

Principles and Prohibitions in Islamic Economic Law as the Ethical Foundation of Sharia Economic Activity: An Analysis of Indonesian Islamic Banking Law

Azizah Salha^{1*}, Andira Aqhsa², Naura Aisy³

¹ Faculty of Law, Universitas Muhammadiyah Jakarta, Jakarta, Indonesia

² Faculty of Law, Universitas Muhammadiyah Jakarta, Jakarta, Indonesia

³ Faculty of Law, Universitas Muhammadiyah Jakarta, Jakarta, Indonesia

*Corresponding author: Azizah Salha

Abstract

Islamic economic law is often introduced through its prohibitions, yet these make full sense only when read with the principles they protect. This article asks how the principles of Islamic economic activity relate to the prohibitions of riba, maisir, gharar, zulm and unlawful (haram) goods, and how Indonesian Islamic banking law turns that relationship into a legal test. It is normative legal research using conceptual and statutory approaches, based on the Qur'an, hadith, Law No 21 of 2008 on Islamic Banking as amended by Law No 4 of 2023, fatwas and academic literature. The findings are that principles such as faith, trust-based ownership, justice, balance, brotherhood and fair distribution set the direction of economic conduct, that each prohibition closes one specific route to exploitation, speculation, ambiguity or unlawful gain, and that the Elucidation of Article 2 of the Law converts the five prohibitions into the statutory benchmark of sharia-compliant banking. The article proposes a two-question assessment for contracts and products, whether an activity follows the principles and whether it is free of the prohibited elements, and notes that the final ruling on a product remains with the authorised fatwa institution.



This work is licensed under a [Creative Commons Attribution-NonCommercial 4.0 International License](https://creativecommons.org/licenses/by-nc/4.0/)

Keywords

Riba; Maisir; Gharar; Sharia; Banking; Indonesia

Introduction

Every economic system rests on values that direct the conduct of its participants. In Islamic economics these values come from the Qur'an and the Sunnah and are

elaborated by the jurists. Economic activity is therefore not understood only as a way to earn profit but also as an act of service to God, to be carried out with honesty, justice and responsibility. The approach balances worldly and eternal needs and individual rights and social duties.¹ In Indonesia, sharia-based economic activity has grown through Islamic banks, non-bank financial institutions, the management of social funds and the halal industry. That growth raises a practical question: what gives direction to a transaction and what sets its limits? Without an answer, the label 'sharia' risks becoming a name only, while practice still contains injustice, speculation or ambiguity that harms one party.

Islamic economic law answers with two complementary sets of norms. Principles, such as faith (*aqidah*), ownership, freedom, justice, balance, brotherhood and the distribution of wealth, give direction. Prohibitions, namely *riba* (usury or unlawful increase), *maisir* (gambling or speculation), *gharar* (uncertainty), *zulm* (wrongdoing or oppression) and *haram* (unlawful) goods, set boundaries. Indonesian positive law reflects these boundaries. The Law on Islamic Banking requires banking activity founded on sharia principles, and its Elucidation says that such activity contains no element of *riba*, *maisir*, *gharar*, *haram* or *zalim*.²³

The topic is not new. Introductory works describe the principles and the prohibitions separately. The economist M Umer Chapra presents the Islamic worldview and its ethical goals as the basis of an alternative economics, while Frank Vogel and Samuel Hayes and, later, Mahmoud El-Gamal treat *riba* and *gharar* as the core legal limits of Islamic finance, the latter criticising a practice that follows the form of contracts more than their economic substance.⁴⁵⁶ Indonesian studies of recent years restate individual prohibitions, for example the concept of *riba*, the prohibition of *maisir* in the Qur'an, and the reasons for banning *gharar* and *maisir*.⁷⁸⁹ What is less often done is to read the principles and the prohibitions together and then show how Indonesian statutory law uses the prohibitions as a legal test. This

¹ Sawitri Yuli Hartati, *Hukum Ekonomi Syariah [Sharia Economic Law]* (Padang: CV Dunia Penerbitan Buku, 2026) at 21.

² Law No 21 of 2008 on Islamic Banking (Indonesia), as amended by Law No 4 of 2023 on the Development and Strengthening of the Financial Sector, art 2.

³ Elucidation of art 2 of Law No 21 of 2008 on Islamic Banking (Indonesia).

⁴ M Umer Chapra, *The Future of Economics: An Islamic Perspective* (Leicester: Islamic Foundation, 2000).

⁵ Frank E Vogel & Samuel L Hayes III, *Islamic Law and Finance: Religion, Risk, and Return* (The Hague: Kluwer Law International, 1998).

⁶ Mahmoud A El-Gamal, *Islamic Finance: Law, Economics, and Practice* (Cambridge: Cambridge University Press, 2006).

