



## Article

# ANALYSIS OF MONETARY POLICY IN MUSLIM MAJORITY COUNTRIES: TUNISIA

Nining Wahyuningsih<sup>1</sup> & Putri Noviah Fatmawati<sup>2</sup>

<sup>1</sup> Universitas Islam Negeri Siber Syekh Nurjati Cirebon, Cirebon, Indonesia;  
email : niningwningsih@syekhnurjati.ac.id

<sup>2</sup> Universitas Islam Negeri Siber Syekh Nurjati Cirebon, Cirebon, Indonesia;  
email : putrinoviahfw@gmail.com

## ABSTRACT

*This research aims to analyze the monetary policy of Tunisia, a country with a Muslim-majority population, from both conventional and Islamic perspectives. Monetary policy, under the responsibility of the Central Bank, seeks to maintain currency stability and ensure overall economic strength. Islamic monetary policy specifically incorporates principles such as the prohibition of usury (riba), currency stability, the avoidance of excessive speculation, promoting productive financing, distributive justice, inflation control, and transparency. Tunisia, with its majority Muslim population, provides an interesting case for examining how Islamic principles are reflected – or not – in its monetary policy. This study employs a descriptive qualitative methodology, utilizing secondary data from library research, including websites and scientific journal articles. The findings show that Tunisia's monetary policy has a significant impact on economic indicators such as price stability, currency value, and overall economic growth, contributing to benefits like increased employment, higher purchasing power, improved investment levels, and sustainable economic prosperity. Key tools include interest rates, open market operations, reserve requirements, foreign currency interventions, selective credit policies, and macroprudential regulations.*

## KEYWORDS

Monetary policy, Muslim countries, Tunisia

## INTRODUCTION

Monetary policy is implemented by a central bank or an authorized institution, with the main objective of maintaining and stabilizing the currency's value, thereby ensuring the country's economic stability. Monetary policy functions as a regulation for financial institutions in setting interest rates. Apart from that, it also functions as a regulation in controlling the amount of money circulating in society. With existing monetary regulations it is hoped

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that macroeconomic stability can be created which is the main objective of monetary policy (Financial Services Authority, 2023).

Monetary issues in Muslim countries are still influenced by the dominance of the global monetary system. The dominance of the global monetary system has triggered an awakening to think about developing an Islamic monetary system. So the Islamic economic and financial system began to develop. Chapra (2000) tends to use the term Muslim country because it relies on community development, not the state, so what is meant by a Muslim country is a country whose majority population is Muslim (Inayati, 2013). A country with stable monetary conditions must also consider economic, technological, and socio-cultural factors to maintain overall economic stability. According to Sadono Sukirno, monetary policy includes government steps implemented by the central bank to influence the supply of money in the economy or change interest rates with the aim of influencing aggregate spending.

Two key monetary issues are often seen as triggers for crises in developing countries. The first is currency instability, where a country's currency is pegged to that of another country, causing volatility. Any fluctuations in the value of the anchor currency will affect the stability of the dependent currency. Second, the fact that money is no longer used as a medium of exchange but is used as a traded commodity (Foreign Exchange) and profits (interest) are drawn from lending or saving transactions. This function of money as a commodity is certainly contrary to sharia principles. (Juanda, 2002)

Monetary policy is crucial for a country as it addresses the availability and regulation of monetary resources. For this reason, a special institution was formed in the form of a central bank, one of whose functions is to regulate monetary traffic and maintain a balance between money demand and money supply through the various policies and instruments it uses. (Novia, 2019) Muslim countries are a fairly large part, currently the number of members of the Organization of Islamic Cooperation (OIC) is 57 Islamic countries or Muslim-majority countries in the Asia and Africa region. The OIC is an international organization to protect the interests of Muslims in the world in international peace, which is the second largest international organization after the UN. A large Muslim population is one of the potential human resources for the development of a country.

