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THE RELEVANCE OF USING DINAR AND DIRHAM IN THE ERA OF SOCIETY 5.0

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Abstract

This research utilizes a qualitative method with a literature study approach to explore the restoration of the use of gold dinars and silver dirhams as currency from an Islamic perspective. The advantages of dinar and dirham, such as rust resistance, luxury, global acceptance, flexibility, and scarcity, are outlined with reference to the works of Imam al-Ghazali and other reliable literature. Despite these advantages, the implementation of the dinar and dirham faced a number of problems, including a lack of political and legal support from Muslim governments, as well as resistance from Western countries that could destabilize their economic dominance. The history of inflation in the period of dinar and dirham use is detailed, highlighting causes such as hoarding and counterfeiting that hurt the value of gold and silver currencies. While there is a desire to restore the use of dinar and dirham, real challenges involve a lack of political support, legal incompatibilities and global resistance. The research analysis confirms that in an Era Society 5.0 that relies heavily on technology and digital finance, the concept of restoring dinars and dirhams is no longer relevant, as people prefer digital currencies and modern financial innovations for better security, efficiency, and accessibility.

Keywords: *dinar; dirham; relevansi; masyarakat era 5.0*

A. INTRODUCTION

Dinar and Dirham currencies have long been used as a medium of exchange by humans since thousands of years ago. In Islamic history, gold dinars and silver dirhams have been adopted and used as official currencies by Muslims all over the world since the time of the Prophet Muhammad. Unfortunately, no Muslim country uses them today. Every country now has a fiat-based currency or token money. Although some Muslim countries still use the name 'dinar' or 'dirham' as official currency, they do not base it on gold and silver.

This situation has prompted a group of Muslims in some countries such as South Africa, Singapore, Malaysia and Indonesia to implement dinar and dirham as the official currency in their respective countries. They began to promote and encourage the use of dinar and dirham as it once was in Islamic history. The main factor that drives this aspiration is their love for the Prophet Muhammad and the Caliphs who used dinar and dirham. It is also supported by history that shows the use of dinar and dirham at that time did not cause problems. On the contrary, economic stability was maintained and prosperity was achieved.

Another factor that became the driving force behind the reuse of dinar and dirham was the fact that the value of the currency fell irregularly over time because it was not based on gold and silver. This is what is referred to as inflation. Inflation is a situation where the value of currency decreases compared to the price of goods because the amount of money in circulation grows excessively, causing the price of goods to rise.

The problem of inflation itself puts a heavier burden on the position of Islamic banks, because it always results in weakening investment efficiency and productivity, increasing capital costs, and the absurdity of future costs and revenues (Heylen, Schollaert, Everaert, & Pozzi, 2003). Inflation can also trigger horizontal conflicts between Islamic banks and depositors who act as shahib al-maal because the value of capital to be received in the future is less than its factual value. Horizontal conflict can also occur between Islamic banks and customers who use murabahah contracts, because cases of inflation result in Islamic banks not being able to increase the selling price of murabahah goods, so that customers also cannot pay prices in accordance with the increase in inflation.

Events like this have accompanied token money since its birth, and will always accompany it forever. In addition, Fiat or token money that is currently used as official currency by people in all countries is problematic because it is generally based on the US dollar. Under these conditions, the American economy will affect the economies of other countries and make them dependent on the US dollar. Furthermore, by relying on fiat or token money, the hegemony and dominance of the US dollar and other developed countries' currencies will never be matched, let alone overtaken by Muslim countries which are generally developing countries (Ichsan, 2017).

All this becomes interesting to study when there is a strong desire to adopt dinar and dirham currencies in Muslim-majority countries, especially Indonesia. Based on this discourse, a revolutionary action plan to replace paper money with full dinar and dirham gold money is recommended. Umar Vadillo is one of the figures who considers this revolutionary action very important to secure Islamic transactions from the trap of usury practices. According to him, the essence of usury lies in a system of transactions that is no longer based on equality of value, but on a system of transactions that favors an imbalance of value, as illustrated by the exchange of worthless banknotes for valuable goods. This action plan has also been considered by several Indonesian Muslim economists who have expressed their thoughts in various scientific forums, national conferences, and research. Bank Syariah, as the expeditor of sharia-based financial institutions, has always been considered as a pilot project to revive the dinar and dirham currencies. Interestingly, this idea has dominated various literatures in the field of Islamic economics and become an important reference in various discourses among students.