⁷ Komala Dewi & Mirwansyah Putra Ritonga, "Konsep Riba dalam Perekonomian Islam [The Concept of Riba in the Islamic Economy]" (2025) 3:1 *Jurnal Ekonomi Syariah Imelda (JESYI)* 8.

⁸ Dewi Laela Hilyatin, "Larangan Maisir dalam Al-Quran dan Relevansinya dengan Perekonomian [The Prohibition of Maisir in the Qur'an and Its Relevance to the Economy]" (2021) 6:1 *MAGHA: Jurnal Ilmu Al-Qur'an dan Tafsir* 16, DOI: <10.24090/maghza.v6i1.4507>.

⁹ Dina Ilham Nurjanah et al, "Konsep Gharar dan Maisir dalam Transaksi Ekonomi Fikih Mu'amalah [The Concept of Gharar and Maisir in Economic Transactions in Fiqh Mu'amalah]" (2024) 2:3 *AL-FIQH: Journal of Islamic Studies*, DOI: <10.59996/al-fiqh.v2i3.368>.

article fills that gap. Its contribution is a conceptual mapping between each prohibition and the principle it protects, tied to the text of the Law on Islamic Banking as it now stands.

The article asks: (1) which principles underlie economic activity in Islamic law; (2) what the prohibitions are, on what basis they rest and what effects they are meant to prevent; and (3) how principles and prohibitions relate to each other and to the regulation of Islamic banking in Indonesia. Its purpose is to show that sharia compliance in economic life is more than formal compliance: it is a set of guidelines for the relations of human beings with God, with one another and with nature.

Method

This is normative (doctrinal) legal research, which examines legal norms, doctrines and principles in order to answer a legal problem. It is based on library study and uses no fieldwork, interviews or empirical data. The primary materials are the verses of the Qur'an cited in the text, hadith, and Indonesian legislation, above all Law No 21 of 2008 on Islamic Banking as amended by Law No 4 of 2023, with the fatwa of the Indonesian Council of Ulama (*Majelis Ulama Indonesia*, MUI) on interest and the halal product assurance law as supporting instruments.¹⁰ Verse numbers follow the standard numbering of the Qur'an and no translation is reproduced. The secondary materials are the textbook *Hukum Ekonomi Syariah* by Sawitri Yuli Hartati, which supplies the framework of principles and prohibitions on which the analysis builds, and the journal articles and books cited. Where a journal article was read through the textbook, this is stated in the footnote, and the findings attributed to it are those of the textbook's account.

Two approaches are used. The conceptual approach clarifies the concepts of principle and prohibition in Islamic economic law and relates them to each other. The statutory approach examines the provisions of the Law on Islamic Banking that incorporate those concepts. The materials are analysed qualitatively: the views of the authors are described, compared and linked to the statutory text, and the result is a mapping of prohibitions onto principles that is the authors' own conceptual analysis, not a classification stated in the sources. The article does not rule on the lawfulness of any particular product, which requires a detailed sharia study and a fatwa.

¹⁰ Law No 4 of 2023 on the Development and Strengthening of the Financial Sector (Indonesia).

Results and Discussion

Principles of Islamic Economic Activity

Islamic economics aims at a balance between individual welfare and the public good. The values that form its basic principles keep the relations of human beings with God, with others and with their environment within a framework of worship and ethics. Two accounts, summarised by Hartati, describe the principles. One, by Ilyas and Hermanto, is more philosophical; the other, by a group of authors led by Satria, is more practical.¹¹

Ilyas and Hermanto, in the account given by Hartati, divide the principles into seven basic values. First is *aqidah* (creed) as the foundation. It builds the awareness that human beings are servants of God entrusted with developing the earth, so that economic acts done with the intention of worship are rewarded and keep the actor from wronging others by fraud or *riba*. Second is ownership, which is limited and comes from God's trust (*amanah*): people have the right to manage property, not to own it absolutely, and private ownership is recognised as long as its use does not harm the community. Third is freedom: people are free to work and innovate but within the limits of sharia, so that freedom does not produce inequality or wrongdoing.¹²¹³

Fourth is justice, the highest moral principle; the exploitation of labour, monopoly and hoarding are prohibited because they conflict with it. Fifth is balance, which rejects both waste and miserliness and keeps proportion between individual and social interests and between this world and the next. Sixth is brotherhood and togetherness, realised through business cooperation, *zakat* (obligatory alms) and *sadaqah* (voluntary charity). Seventh is the distribution of wealth and the ban on its accumulation: through *zakat*, *infaq* and *waqf* (endowment), wealth is meant not to circulate only among the rich.¹⁴

The second account, by Satria and colleagues as reported by Hartati, sees the principles as moral and spiritual guidance that directs people to work ethically, produce responsibly and treat wealth as a means, not an end. It names four principles: *tauhid* (the oneness of God) and brotherhood, since awareness that God is the source of all provision weakens egoism and encourages cooperation; work

¹¹ Hartati, *supra* note 1 at 22.