However, it needs to be managed and received support from the local government so that the prosperity of a country, especially a Muslim country, is realized. A Muslim-majority country is a country where more than 50% of the population is religious Islam. According to 2021 Word Atlas data, the countries with the largest percentage of Muslims in the world are. Maldives with 100% population means the entire population is Muslim, second place is Mauritania with a population of 99.9%, third is Somalia with 99.8%, fourth is

Tunisia with a population of 99.8%, and fifth is Afghanistan with 99.8%. Algeria ranked sixth at 99.7%, seventh at 99.4% (Datik.edu, 2023).

Islam is the official religion in Tunisia. Tunisia is the entry point for the development of Islamic da'wah to Europe. Tunisia is an independent country located in the Maghreb region at the northern tip of the African continent facing the European continent (the southern region of Italy) which is separated by the Mediterranean Sea. Tunisia occupies a very strategic geographical position as a link between Europe and Africa, as well as between the Eastern and Western parts of the Arab world. The official name of the country of Tunisia is the Republic of Tunisia or al Jumhuriyah at- Tunisiyah. In the 1960s, the Tunisian government implemented a monetary policy system that succeeded in increasing exports of olives and oranges. During Ben Ali's rule, Tunisia had a good record of financial management and a solid economic foundation. However, success in the economy and politics did not last long because after leading for a long time, Ben Ali was ousted from power by the people. Tunisia was once a territory controlled by the Roman Empire, which was later seized by the Ottoman Empire.

After the Ottoman Empire, Tunisia was colonized by France until Tunisia finally gained independence as a sovereign country in 1956. After independence, Tunisia was led by Habib Bourguiba who ruled between 1957-1987 (Sukandi, 2023). Bourguiba's government made many changes towards progress which tended to be modernization and westernization. In the 1960s, the government put the system into practice socialist policies, but then returned to a pattern of liberalism by maintaining state involvement in several substantial sectors of the economy. After the collapse of Bourguiba's government, Tunisia was led by Zein Al-Abidin Ben Ali. Ben Ali eased laws restricting the press and released many political prisoners who had been imprisoned in previous governments as well as eliminating restrictions on freedom and giving rights to political parties based on language, race and religious background.

There are two economic systems for a country in the world today, namely conventional-based and sharia-based economic systems, which can influence monetary policy. It is interesting to study how Tunisia, which is a Muslim country, implements its monetary policy. Considering the importance of monetary policy in a development ecosystem to achieve the prosperity of a country.

## LITERATURE REVIEW

### Monetary Policy

Monetary policy is an effort made by a country's Central Bank to control the amount of money in circulation with the aim of maintaining price stability and healthy economic growth. In an Islamic perspective, the aim of monetary policy is to maintain the stability of the currency so that equal economic growth is achieved.

The transmission of monetary policy is the interaction that occurs through two stages of the money circulation process between the central bank as the monetary authority, banking and other financial institutions and other economic actors in the real sector (Imsar, 2023). Monetary policy in Islamic economics is based on principles that comply with sharia law. The following are several main aspects of monetary policy theory in Islam (Setiawan, 2023):

*a. Prohibition of usury (interest)*

The main principle in Islamic monetary policy is the prohibition of riba or interest. Riba is considered an unethical practice in Islam. The Islamic financial system advocates avoiding the payment or receipt of interest. The basis of the prohibition of usury (interest) comes from the Quran and the Hadith of the Prophet Muhammad SAW. As found in Surat Al Baqarah (2:275-280): "Those who eat (accept) riba cannot stand except like the standing of a person possessed by Satan due to (pressure) of insanity. Their condition is that, because they said: 'Truly buying and selling is the same as usury', even though Allah has made buying and selling lawful and prohibited usury. Surat Al-Imran (3:130): "O you who believe, do not eat usury by multiplying it. And fear Allah so that you may get good fortune."

*b. Stable Value of Money.*

Islam advocates the stability of the value of money. This includes keeping inflation within reasonable limits. Sustaining the purchasing power of money is important to avoid economic injustice. the concept of stable value of money refers to maintaining a currency's purchasing power in a fair and stable manner. This principle includes efforts to prevent excessive inflation or currency depreciation that could harm society.

