

# Mediation as a Tool for Dispute Resolution and Sustainability of Economic Development for the Benefit of Consumer: An Islamic Moral Economy Perspective

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**Abstract.** Sustainability of economic development in Islam requires a balance economic development that can satisfy both basic needs as well as spiritual needs of human being for generations. For this, human societies must live and meet their needs without compromising the ability of future generations to meet their own needs. Islamic Moral Economy (IME) rests on the idea of justice, goodness and fairness, and the social interest within the community (Kamali, 1993) and provides a basic framework and moral-oriented principles to ensure the sustainability of economic development. In economics, contract theory studies how economic actors can and do construct contractual arrangements, generally in the presence of information asymmetry. However, the economic conditions that prevail when contracts are formulated and signed are subjected to unexpected changes and some of the issues may lead to dispute (Barzel, 2000). The Qur'anic concept of Sulh (amicable settlement) can be applied as Alternative Dispute Resolution (ADR) mechanism to solve these disputes. The scholars interpret sulh as mediation, arbitration and conciliation (Khan, 2020). This paper aims to examine the potential of the applicability of mediation as a tool for dispute resolution in encouraging sustainability of economic development from an Islamic Moral Economy perspective. Based on a desk review of academic, peer-reviewed literature as well as reports, the particular focus of this study is on how mediation could assist the consumers of Islamic Banking and Finance to get justice applying dispute settlement method between the parties. This paper suggested that the consumer obtain much benefit if the IME to adopt ADR or mediation in resolving dispute and, simultaneously it can maintain the sustainability of economic development.

**Keyword:** economy, islamic banking and finance, islamic moral economy, sustainability