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Implementation of Sharia Economic Law in Modern Business Transactions in Indonesia

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ABSTRACT

This study examines the implementation of Sharia Economic Law in modern business transactions in Indonesia, focusing on how Islamic legal principles are applied within contemporary economic activities. As Indonesia continues to experience rapid digital and financial innovation, various sectors—including banking, e-commerce, fintech, and Islamic microfinance—have increasingly adopted Sharia-compliant mechanisms. This research analyzes the extent to which Sharia principles such as fairness, transparency, avoidance of usury (riba), uncertainty (gharar), and prohibited transactions (maysir) are integrated into current business practices. Using a qualitative approach through literature review, regulatory analysis, and case studies from selected Sharia-based financial institutions, the findings reveal that Sharia Economic Law plays a significant role in shaping ethical business conduct and providing legal certainty in modern transactions. However, several challenges remain, including regulatory harmonization, public literacy, and the need for stronger supervision frameworks. Overall, this study highlights the importance of strengthening Sharia-compliant systems to support sustainable and equitable economic development in Indonesia.

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INTRODUCTION

The rapid development of modern business transactions in Indonesia has been strongly influenced by technological innovation, the digitalization of financial services, and increasing public demand for ethical and transparent economic practices. As the world's largest Muslim-majority nation, Indonesia places significant emphasis on the application of Sharia Economic Law as the foundation for conducting economic activities. Sharia principles—such as the prohibition of usury (riba) (Antonio, 2011), avoidance of excessive uncertainty (gharar) and speculative elements (maysir) (Ascarya, 2012)—serve as ethical guidelines for maintaining fairness and transparency in business interactions.

The growth of Islamic economic institutions further demonstrates the relevance of Sharia Economic Law in contemporary business. The expansion of Islamic banking, Islamic capital markets, Islamic microfinance, and Sharia-compliant fintech reflects public trust in Sharia-based systems (Karim, 2019). These developments are reinforced by the establishment of regulatory frameworks such as the Undang-Undang No. 21 Tahun 2008 tentang Perbankan Syariah and Undang-Undang No. 33 Tahun 2014 tentang Jaminan Produk Halal, which ensure that business activities adhere to Islamic principles while supporting innovation and competition (Muhammad, 2018). The Masterplan Ekonomi Syariah Indonesia 2019–2024 issued by the National Committee for Sharia Economics and Finance (KNEKS, 2020) further strengthens these efforts by outlining strategic steps for national Sharia economic development.

However, the implementation of Sharia Economic Law still faces several challenges. These include the need to harmonize regulations across institutions, enhance public literacy regarding Sharia-compliant products, and improve supervision of Sharia-based business practices (DSN-MUI, 2022). The rapid rise of digital platforms, online marketplaces, and fintech services also presents new legal and ethical questions concerning the application of Sharia principles in non-traditional business settings (Rahman, 2015). These issues highlight the importance of continuous adaptation, regulatory innovation, and strengthening of institutional capacity.

Given these dynamics, this study seeks to analyze how Sharia Economic Law is implemented within the framework of modern business transactions in Indonesia. The discussion includes an examination of regulatory foundations, practical applications within Sharia financial institutions, challenges in digital economic transformation, and the broader implications for equitable and sustainable economic development. By integrating legal, economic, and practical perspectives, this study aims to contribute to strengthening Indonesia's Sharia economic ecosystem in a digital and globalized era.

METHODOLOGY

This study employs a qualitative research approach aimed at exploring the implementation of Sharia Economic Law within the context of modern business transactions in Indonesia. The qualitative method is chosen because it allows an in-depth understanding of legal principles, institutional practices, and real-world applications of Sharia-compliant business mechanisms. This approach is also appropriate for analyzing regulatory documents, fatwas, and case studies that require interpretative analysis rather than numerical measurement (Muhammad, 2018).

Research Design

The research adopts a descriptive-analytical design, which focuses on describing existing phenomena and analyzing the extent to which Sharia principles—such as the prohibition of riba, gharar, and maysir—are integrated into contemporary business practices. This design also allows the researcher to examine how regulatory frameworks support or hinder the implementation of Sharia Economic Law in various business sectors (Antonio, 2011; Ascarya, 2012).

Data Sources

This study utilizes secondary data collected from various credible and authoritative sources, including:

Government regulations and legal documents such as Undang-Undang No. 21 Tahun 2008 tentang Perbankan Syariah, Undang-Undang No. 33 Tahun 2014 tentang Jaminan Produk Halal, and relevant regulations issued by the Financial Services Authority (OJK).

Fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI, 2000–2022).

Books, scholarly articles, and academic publications on Islamic economics, Sharia law, and modern business practices (Karim, 2019; Rahman, 2015).

Reports and publications from the National Committee for Sharia Economics and Finance (KNEKS, 2020).

These data sources are selected purposively based on their relevance and contribution to understanding the implementation of Sharia Economic Law.

Data Collection Techniques

Data were collected using document analysis, a technique that involves systematically reviewing and interpreting written materials. These documents include legal texts, fatwas, academic books, journal articles, statistical reports, and institutional publications. Document analysis enables researchers to identify key themes, patterns, and legal interpretations related to Sharia Economic Law (Muhammad, 2018).

Data Analysis Technique

The study applies qualitative content analysis, which includes three main steps:

Data reduction – selecting, simplifying, and categorizing relevant data relating to Sharia economic principles and modern business transactions.

Data presentation – organizing findings into thematic categories such as regulatory structure, institutional practices, digital business transformation, and challenges in Sharia compliance.

Conclusion drawing and verification – interpreting the findings to draw meaningful conclusions based on existing theories, legal principles, and supporting literature (Rahman, 2015; DSN-MUI, 2022).