*c. Avoidance of Excessive Speculation.*

Islamic monetary policy opposes speculation that is unproductive or detrimental to society. Practices such as gambling, foreign exchange speculation, and derivatives that are not in accordance with sharia principles are avoided. In order to apply Islamic principles in finance and investment, it is generally recommended to avoid speculative practices that are not in accordance with Islamic ethical and moral values. On the contrary, Islam encourages productive, transparent and fair investment to create a sustainable economy and provide benefits to the entire community

*d. Productive financing.*

Productive financing in Islam refers to a form of financing organized to support productive economic activities and provide benefits to society. The main principle of productive financing is to encourage the use of funds for investment that can increase economic growth, create jobs and have a positive impact on society.

*e. Justice and distribution of income.*

Justice in an economic context includes the fair distribution of resources and benefits among members of society. Economic justice means that every individual or group should have equal access to economic opportunities, rights and benefits resulting from economic activities. The principle of economic justice involves fair treatment of all parties, regardless of economic, social, or national background. Income distribution is the way in which income or wealth is distributed among members of society. In Islam, the concepts of justice and distribution of income are very important. Sharia principles emphasize the importance of economic justice and equal distribution of income as an integral part of Islamic values.

*f. Avoiding excessive inflation.*

In Islam, inflation (a general and sustained increase in the prices of goods and services in the market) can be considered an economic phenomenon that has social and ethical impacts. Islamic monetary policy seeks to avoid excessive inflation and maintain stable prices of goods and services. In practice, preventing and handling inflation in the Islamic economic system involves management based on the principles of justice, transparency and Islamic economic ethics as a whole.

*g. Transparency and responsibility.*

Transparency and responsibility are two principles that are highly valued in Islam, both in economics and social life. These two principles reflect the ethical and moral values that underlie the actions of individuals and institutions in Islamic society. The principles of transparency and accountability are prioritized in Islamic monetary policy.

According to Chapra (Chapra, 2000) Monetary policy in accordance with Islamic sharia must include the following elements:

*a. M and Mo Growth Targets*

The Central Bank must determine the growth of money circulation (M) in accordance with national economic targets. The growth of M is closely related to the growth of Mo (high powered money: money in circulation and deposits with the central bank).

The central bank must closely monitor the growth of Mo allocated to the government, commercial banks and financial institutions according to the proportion determined based on economic conditions and targets in the Islamic economy. MO provided to commercial banks, especially in the form of mudharabah, must be used by the central bank as a qualitative and quantitative instrument to control credit.

*b. Public Share of Demand Deposit (demand deposit).*

A certain amount of commercial banks' demand deposits (maximum 25%) must be submitted to the government to finance profitable social projects



c. *Statutory Reserve Requirements.*

Commercial banks are required to have a certain amount of mandatory reserves at the Central Bank. Statutory reserve requirements help provide guarantees for deposits and at the same time help provide liquidity for banks. On the other hand, the Central Bank must reimburse the costs incurred to mobilize funds issued by commercial banks.

d. *Credit Ceilings (Credit Restrictions).*

The policy determines the credit limits that commercial banks may use to provide guarantees that credit creation is in line with monetary targets and creates healthy competition between commercial banks.

e. *Credit Allocation Based on Value.*

Credit realization must improve community welfare. Credit allocation leads to optimization of production and distribution of goods and services needed by the majority of society. The profits obtained from providing credit are intended for the benefit of the community. For this reason, there is a need for credit guarantees agreed upon by the government and commercial banks to reduce the risks and costs that must be borne by banks.

f. *Other Techniques.*

Qualitative and quantitative techniques must be complemented by other weapons to realize the required targets, including moral suasion or moral appeal.