Although adorable, in reality, the idea of reviving the dinar and dirham currencies still has some flaws. Moreover, the world has now begun to enter the era of Society 5.0, an era where humans and technology coexist to facilitate all activities of human life (Japan Goverment, 2023). If so far most money transactions are still carried out in cash and go through cumbersome bank procedures, then the use of IT in companies is still limited and the installation of non-cash payments and convenient financial services is slow. Then, the Society 5.0 era is the opposite. It advocates using blockchain technology for money transfers, introducing open application programming interfaces (APIs) to FinTech companies and banks and mainly promoting cashless payments, which goes against the spirit of using dinar and dirham.

From a historical perspective, reviving the dinar and dirham has not always gone smoothly. Historical records show that when the dinar and dirham were revived, inflation always occurred in some areas of Islamic power. When viewed from a realistic Islamic discourse, Muslim thinkers in the classical Islamic world did not limit the use of currency to dinars and dirhams. Judging from Bretton Woods, the idea of reviving the dinar and dirham currency is not prospective, because there is no balance between the level of trade and the level of currency supply. This observation shows that Islamic banking will be in a very difficult position if the revival of the dinar and dirham currency is enacted (Muflih, 2012).

From the above description, it can be seen that the contradiction between reviving the dinar and dirham currency and the historical facts of the Islamic world is very large. This contradiction can trigger the pros and cons of reviving the dinar and dirham currencies, especially in the Era of Society 5.0 which prioritizes the use of technology in human life. For this reason, this paper will try to analyze the relevance of the reuse of dinar and dirham in the era of Society 5.0.

B. LITERATURE REVIEW

1. Dinar and Dirham

Dinar currency is a currency used by several countries in the form of gold that was used since the seventh century BC. Dinar qualifies to be used as a means of transaction because the two pieces of currency have a stable value and element, while Dirham comes from the language of the Sassan people in Persian, namely "drachms".

Dinar is a coin-shaped currency made of 22 karat gold (91.7%) weighing 4.25 grams (Ahmad & Mustofa, 2022). Dirham is made of pure silver and weighs 2.975 grams. Dinar and dirham were the currencies used during the time of the Prophet Muhammad. Apart from being a medium of exchange, the Prophet Muhammad and his companions used dinars and dirhams as standard measures such as zakat and theft (Teguh & Sisdianto, 2020). Dinar and dirham are distinguished by their weight; unlike other currencies, the weight of dinar currency can be broken down without reducing the weight of gold contained in it. Dinars generally contain 22 karat gold. Historically during the time of Imam Ali, dinars were divided into 2 carats. The dirham consists of 20 dirhams (nash), 5 dirhams (nawat), and 1/60 dirham (sha'ira) (Muhaimin, 2007).

The standardization of dinar and dirham weight was determined during the caliphate of Umar bin Khattab. Imam Al-Ghazali in his work states that Allah created gold and silver where the dinar is 22 carat gold and weighs 4.25 grams and the dirham is silver weighing 2.975 grams, both of which are "judges" who provide justice in value or price (Al-Ghazali, 2004).

2. Fiat Money

According to Alhifni and Trihantana (2016) money is a tool used as a means of payment in transactions. In the Islamic concept, money is a tool for transactions and means of exchange. One of the products of the capitalist economy is paper money. Money is a standard of utility (utility) contained in a good and service. For this reason, money is defined as something that is used to measure individual goods and services (Saratian, Arief, Soelton, Vizano, & Mugiono, 2019).

Fiat money is government-issued currency that is not backed by a physical commodity, such as gold or silver, but by the government that issues it. The value of fiat money comes from the relationship between supply and demand and the stability of the government that issues it, not from the value of the commodity backing it as with commodity money. Most modern paper currencies are fiat currencies, including the US dollar, Euro, Rupiah, and other major global currencies (Burhanuddin & Hidayat, 2021). Fiat money only has value because the government maintains that value, or because two transacting parties agree on its value. Historically, governments would mint coins of a valuable physical commodity, such as gold or silver, or print paper money that could be exchanged for some physical commodity. Fiat money is irreversible and not redeemable. The word "fiat" is derived from Latin which translates as a decision "shall" or "let it be done" or can also be referred to as the omission of events (Kocherlakota, 1998). Since fiat money is not linked to physical reserves, such as national gold or silver reserves, it runs the risk of losing its value due to inflation or even becoming worthless in the event of hyperinflation. If people lose confidence in a country's currency, it ceases to have value. This is in contrast to currencies backed by gold, for example; these currencies have intrinsic value due to the demand for gold for jewelry and decoration as well as the manufacture of electronic devices, computers, and aircraft (Hoppe, 1994).

