubaid about the management of public finances. Both of these figures emphasize the importance of justice and balance in the management of public finances, as well as efforts to achieve the welfare of the community.

Abu Joseph's thought in the book of Al-Kharaj, emphasized the importance of a fair and efficient taxation system to reduce economic inequality. Efficient public financial management in various aspects of the economy, including taxation, income distribution, and inflation control. The importance of people's welfare, Abu Yusuf's thinking reflects efforts to create a fair, efficient, and in accordance with Islamic values.

The thought of Abu Ubaid in the book of Al-Amwal, emphasized the importance of a just and equitable distribution of wealth, and fiscal justice in the management of public finances. Abu Ubaid argues that the government must be responsible for the use of public funds and keep corruption or abuse of authority. He seeks to apply the principles of Islam in people's lives, especially in the management of public finances.

Relevance to the Regional Financial Management of the City of Meulaboh-Aceh Barat, that Abu Yusuf's thinking about transparent public finance management, regarding the responsibility of the government in the management of public finances can be the basis for transparent and accountable public finance management in Meulaboh, even in fair and efficient taxation can also be a reference. In achieving the welfare of the community, the two scholars emphasize the importance of the welfare of the community as the main goal in managing public finances. This is in line with the efforts of Meulaboh City to improve the welfare of the community through various development programs. The thoughts of Abu Yusuf and Abu Ubaid about the management of public finances can be a philosophical and theoretical foundation for financial management in the city of West Meulaboh-Aceh. The principles of justice, efficiency, transparency, and welfare of the community that they convey can be applied in managing the budget and public financial policy in the City of Meulaboh-Aceh Barat to achieve sustainable development goals.

Suggestions that can be implemented and applied, namely:

- Every party involved in regional or central finance management is responsible for their duties and obligations. These principles are important to ensure good regional financial management, so as to improve the quality of development and welfare of the community, especially the City of Meulaboh-Aceh Barat, as well as the central government.
- The public, both individual elements, society and government collaborated with each of the capacity of human resources, to study the thinking of classical Islamic economic by analyzing the root of the problem, the problems of life today and linking to the law of syara', in particular the financial management system refers to Islamic economic thinking as an implementation of solutions in carrying out a government, for the realization of the welfare of the community in various fields of economic development.
- For academics always make every classical Islamic economic thought as the basis for thinking for a radical reform, and also a scientific treasure that is able to contribute to the lives of individuals, society and the state.
- The historical qualitative approach analyzes in depth, examines the thinking of classical Islamic economic and linking contemporary problems as an urgent substance, so that it is internalized in the Islamic economic management system.

## REFERENCES

- [1]. Abu Yusuf, Book of Al-Kharaj. Cairo: Al-Matbaah al-Salafiah wa Maktabatuha, 1972.
- [2]. Amelia, A., Irawati, and Fauzan, A. H. M., "The economic thought of Abu Ubaid and Abu Yusuf and its relevance to the economy in Indonesia," *Hamfara: Journal of Islamic Economic Studies*, vol. 1, no. 1, 2025.
- [3]. Aslamah, An., and Nurwahidin, N., "Analysis of the relevance of Abu Ubaid's economic thought to Islamic public financial policies in Indonesia," *Islamic Economic Scientific Journal*, pp. 697–704, 2023.
- [4]. Azis, M. A., and Kurniawan, R. R., "Judging back to the beginning of the history of Islamic economic thought in the time of Abu Ubaid," 2022.
- [5]. Febriani, A., "Economic Thought of Abu Ubaid Al-Baghdadi (Study of the Book of Al-Amwal)," 2017.
- [6]. Ghozali, M., and Khoirunnisa, R., "The concept of Islamic financial management according to the thought of Abu Ubaid," *Journal of Islamic Economics and Business*, vol. 4, no. 1, 2018.
- [7]. Haniatul, M., and Fitra, R., "The relevance of Islamic economic thought Abu Yusuf to the modern market mechanism," *Journal of Islamic Economics and Philanthropy*, vol. 4, no. 1, pp. 1063–1079, 2021.
- [8]. Hidayat, T., "Abu Ubaid as fuqha and economist: Critical reading of the style of thought and economic conception of Ibn Ubaid," *Al-Falah: Journal of Islamic Economics*, vol. 4, no. 1, 2019.
- [9]. Ibn Taymiyyah, *Al Siyasah Asy-Syar'iyah fi Ashlah Ar-Ra'y wa Ra'iy*, Egypt: Dar al-Kitab al-Arabi, 1964.
- [10]. Ibnu Taymiyyah, *Al Siyasah Asy-Syar'iyah*, Cairo: Dar At-Shab, 1971.
- [11]. Juhaya, S. Praja, *The Foundation of the Philosophy of Islamic Economics: Epistemological Dimension*, 2004.
- [12]. Khan, Q., *Ibn Taymiyyah's Thoughts*, Bandung: Library, 1983.
- [13]. Miftach, Z., "Abu Yusuf's economic thought," 731 M, pp. 53–54, 2018. Available: <https://www.google.com.pengelolaan.keuangan.kotameulaboh>
- [14]. Praja, J. S., *The Foundation of the Philosophy of Islamic Economics: Epistemological Dimension*, 2004.
- [15]. Rudiyanto, "Public finance view of public finance Abu Yusuf and its implementation in Indonesia," *Journal of Islamic Studies*, vol. 22, no. 1, 2021.
- [16]. Sabahuddin 'Azmi, *Considering the Islamic Economy*, Bandung: Nasa, 2005.
- [17]. Samsidar, Misbahuddin, Siradjuddin, Ilma Radia Syam, and Silondae, P. A., "The study of the Islamic economic thought of Abu 'Ubaid al-Qasim bin Salam and its relevance in Indonesia," *Syarikat: Journal of the Sharia Economy Clump*, vol. 7, no. 1, pp. 80–96, 2024.
- [18]. Siagian, C. A., Ibrahim, R., Bintang, R. T., Ningrum, W., and Az-Zahra, Y., "The economic thinking of the ash 'Ubaid," *Journal of Research and Scientific Work*, vol. 2, no. 1, pp. 211–224, 2024.
- [19]. Wibisana, W., "Ibnu 'Taimiyyah's opinion about public finance," *Journal of Islamic Religious Education-Ta'lim*, vol. 14, no. 1, 2016.