## RESEARCH METHODS

This research employs a descriptive qualitative approach to conduct an in-depth analysis of monetary policy implementation in Tunisia. Secondary data was collected from various sources, including scientific journals, research reports, and official government and financial institution websites. Sources were selected based on their reliability, relevance, and contribution to the field of study. Data analysis was conducted using content analysis, focusing on the identification of key themes related to monetary policy in Tunisia. The analysis process included coding the data, grouping codes into themes, and drawing conclusions based on emerging patterns. To ensure the validity of the findings, data verification was conducted through triangulation. This study is limited to the analysis of monetary policy from economic and political perspectives, without delving deeply into the social and cultural factors that may influence its implementation.

## RESULTS AND DISCUSSION

### Overview of Tunisia

Tunisia is located on the Mediterranean coast of Northwest Africa, halfway between the Atlantic Ocean and the Nile Delta. It borders Algeria to the Southwest and Libya to the Southeast. It is located between latitudes 30° and 38° N, and longitudes 7° and 12° E. Tunisia has two distinct Mediterranean coasts, west-east in the north, and north-south in the east. Officially the Republic of Tunisia, it is a country in the Maghreb region of North Africa, covering 163,610 square kilometers (63,170 square miles). The northernmost point, Cape Angela, is the northernmost point on the African continent. Tunisia is a unitary semi-presidential democratic republic and is considered the only fully democratic sovereign state in the Arab world and has a high Human Development Index. Tunisia is the only democracy in the Arab World.

Tunisia has a high Human Development Index and has an association agreement with the European Union and is a member of La Francophonie, Union for the Mediterranean, Arab Maghreb Union, Arab League, OIC, Arab Free Trade, Sahel-Saharan Community United States, African Union, Non-Aligned Movement, and G-77 Group. In ancient times, Tunisia was mainly inhabited by Berber tribes. The Phoenician migration began in the 12th century BC, this migration was led by Carthage. A rival of Greece that was almost destroyed by the Roman Empire in the Punic Wars. Second, Carthage was defeated by the Romans in the Battle of Carthage in 149 BC. The Roman Empire introduced Christianity and architectural arts, including the El Djem amphitheater.

Tunisia was conquered by the Arabs in the first century of the Hijri, followed by the Ottoman Empire in 1534. The Ottoman Empire ruled Tunisia for more than three hundred years. Tunisia was controlled by France for 75 years from 1881 to 1956, so the Tunisian people began to want freedom. Sheikh al Tha'libi, a young Tunisian leader, founded the Destour Party in 1920 which aimed to liberate Tunisia from France. The Destour Party was considered radical by France because it openly opposed France and resulted in Sheikh al Tha'libi being exiled from 1923 to 1925. World War II became an important point in Tunisia's independence journey. Figures of the Tunisian movement who were previously detained by France were freed by the German and Italian alliance which controlled Tunisia from 1940 to 1943. When the US-led coalition expelled the German and Italian alliance and returned power to France. In 1934 Habib Bourguiba formed the Neo-Destour party to continue the struggle of his predecessor, the Destour Party. Nationalism in Tunisia, led by Bourguiba, grew stronger so that France reformulated its policies more openly and more sensitively to the demands of the Tunisian people.

On February 27 1956 Habib came to Paris to negotiate with France regarding his country's independence. On March 20, 1956, France officially recognized Tunisia's independence and returned its government to Tunisia.

Bourguiba's position as prime minister changed to president as the monarchy was abolished and Tunisia became a republic on July 25 1957.

### Tunisian Economic Conditions

Tunisia has mainstay economic sectors including agriculture, mining, manufacturing and petroleum products to tourism. In 2008 Tunisia had a GDP of 41 billion US dollars (official exchange rate), or \$82 billion. The agricultural sector contributed 11.6% of GDP, industry 25.7%, and services 62.8%. The industrial sector mainly consists of clothing and footwear manufacturing, auto parts production, and electrical machinery. Although Tunisia managed to grow by an average of 5% over the last decade, it experiences high unemployment rates, especially among young people. The tourism sector contributed 7% of national GDP and 370,000 job vacancies for Tunisians in 2009.