Fiat money is a currency system that is considered not to represent the interests of the world because it contradicts the laws of production and distribution that are prone to usury and injustice. Therefore, the use of fiat money as a medium of exchange must be replaced with a fairer and more balanced medium of exchange that is far from injustice (Hasan, 2017).

3. Society 5.0 Era

The era of society 5.0 is defined by the Japanese Government as a balance between economic progress and solving social problems using systems that integrate the virtual and physical worlds, with a focus on people (Deguchi, et al., 2020). Fukuyama describes the stages of society according to human history. Society 1.0 is defined as a group of people who gather and hunt, then coexist harmoniously by utilizing nature, starting with the creation of humans. Society 2.0 creates groups based on agricultural cultivation, improved organization, and nation building, starting from 13,000 BC. Society 3.0 is a society that promotes industrialization through the industrial revolution 1.0, starting from the late 18th century. Society 4.0 is an information society that is aware of increasing added value by connecting intangible assets as information networks, starting from the mid-20th century. At this stage, society 5.0 is an "information society" built on society 4.0, aiming to create a more prosperous society (Fukuyama, 2018).

In digital transformation, several countries use different terms, such as in Europe using the term industry 4.0, North America using the term industrial internet, parts of Asia using the term smart city (Oztemel & Gursev, 2020), then China using the term made in China 2025 (Li, 2018) and Japan using the term society 5.0. With digital transformation using IoT, artificial intelligence, robotics, big data, and blockchain (Nurlaili, 2021).

In the Era of Society 5.0, the future is designed in the order of cyber-physical systems, where cyberspace and physical space are tightly integrated, and form a pervasive technological mode that supports Society 5.0. Even today, the gap between the virtual and physical worlds is closing, as most people live online-to-offline and back again, or "O2O". However, this relationship goes both ways, as the new value created through the innovations valued by Society 5.0 will eliminate regional, age, gender and language gaps and enable the provision of products and services tailored to diverse individual needs. In this reciprocal way, it will be possible to achieve a society that can drive economic development and find solutions to social problems, including with currencies. Digital currencies are part of the development of the Society 5.0 Era, and now central banks have begun to pay attention to them (McKinsey, 2023).

C. METHOD

The completion of this case study adopts a qualitative research method utilizing a literature study approach, focusing on the use of secondary data sources. This approach is chosen to allow a comprehensive and in-depth understanding of the phenomena being studied without the need for primary field data collection. The qualitative method emphasizes the interpretation and contextualization of existing knowledge, enabling researchers to analyze complex issues through critical examination of relevant literature. The use of a literature study is particularly beneficial in exploring theoretical frameworks, identifying research gaps, and comparing past findings related to the topic at hand. By synthesizing various scholarly perspectives, the research aims to construct a coherent narrative that supports the formulation of arguments and conclusions based on existing knowledge.

The data used in this study are obtained from a variety of credible and relevant secondary sources, including academic books, peer-reviewed journal articles, previous research findings, and reputable websites. Each source is carefully selected to ensure its relevance and validity in addressing the identified research problems. Books provide foundational theories and broad contextual understanding, while journal articles and previous studies contribute empirical evidence and scholarly discourse. Additionally, trustworthy websites are included to capture the latest information, developments, and statistical data when applicable. By triangulating these sources, the study ensures a balanced and multidimensional view of the topic, enhancing the reliability of the findings and supporting the development of well-informed conclusions.

D. RESULTS AND DISCUSSION

1. Advantages of Using Dinar and Dirham

Money in traditional economics is defined as a generally accepted medium of exchange. This medium of exchange can be any object that is accepted by every member of society in the transaction of goods and services. In modern economics, money is defined as something that is available and generally accepted as a medium of exchange for the purchase of goods and services and other valuable assets and the payment of debts. The need for Muslims around the world to restore the use of gold dinars and silver dirhams as currency is becoming increasingly urgent.

In the book Iḥyā' 'Ulūm al-Dīn, Imam al-Ghazali explained the important role of dinar and dirham for human life on earth. According to him, the main function of gold and silver is to be used as currency. Because gold and silver have features that are not owned by other metals, including gold and silver are durable, do not rust easily, are rare goods, and their value continues to increase over time.