¹² Rahmat Ilyas & Hermanto, "Prinsip Dasar Sistem Ekonomi Islam [Basic Principles of the Islamic Economic System]" (2021) 7:2 *EDUGAMA: Jurnal Kependidikan dan Sosial Keagamaan*, DOI: <10.32923/edugama.v7i2.2201>.

¹³ Hartati, *supra* note 1 at 22–24.

¹⁴ *Ibid* at 24.

and productivity, because work is worship and the fulfilment of the trust to manage the earth; lawful ownership whose use must serve the common good; and just distribution, which makes government and society jointly responsible for preventing the concentration of welfare in certain groups.¹⁵

The two views differ in emphasis but do not conflict. The first stresses the philosophical and moral order linking creed, worship and transactions (*muamalah*); the second stresses the application of the principles to work ethics, productivity and distribution. Both treat faith as the source of just economic behaviour. Their agreement matters for the rest of the article: whichever list of principles is used, justice, trust (*amanah*), productive work and fair distribution recur, and these are the principles on which the prohibitions turn.¹⁶

Operational Principles in Economic Activity

Beyond these values, Hartati lists thirteen principles that serve as practical footing, presented as one numbered list.¹⁷ They can be grouped by function, and the grouping here is the authors' own arrangement for readability, not a classification in the source. The first group concerns production and work: the use of resources, efficiency (the best result from minimal input) and professionalism (responsibility, discipline and integrity). The second concerns fairness in acquisition: fair compensation for every contribution, adequacy (basic needs met without excess) and equal opportunity.

The third group concerns relations among actors: freedom to choose within ethical limits, cooperation, healthy competition that fosters innovation and quality, and solidarity as social concern. The fourth concerns harmony and openness: balance among individual, community and environment, symmetrical information so that economic decisions are fair, and a life of moderation that avoids waste and luxury.¹⁸ Economic activity becomes worship when carried out with good intention and moral responsibility, and Islamic economics can be understood as a middle path that joins spiritual and material welfare. These principles also explain why Islam sets certain prohibitions.¹⁹

The Prohibitions in Islamic Economic Activity

¹⁵ *Ibid* at 24–25.

¹⁶ *Ibid* at 25.

¹⁷ *Ibid* at 25–26.

¹⁸ *Ibid* at 25–26.

¹⁹ *Ibid* at 27.

The prohibitions act as moral, social and spiritual guidance that keeps people from harming themselves or others. Each has a basis in the sources of sharia and a wisdom (*hikmah*) that supports a just, harmonious and prosperous society. Five main prohibitions are examined: *riba*, *maisir*, *gharar*, *zulm* and *haram* goods.²⁰

Riba. *Riba* is an increase obtained in a transaction without productive effort or a balanced counter-value. In its classical forms it covers the unequal exchange of goods of the same kind (*riba al-fadl*) and the increase demanded for the deferral of a debt (*riba al-nasi'ah*), the two forms that the Elucidation of the Indonesian Islamic banking law mentions.²¹ Dewi and Ritonga, in a literature review, present the prohibition of *riba* as one of the main pillars of Islamic economics, grounded in morality and humanity, and Hartati reports that *riba* is banned because it conflicts with justice and trust (*amanah*) and that the ban turns people away from greed toward wealth earned by lawful, productive effort.^{22,23}

The basis of the prohibition is in the Qur'an. Surah al-Baqarah verse 275 declares that God has permitted trade and forbidden *riba*. Verses 278–279 order believers to give up what remains of *riba* and state that those who continue will be at war with God and His Messenger, while those who repent keep their capital, wronging no one and being wronged by none.^{24,25} The verses present *riba* as economic exploitation: the strong take a gain from the weak without proportion. Scholars agree that *riba* is prohibited, but they differ on what counts as *riba* in modern finance. In Indonesia the central dispute concerns bank interest. MUI's Fatwa No 1 of 2004 holds, as reported in secondary accounts, that the present practice of charging interest on money meets the criteria of the *riba al-nasi'ah* known in the time of the Prophet, whereas some contemporary scholars argue that interest is not *riba* because the increase is known from the start.²⁶ The article does not decide this dispute, but it shows why the statutory definition of *riba* as an unlawful (*batil*) increase has practical weight.

As to effect, *riba* is said to widen social inequality, weaken relations among people and disturb economic justice, while avoiding it trains people to value the process of work, to keep justice and to build mutual trust and cooperation that strengthen

²⁰ *Ibid* at 27.

²¹ Elucidation of art 2, Law No 21 of 2008, *supra* note 3.