The European Union remains Tunisia's first trading partner, currently controlling 72.5% of imports and 75% of exports. Tunisia is one of the European Union's largest trading partners. most established in the Mediterranean region and ranks as the 30th largest trading partner in the European Union. Tunisia's economy is supported by the agricultural, plantation, tourism and service sectors. Tunisia's economic growth is largely influenced by export activities of dates, olives and olive oil.

Tunisia has beautiful natural scenery so it is able to develop the economy through visits from foreign and domestic tourists. Foreign tourists generally come from France, England, Germany, Libya and Algeria. Tunisia's economy has experienced a decline since 2011 due to the Tunisian Revolution. Besides that, Tunisian government policies in the fields of education and employment also give rise to economic problems in the form of unemployment. Tunisia's economy is starting to stabilize after developments in the renewable energy sector and the creative industry sector (Nurmansyah, 2015).

### Political conditions and changes in the government system.

The Tunisian Constitution was formed and officially came into force on June 1, 1959. The Constitution contains 10 chapters and 74 articles that underwent several amendment processes during Ben Ali's time. The first amendment was ratified on 12 July 1988, the next on 29 June 1999, 1 June 2002, 13 May 2003 and 28 July 2008. Before 2002, the Tunisian legislature adhered to a Uni-cameral system, where the 214 parliamentary seats were only occupied by representatives of political parties. The number of parliamentary seats is determined by the party's vote share. However, because in almost every election the government party always scored above 95%, in 1999 an amendment was issued to make room for opposition votes in parliament. Each political party that wins the election gets 75% (161) of the parliamentary seats. Meanwhile, the remaining 25% (53) seats were distributed to other parties participating in the election (Nurmansyah, 2015) .



In the 2002 amendment, the constitution changed the face of the Tunisian parliament to become bicameral. Apart from the members resulting from the election, the parliament is also occupied by an “Advisory Council” (Chamber of Advisory, *Majlis al-Shura*) totaling 126 people, with 85 regional or group delegates and 41 people appointed by the President. The Advisory Board serves for 6 years with the replacement of half of its members within 3 years. The basic principles that form the basis of the state are stated explicitly in the preamble text of the constitution (Preamble).

The concepts of *Liberte*, *Egalit* and *Fraternite* are summarized in the ideology of humanity, justice, unity, Arab Maghreb brotherhood, and separation of powers. Islam is also one of the pillars of the state. There were eight recognized political parties in Tunisia before the Arab Spring. The ruling government party is the *Rassemblement Constituonnel Democratique* (RCD). The RCD party was originally called the *NeoDestour* party, founded in 1934. In 1964 the *Neo-Destour* party changed its name to *Parti Socialiste Destourien* (PSD) or *Destourian Socialist Party*. In 1988, Ben Ali changed the party’s name to *Rassemblement Constituonnel Democratique*.

### Social and Cultural Conditions

According to data in the *Global Economic Monitor Word Trend Plus*, Tunisia’s population will be 11.8 people mn in 2022. In 2024, Tunisia’s population will currently be 12,568,737 with an annual growth rate of 0.824%. Tunisia has a population of 0.1555% of the world’s population ([populationtoday.com](https://populationtoday.com)).

Tunisian culture and identity are influenced by the interaction of different cultures and ethnicities. different. Tunisian society is basically a Berber Arab tribe. However, over time, Tunisia has received various immigration. Tunisia under Ben Ali, there were human rights violations and other cases. This gave rise to the Tunisian people’s movement in protesting Ben Ali’s government. In 2011 there was a protest movement which led to the Tunisian revolution which was the accumulation of social activism over the last decade led by human rights groups, political activists and youth groups who had lost their rights (Wati, 2023).