There are several advantages of dinar and dirham. First, they are durable due to their rust-proof nature. Stable gold produced during this period will have the same value as the gold produced before. This is in contrast to paper money which has an exchange value but cannot be used to store wealth over a long period of time. The value of banknotes is less if the banknote is damaged and can be exchanged for a different value. Secondly, gold is a luxury item. Gold is valued based on its physical value, including diamonds. Even if the unit size is reduced and divided into several parts, the unit value remains high. This is in contrast to paper money or coins in general, whose value is determined by the laws in force in a country and is also pegged to the dollar exchange rate, so paper money has different values in different countries. Third, it is universal because gold is accepted worldwide compared to paper money such as the dollar as an international currency. Banknotes can only be used in the country that issued them. Fourth, it is flexible. The value contained in gold is divided into several parts when cut, but remains the same according to its weight value because the value contained in gold will remain the same whether the gold is used to make jewelry or other forms. Lastly, it is rare. It is not unexpected for gold to become a currency with a very strong medium of exchange, because to get gold must go through a difficult search. Gold can store the wealth of a country, so it is not surprising that gold is a currency with a very strong medium of exchange (Teguh & Sisdianto, 2020).

2. Problems with the Use of Dinar and Dirham

If the use of gold dinars and silver dirhams as the official currency of Muslims can be implemented and really happen, then today in this modern era it can be done as long as all parties have a strong will for it. History has even shown that the use of dinars and dirhams provides many benefits and advantages. The benefits of the gold dinar and silver dirham can be seen. However, the good intention to re-adopt the gold dinar and silver dirham in this modern era is certainly not free from problems and challenges. Among them are the following: First, there are still many Muslims, and especially their governments, who do not or have not wanted it. In other words, until now there has been no political will to use the gold dinar and silver dirham as currency or medium of exchange. There are many reasons why they have not wanted to reintroduce the dinar and dirham, such as the lack of understanding and awareness of the benefits of the dinar and dirham. In addition, moving from one economic system to another is not an easy thing because people are used to the old economic system. Another thing is that there are still many people who think that what was good in the past is not necessarily good to be applied in the present. The proof is that there is no Islamic country - let alone a non-Islamic country - that uses gold dinars and silver dirhams as official currency.

Secondly, the prevailing laws in countries where the majority of the population is Muslim do not allow the use of gold dinars and silver dirhams. In fact, the laws of these countries accept and approve currencies that are not based on the gold and silver standard. The use of the rupiah currency in Indonesia, for example, is regulated in Law No. 7 of 2011 on Currency. Amending this law is not an easy matter. It requires a long time and in-depth study by economic and legal experts as well as the legislature. Muslims now have currencies in their respective countries that are based on fiat or paper money. They must use these currencies as a medium of exchange, standard of value, and store of wealth as commanded by law. Another reason is that people have to accept the currency whether they like it or not (Ichsan, 2017).

Third, America and other Western countries would not like it if Muslims used gold dinars and silver dirhams. It would topple their dominance, and their economies would be severely shaken, and eventually their prosperity would be severely compromised. Therefore, they will not remain silent on this matter. Every effort will be made to prevent, hinder, and thwart efforts to restore the gold dinar and silver dirham as the official currency of Muslims (Kurniawan, 2012). The Western economic system has gripped the economies of Muslims around the world. It is not easy for them to break free from this grip, because this system is too strong and deeply rooted, covering all aspects of the economy.

Lastly, gold and silver are mined materials, so their quantities are limited. If all Muslims around the world were to use gold dinars and silver dirhams as official currencies, the demand for gold and silver would skyrocket, while gold and silver reserves are limited, even diminishing. Moreover, mining gold and silver is difficult, not as easy and cheap as printing paper money. Due to the limited amount, some major mining companies have even stated that they have begun to struggle to find new gold reserve locations. In addition, the depth they have to reach to find gold can reach up to four kilometers with temperatures of 130 degrees Fahrenheit. It is also not easy to obtain licenses from the relevant governments, extending the time it takes from mining to production. These challenges make the cost of gold exploration higher (Ari, 2013). According to Newmont, a gold mining company requires a drilling cost of 1 ounce of gold equivalent to 500 US dollars (Dipraja, 2011).