The analysis is conducted through an interpretative lens, ensuring that the findings reflect the context of Islamic legal principles and contemporary business environments.

Validity and Reliability

To ensure the validity and reliability of the findings, this study uses:

Triangulation of sources, by comparing information from legal documents, fatwas, academic literature, and institutional reports.

Expert consultation, referring to scholarly interpretations from established Islamic economics experts such as Antonio (2011) and Ascarya (2012).

Cross-referencing regulations, to ensure consistency with national legal frameworks and Sharia guidelines.

These steps help ensure that the conclusions drawn are credible, accurate, and aligned with established Islamic legal doctrines.

RESULT AND DISCUSSIONS

Implementation of Sharia Principles in Financial Institutions

The findings show that Sharia Economic Law has been implemented most extensively in the financial sector, particularly within Sharia banking, Islamic microfinance institutions, and Sharia-compliant capital markets. Sharia banks apply contracts such as murābaḥah, muḍārabah, musyārakah, ijārah, and wakālah, which align with Islamic legal principles prohibiting riba (interest), gharar (uncertainty), and maysir (speculation) (Antonio, 2011; Ascarya, 2012).

Regulations such as UU No. 21 Tahun 2008 tentang Perbankan Syariah ensure that Sharia-based financial institutions operate with legal certainty, while fatwas issued by the National Sharia Council-MUI provide technical guidelines for specific products and contracts.

The study reveals a positive trend of public trust and increasing assets in Indonesia's Sharia financial sector, demonstrating the public's growing preference for ethical financial services. However, challenges remain in product standardization, supervision, and the need for broader financial literacy (KNEKS, 2020).

Sharia Compliance in E-Commerce and Digital Transactions

Modern business transactions in Indonesia are increasingly dominated by digital platforms, including e-commerce marketplaces and fintech startups. The findings indicate that many digital platforms have adopted Sharia-based payment and financing options, including digital murābaḥah financing, Sharia e-wallets, and peer-to-peer lending (P2P) Syariah.

These services follow DSN-MUI fatwas regarding online transactions, such as the fatwa on sale and purchase through electronic systems and Sharia financing principles (DSN-MUI, 2022).

However, challenges arise due to:

The rapid growth of digital business models that are not yet fully addressed by existing Sharia regulations.

Possible elements of gharar in online transactions, such as unclear product descriptions or uncertain delivery times.

The emergence of speculative practices in digital assets and cryptocurrency, which conflict with Sharia principles (Rahman, 2015).

Thus, further regulatory harmonization and capacity-building for Sharia compliance in the digital economy are needed.

Halal Product Assurance in Modern Trade

The implementation of UU No. 33 Tahun 2014 tentang Jaminan Produk Halal shows substantial progress in ensuring that products circulating in Indonesia meet Sharia requirements. The Halal Product Assurance Agency (BPJPH) works alongside MUI to supervise halal certification for food, cosmetics, medicine, and other consumer goods.

This study finds that modern industries—especially food and beverage, pharmaceuticals, and cosmetics—have made significant efforts to comply with halal certification standards. This includes transparent supply chains, halal audits, and improved traceability systems (BSN, 2017).

However, small and micro-enterprises still face challenges in navigating certification procedures, indicating the need for simplified processes and wider dissemination of halal literacy.

Ethical Business Practices and Corporate Governance

Modern businesses adopting Sharia Economic Law demonstrate improved ethical standards, transparency, and social responsibility. Sharia governance mechanisms, including the requirement for a Sharia Supervisory Board (DPS) in financial institutions, strengthen accountability and compliance (Karim, 2019).

The study identifies that Sharia-guided businesses tend to:

Promote fairness in contracts,

Reduce exploitative pricing practices,

Strengthen transparency in information disclosure,

Encourage social welfare through zakat, infak, and waqf integration into business strategies.

Nonetheless, gaps remain in enforcement and monitoring across non-financial sectors, highlighting the need for inclusive Sharia governance across industries.

Challenges and Future Directions

While the implementation of Sharia Economic Law continues to expand, several challenges persist:

Regulatory Gaps – existing laws have not fully addressed digital finance, cryptocurrency, and cross-border e-commerce (Muhammad, 2018).

Low Levels of Sharia Literacy – many consumers and business actors misunderstand Sharia concepts such as riba and gharar.

Institutional Coordination – greater synergy is needed among OJK, BI, MUI, BPJPH, and KNEKS.

Technological Adaptation – the rapid evolution of fintech requires continual updates to fatwas and regulations.

Despite these challenges, the study concludes that Sharia Economic Law holds strong potential to support ethical, sustainable, and equitable economic development in Indonesia, provided that regulatory innovation and public education continue to advance.

CONCLUSION

This study concludes that the implementation of Sharia Economic Law in modern business transactions in Indonesia has shown significant progress, particularly in the financial, digital, and halal industry sectors. Sharia principles—such as the prohibition of riba, gharar, and maysir—have been successfully integrated into various business practices through Sharia-compliant contracts, halal product standards, and improved governance mechanisms. The growth of Sharia banking, fintech syariah, and halal certification demonstrates increasing public awareness and preference for ethical and transparent economic activities supported by strong regulatory frameworks, including national laws and DSN-MUI fatwas.

Despite these advancements, challenges remain, especially in addressing regulatory gaps related to digital business models, enhancing public literacy on Sharia economic principles, strengthening institutional coordination, and adapting legal frameworks to technological innovations. These challenges indicate the need for continuous improvement to ensure that the implementation of Sharia Economic Law can fully support sustainable, inclusive, and equitable economic development in Indonesia. Overall, Sharia Economic Law has the potential to become a strong foundation for shaping a modern economic system that is ethical, competitive, and aligned with Islamic values.

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