Since more than 8,000 years ago, Tunisia has contributed dynamic traditional culture, so that in 1997 UNESCO made Tunisia the “Regional Cultural Capital”. Carthage in the hilly area on the outskirts of Tunis, the capital of Tunisia. The Ruins of Dougga or Thugga were also included in UNESCO World Heritage in 1997. This site is thought to have been built in the 5th century AD. The archaeological site of Thugga or Dougga is a historical cultural relic from the Roman and Hellenistic periods. Punic, and Numidian (Barakat, 2012).

Tunisia’s Islamic heritage is the *Uqbah bin Nafi Mosque*. The *Great Kairouan Mosque* is the most important part of Islamic historical heritage. This mosque was built in Kairouan in 670 AD and became the main icon of the city of Kairouan. The *Great Mosque of Kairouan* became a pilgrimage destination

for North Africans who could not afford the long journey to Mecca. Several cultural and historical relics in Tunisia are found in the Bardo Museum. The Bardo Museum is the oldest museum more than a century ago, founded adjacent to the Beylical Palace.

### Determinants of Monetary Policy

Along with changes in global and local economic conditions, Tunisia has experienced changes in monetary policy. For example, lowering interest rates to stimulate investment and economic growth has been a focus in recent years. Apart from that, this policy also seeks to overcome the impact of the COVID-19 pandemic. Several factors that influence monetary policy in Tunisia include:

- a) *Economic conditions;*  
 The economic conditions of a country can influence the monetary policy implemented. In the 1960s, the Tunisian government implemented a monetary policy system that succeeded in increasing exports of olives and oranges. During Ben Ali's reign, Tunisia had a good record in financial management and economic foundations.
- b) *Economic policy;*  
 Economic policies implemented by the government can influence monetary policy. Tunisia under Ben Ali implemented liberal economic policies, championing economic reform and foreign investment
- c) *International factors,*  
 International factors such as changes in currency exchange rates, global interest rates, and monetary policies of major countries can influence monetary policy in Tunisia.
- d) *Inflation,*  
 The inflation rate can influence monetary policy. Monetary policy can be used to stabilize the inflation rate and prevent high inflation.
- e) *Economic growth,*  
 Economic growth can influence monetary policy. Monetary policy is used to encourage economic growth by reducing interest rates and increasing liquidity.

### Monetary Policy Objectives in Tunisia

The following are some of the objectives of monetary policy in Tunisia aimed at: (Jatmika, 2013);

- a. *Price Stability:* Tunisia strives to keep inflation within acceptable limits to avoid price fluctuations that have a negative impact on the economy and society.

- b. *Economic growth:* monetary policy also focuses on supporting sustainable economic growth through setting interest rates and other policy tools
- c. *Currency Stability:* Tunisia seeks to maintain the stability of the Tunisian Dinar (TND) against major foreign currencies, which is important for trade and investment.
- d. *Balance of Payments Balance:* The Central Bank of Tunisia seeks to maintain the balance of the country's balance of payments. By regulating the inflow and outflow of foreign exchange and ensuring that it does not face excessive pressure in the trade balance deficit financial
- e. *Financial System Stability:* security and stability of the financial system is an important goal of monetary policy. As well as ensuring that banks and other financial institutions operate well and do not pose systemic risks that could damage the economy.
- f. *Overcoming the Economic Crisis:* The Tunisian Central Bank must be prepared to face and overcome economic crises, including adverse external situations or global financial turmoil.

Overall, the objective of monetary policy in Tunisia is to create stable economic conditions, with controlled inflation, sustainable economic growth, and currency stability, so that Tunisians can enjoy higher purchasing power, better jobs, and greater economic opportunities.

### Monetary Policy Tools.

As for achieving its objectives, the monetary policy tools in Tunisia are as follows:

- a) *Interest rate:* Interest rates are the main tool for controlling inflation and economic growth. The Central Bank of Tunisia sets the base interest rate as one way to influence lending and investment activity.
- b) *Open Market Operations:* The Central Bank of Tunisia carries out open market operations to control the money supply and liquidity in the economy.
- c) *Reserve Requirement:* The Central Bank of Tunisia determines the minimum reserve requirements that commercial banks must meet. This is an additional tool for controlling credit and inflation.
- d) *Foreign Currency Intervention:* The Central Bank of Tunisia can intervene in the Foreign Exchange market to maintain the stability of the Tunisian Dinar (TND) currency.
- e) *Selective Credit:* The Central Bank of Tunisia enforces a selective credit policy to direct loans to certain sectors deemed important

for economic growth, such as agriculture, industry, or small and medium-sized sectors.