3. Is the Use of Dinar and Dirham Free from Inflation?

It cannot be denied that during the dinar and dirham period, Muslim societies had faced cases of inflation (Muflih, 2012). The clue word that initiates the case is the word al-ghala' which often appears in several economic records written both in the fields of fiqh, Hadith, and history. The belief that al-ghala' represents inflation can be seen from Allouche's explanation (1994) which states that al-ghala' is a synonym for hunger and death. This word is widely used to describe the economic crisis that occurred during the reign of the Mamluk Dynasty in the 13th and 14th centuries AD. This illustrates that the occurrence of famine and death is related to al-ghala' which always stems from a general increase in prices, even to a very high increase. In these cases of al-ghala', the extraordinary rise in prices always brings about a large human toll. It is not enough to say that it is a generalized and easily controllable price rise.

The occurrence of inflation (al-ghala') that directly affects the dinar and dirham currencies, based on fiqh and historical records, can be classified into two. First, inflation that is intentionally caused by humans and second, inflation that is triggered by natural factors. The former often occurs due to cases of stock hoarding or conglomeration. Historians point out that conglomerations always result in tremendous price increases. In this case, hoarders deliberately hide goods until their prices skyrocket. The goods hoarded are usually basic foodstuffs, which everyone needs every day. Ibn Khaldun (1332-1406 AD/732-808 H) categorized the practice of hoarding/conglomeration as a violation of the rights of the people and the benefits derived from the practice include fasid profits (Khaldun, 1992). The adverse impact of this hoarding practice is the turmoil of dinar and dirham resistance. This can be proven through the correlation of the scarcity of basic foodstuffs with the prevailing currency at the time. As stated in response to the price increase in Medina, the term al-ghala' is mentioned in the Hadith narrated by Abu Dawud (817-889/202- 275), Ibn Majah (824-887/209-273), and al-Baihaqi (994-1066/384-458), which informs that there has been an increase in prices (ghala' al-si'r) which is intended as the price prevailing in the market. At that time, the market was an important trading center, so the prevailing price in the market was always a reference price for the community. When hoarding occurred, the market was paralyzed and the peace of the community was lost.

Judging from al-Maqrizi's historical records, it appears that the price interval before and after hoarding is very far. Through this figure, it can at least illustrate how the case of hoarding was able to destroy the dirham currency system, so that this gold currency was forced to become cheaper than before. This means that through hoarding practices, the price structure of the gold currency can be engineered by big players who want to make personal profits. The counterfeiting of dinars and dirhams has caused a crisis of confidence in the circulating currencies in the Islamic world. Muslim thinkers have reacted to this. In general, they have taken a strong stance against the counterfeiting of dinar and dirham currencies (Al-Ghazali A., 1995).

The change in the gold and silver content of these two currencies is often referred to as al-maghshusy. In this terminology, al-ghasy or al-maghshusy is an attempt to counterfeit or contaminate the gold and silver content of dinar and dirham currencies. The counterfeiting or contamination is done by melting down the original currency and taking a small amount to mix with other metal materials such as bronze, so that the counterfeiters can hoard the original gold and silver. Meanwhile, the dinar and dirham currencies that are widespread have actually lost their original gold and silver content. Ibn Khaldun (1332-1406/732-808) said that al-maghshusy occurred because of the weakening control of the state rulers (Khaldun, 1992).

Although there is no clear statement from Islamic sources to the effect that al-maghshusy caused inflation, signs of a correlation between al-maghshusy and inflation can be seen in the ease with which counterfeiters forged and distributed the currency in several Islamic regions. A relevant indicator is revealed by al-Maqrizi in his historical account al-Suluk Li Ma'rifati Duwal al-Muluk. He says that when the counterfeit dinar emerged from foreign territories, the exchange rate of the dinar used to fluctuate. However, it was soon exposed once the counterfeit content of the currency was identified. Gradually, people sterilized this currency from commercial transactions. An indication of this can also be seen in the words of some Islamic jurists. They saw this issue as a threat to the durability of the dinar and dirham currencies. For example, Ibn Taymiyyah (1263-1328 CE/ 661-728 AH) in al-Fatawa al-Kubra states that the existence of counterfeit dirhams (al-dirham al-maghshusy) will only damage the use value of an item. People who deliberately do this have contaminated the level of purity of goods, he is categorized as a person who is jahil (ignorant) in his intellect (Taymiyyah, 1987). Even earlier, al-Baladzuri (died 279 Hijri), through his book, Futuh al-Buldan, reported that the first to third caliphs of Hijri equated the punishment for these counterfeiters with that for thieves. The forgers had to be arrested and their hands cut off (Al-Baladzuri, 1987). The reason for this harsh punishment was that the practice of counterfeiting currency had destabilized the country's economy. Until now, it can be said that the value of dinar and dirham currencies can be manipulated by cases of counterfeiting. The practice of counterfeiting has been prevalent during Islamic rule from time to time.