- f) **Macroprudential Policy:** The Central Bank of Tunisia can also implement macroprudential policies to control risks in the financial sector. Includes regulations designed to prevent instability in the financial system.
- g) **Communication Policy:** Apart from conventional tools, communication, Central Banking is also an important policy tool. Statements and communications from Central Bank officials can influence market expectations and economic decisions, such as inflation expectations and interest rates (Ibad, 2021).

These policy tools are used by the Central Bank of Tunisia to achieve monetary policy objectives, depending on the economic situation and desired policies. The Central Bank can change the use of these tools according to economic conditions and the need to achieve the desired economic stability and growth.

### Impact of Monetary Policy

Monetary policy in Tunisia has significantly impacted the economy and society, particularly in areas such as price stability, currency stability, and economic growth. These effects benefit the Tunisian population by creating better jobs, increasing purchasing power, encouraging investment, and promoting sustainable economic prosperity:

- a) **Price Stability:** If monetary policy is successful in maintaining price stability by controlling inflation, then society will benefit in the form of more stable purchasing power, thereby reducing price fluctuations that can harm consumers and producers.
- b) **Economic growth:** Monetary policies that support economic growth can create an environment that stimulates investment and consumption. This can result stronger economic growth, creating new jobs, and increasing the average income of the community
- c) **Currency Stability:** The stability of the Tunisian Dinar (TND) currency is important for international trade and investment. If TND remains stable, it can attract foreign investment and facilitate trade with trading partners.
- d) **Credit and Interest Rates:** Monetary policy decisions, especially interest rates, can influence the interest rates offered by banks to consumers and companies. Lower interest rates can encourage borrowing and investment, while higher interest rates can discourage borrowing.

- e) Public welfare: If monetary policy succeeds in achieving its goals, such as creating economic stability, growth and employment, then society will experience better prosperity in terms of better jobs, higher incomes and greater economic stability.
- f) Balance of Payments: Monetary policy can affect the balance of payments balance. If successfully managing the balance of payments, countries can reduce the risk of ongoing deficits and balance of payments problems.
- g) Financial Risk: Inappropriate monetary policy can result in financial risks, such as asset bubbles or financial crises. Therefore, it is important for the Tunisian Central Bank to design policies carefully to avoid such risks.
- h) Social Impact: Monetary policy also has social impacts. For example, policies that stimulate economic growth can help reduce unemployment and poverty levels, while policies that restrict credit can affect people's access to financing.

Overall, the impact of monetary policies in Tunisia depends on the extent to which they succeed in achieving their objectives and how they interact with other economic factors. In the long term, wise and effective monetary policy can contribute to economic growth and economic stability.

## CONCLUSIONS

An effective and well-implemented monetary policy has helped Tunisia overcome its economic challenges, create price stability, maintain currency value, and support sustainable economic growth. Policies such as interest rate cuts and open market operations have had a positive impact on purchasing power, job creation, and increased investment. However, Tunisia's monetary policy must continue to adapt to changing global and domestic economic conditions to achieve optimal outcomes. Financial system stability also remains a crucial objective, with the country's response to global economic crises, such as the COVID-19 pandemic, serving as evidence of the flexibility of its policies.

Furthermore, it is important to recognize that monetary policy is part of a broader policy framework. Coordination with fiscal policy and other economic reforms is essential to achieving Tunisia's long-term development goals. In this regard, the implementation of Islamic monetary principles, such as the prohibition of usury (riba) and the promotion of fairness in distribution, could serve as key elements in formulating a more inclusive and equitable monetary policy for the Tunisian population.



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