4. The Relevance of Using Dinar and Dirham

Money is inseparable in the economy (Rifqi & Nihayah, 2020). Money functions as a medium of exchange and helps people in transactions and providing services (Luwihadi & Arka, 2017). The easier the transaction, the more the economy develops. Apart from being used as savings, money can also function as a medium of exchange (Manurung & Rahardja, 2004). Because of its vital role, money raises various conceptions from era to era. During the time of the Prophet Muhammad, dinars and dirhams were used as a medium of exchange (Amin, 2007). This was used until the end of the Ottoman Turkish period around the 20th century. In addition, before the dinar and dirham, the Romans and Persians also used dinar coins (Nabila & Arini, 2015). In the early 1900s, gold was still the standard medium of exchange. However, around the 1950s, the world's gold stock was no longer sufficient to finance world trade, which resulted in rapid growth and liquidity problems (Pujiyono, 2004). Since then, paper money has been the last resort as a medium of exchange to maintain the liquidity of world trade. Another reason for the use of metal money is the difficulty of transactions using metal money in relatively large trade volumes (Noviyanti, 2017).

Actually, the conceptual thinkers who want to revive the dinar and dirham currencies do not see the above facts as the basis for the impossibility of reviving them. Ideology is the main reference for this revival concept. From the perspective of Islamic ideology, reviving the dinar and dirham is not part of the religious obligation. Ibn Taymiyyah (1263-1328/661-728) stated that reviving the two currencies is a product of tradition. If humanity intends to implement another currency, then the tradition of using dinar and dirham can be abandoned (Taymiyyah, 1987).

At a more substantial level, the weakness of the concept of reviving the dinar and dirham currency stems from the assumption of a narrow muamalah transaction system. The assumption that is built is that the justice of muamalah transactions lies in the currency that is applied. Therefore, relying on the justice system of transactions on the basis of dinar and dirham currencies means positioning the muamalah transaction as something dependent, because it is a sub ordinate of the existence of the currency system. Whereas, in fact, muamalah transactions are independent of any form of currency. Although the discourse of reviving gold and silver-based currencies has long been raised, it does not correlate with reviving Islamic banking. The reality is quite the opposite, by implementing paper money, Islamic banks still have a great opportunity to create financial achievements. From year to year, Islamic banks in Indonesia have always managed to obtain third-party funds (DPK) and obtain very high profitability. This is also the case in Pakistan, Malaysia, and other Muslim countries. This shows that public trust in Islamic banking is not based on gold and silver currency.

Using pure gold and silver as the world's official currency is not easy, not to mention the amount of pure gold is not sufficient enough to be used as the currency of all mankind in the world (Martono, 2019), not to mention this is not in line with the spirit of society in the Era Society 5.0.

Innovation and digitalization in the era of society 5.0 includes digitalization of business, finance, government, and society from all angles that fill the empty space and create better changes from the 4.0 era. Like digital finance, this has been implemented today with the emergence of various types of cashless and cardless payments (Lu, 2018). In Indonesia, the development of payment digitization users is increasing and reached its peak in the last two years during the Covid-19 pandemic (Santoso, 2020). People prefer to digitize payments by using non-cash payments such as e-wallets.

The digital economy is at the center of this change; it acts as a driver and influencer of the rest of the economy in one way or another. The digital economy is changing the world's view of value creation; it is not only changing the way we transform resources into economic value-added outcomes, but it is also changing our view of how to utilize available resources to address existing economic and social challenges (Dinana, 2020).

When was the last time you paid for something with cash? While physical currency is still widely used around the world, people in some countries are using it less these days - especially during the COVID-19 pandemic and also due to the hygiene issues associated with fiat money. Along with the shift away from cash, many people are increasingly turning to digital financial transactions (Rizqi, Sapriya, Fitria, & Kartika, 2022). Globally, banks and financial institutions process more transactions digitally than they do in branches (McKinsey, 2023).

Actually, it is not only dinars and dirhams that are no longer relevant to be used as currency in the era of Society 5.0. Even the use of fiat money is slowly being abandoned. This is as found from the data collected, among others (McKinsey, 2023):

a. Decrease in the use of cash. In Europe, the use of cash decreased by one-third between 2014 and 2021. In Norway, only 3 percent of payment transactions are made with cash. This trend has forced central banks to re-examine their role in the monetary system.
b. Growing interest in privately issued digital assets. In the UK, 10 percent of adults report owning or having owned digital assets, such as cryptocurrencies. The European Central Bank says that as many as 10 percent of households in the six major EU countries own digital assets. The use of digital assets by consumers can be seen as a potential challenge to fiat currency as a unit of value measurement.
c. Reduced sense of central banks as payment innovators.

   The rise of global payment systems. Many central banks are seeking to establish greater local governance over increasingly globalized payment systems.

In the author's analysis, the use of dinar and dirham in the current era is no longer in accordance with the times. Apart from the advantages that dinar and dirham have, but these two currencies also have disadvantages, especially in an era that has left the system of using these two currencies for too long. Some analysts include:

a. Out of date.

   The close use of technology at this time is very contrary to the spirit of reusing dinar and dirham. If all this time the dinar and dirham have always been faced with fiat money which has many shortcomings, unfortunately the use of fiat money has also slowly begun to shift to digital money. The reason for the spirit of loving the Prophet behind the reuse of dinars and dirhams is inappropriate, because in the field of muamalah, everything can be done unless there is evidence that prohibits it. And until now we have never found any evidence from the Quran, Hadith or Ijma' of the scholars that forbids the use of fiat money or digital money.

b. The Prophet has also given the "green light" to innovations made in the field of muamalah, as his Hadith reads:

   "Antum a'lamu bi umuri dunyakum" (You are more familiar with your world affairs) (HR. Muslim).

c. Unsafe

   You can imagine in this age of increasing crime rates, carrying money in the form of gold dinars and silver dirhams, of course, is very unsafe. Especially if you carry it in large quantities, of course it will endanger yourself and maybe people around.

d. Ineffective

   Apart from being unsafe, using gold dinars and silver dirhams is not very effective. Users may need a special place that is comfortable to carry them, especially if in large quantities.

e. Limited stock

   As explained in the previous discussion, gold and silver have limitations in terms of quantity. If it is true that dinar and dirham will be returned as currency, it will certainly create new problems. The limited amount while the need for these two types increases will automatically cause inflation and will have an impact on other sectors.

f. Very high value

   The high value of dinar and dirham which is different from the fiat money that has been used so far certainly brings problems for people with low income. Forcing the use of these two types of currency will ultimately only cause economic shocks.

E. CONCLUSION

Society in the era of Society 5.0 is characterized by a high level of dependence on technology, driven by the perception that its use offers greater convenience, efficiency, and safety (Putra et al., 2022). In this digital transformation era, traditional concepts such as the revival of dinar and dirham currencies are increasingly seen as incompatible with contemporary lifestyles and financial behaviors. Fiat money, which has long been a source of monetary challenges, is gradually being phased out in favor of digital alternatives. People living in the Society 5.0 era are generally advocates of digital finance, believing that technological innovations can offer practical solutions to long-standing issues related to accessibility, security, and operational efficiency in financial services (Denecker, d'Estienne, Gompertz, & Sasia, 2022).

The shift toward digital currencies is supported by several key advantages that have made them increasingly attractive to both consumers and financial institutions. Firstly, digital finance has the potential to reduce operational costs significantly; it is estimated that financial service providers can save up to $400 billion annually by transitioning from traditional physical infrastructures to digital systems. However, this benefit must be weighed against the substantial technological investments required to establish a functioning digital central bank. Secondly, digital currencies can improve transaction speed and system efficiency, especially in countries with well-developed electronic payment infrastructures. Thirdly, digital money enhances financial inclusion by reaching unbanked populations, such as the 1.6 billion people worldwide who lacked access to banking services in 2016. Mobile-accessible digital currencies can open doors to these underserved communities, providing both individuals and service providers with new opportunities. Lastly, digital currencies offer stronger security features. Through regulated systems and the use of private-key cryptography, users can digitally sign transactions, ensuring they are final, secure, and less susceptible to fraud—even in the absence of traditional bank accounts. This added layer of trust and safety reinforces the viability of digital finance as the foundation for future financial ecosystems.

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