²² Dewi & Ritonga, *supra* note 7.

²³ Hartati, *supra* note 1 at 27.

²⁴ The Qur'an, Surah al-Baqarah [2]: 275 and 278–279.

²⁵ Hartati, *supra* note 1 at 28–29.

²⁶ Indonesian Council of Ulama (Majelis Ulama Indonesia), Fatwa No 1 of 2004 on Interest (Bunga/Fa'idah).

brotherhood.²⁷ These are the moral rationale given by the sources, not empirical findings. Whether interest-based finance in fact increases inequality is a matter for economic studies, and the claim should be read in that light.

Maisir. Maisir is a transaction or activity that depends on luck and creates no real added value. Nurjanah and colleagues describe it as a transaction containing an element of gambling and gharar as uncertainty that can harm one party, and conclude that the prohibitions stress transparency, justice and lawful conduct in every transaction.²⁸ Hilyatin identifies the Qur'anic verses on gambling, Surah al-Baqarah 219 and Surah al-Ma'idah 90–91, and argues that gambling brings some benefit but its harm is far greater; from an economic standpoint it adds no output and only transfers money and goods between people.^{29,30} Maisir therefore pushes people toward passivity and reliance on chance and away from hard work, which conflicts with the principles of productivity and work ethic.

Surah al-Ma'idah verses 90–91 tell believers to avoid intoxicants, gambling, idols and divining arrows as abominations of Satan's work, and warn that Satan wants to cause enmity and hatred among people through intoxicants and gambling.^{31,32} By avoiding maisir, the rights and duties of the parties become clear, social relations stay harmonious, and property serves welfare and not speculation or wagering. For modern finance, the link between maisir and speculative products is the point of difficulty: whether a given instrument is a bet or a legitimate risk-sharing arrangement cannot be settled by the label alone.

Gharar. Gharar covers every transaction that contains uncertainty about the right, amount, quality or risk. Hartati reports that gharar is prohibited because it can harm one party and because it violates justice and trust. An ambiguous transaction creates distrust, possible loss and dispute, so Islamic law removes it to keep economic relations fair, transparent and harmonious.^{33,34} The prohibition rests on the report that the Prophet forbade the sale of pebbles (*bay' al-hasah*) and sales containing gharar, which is found in the collection of Muslim; Hartati cites it from Ahmad and al-Tirmidhi.³⁵ The prohibition stresses clarity and certainty in every transaction and

²⁷ Hartati, *supra* note 1 at 28.

²⁸ Nurjanah et al, *supra* note 9.

²⁹ Hilyatin, *supra* note 8.

³⁰ The Qur'an, Surah al-Baqarah [2]: 219.

³¹ The Qur'an, Surah al-Ma'idah [5]: 90–91.

³² Hartati, *supra* note 1 at 30.

³³ Nurjanah et al, *supra* note 9.

³⁴ Hartati, *supra* note 1 at 31.

³⁵ Muslim ibn al-Hajjaj, Sahih Muslim, Book of Sales (Kitab al-Buyu'), hadith no 1513 (numbering as given in common online editions).

so protects individuals and society from loss caused by uncertainty while strengthening honesty, trust and moral responsibility.

Jurists distinguish major gharar, which invalidates a contract, from minor gharar, which is tolerated because it cannot be avoided. The distinction matters in practice because the statutory definition of gharar contains its own exception, 'unless otherwise regulated in sharia', and so refers the question back to sharia rules.³⁶ The authors' analysis is that gharar is closely tied to the principle of symmetrical information discussed above: openness of information is the means of preventing gharar, and gharar arises when that openness is absent.

Zulm. Zulm means oppressing, harming or taking another's right arbitrarily. Mulyani and Arifin, in a study of hadith on wrongdoing, argue that the prohibition of zulm is the philosophical foundation of Islamic law and not merely a moral norm, because wrongdoing destroys justice (*al-'adl*); they also draw out its legal implications in criminal and civil law, such as the unlawful act and the duty to compensate. This article uses the moral and conceptual part of the study; the criminal and civil consequences deserve a separate analysis.³⁷³⁸ Avoiding zulm builds awareness of responsibility, justice and trust in economic activity, harmonious relations and the integrity of the economy; wrongdoing, by contrast, produces injustice, social tension and moral damage, and its victims suffer a loss that finally harms the social order.³⁹ Zulm differs from the other four in that it works as an overarching principle: *riba*, *maisir* and *gharar* can all be described as forms of *zulm* when they harm the other party.

Haram goods. Hartati describes *haram* goods as property or products obtained in a way prohibited by sharia, including the proceeds of fraud, theft or an unlawful transaction. Such property brings no blessing (*barakah*), damages moral and social values, and violates trust and justice.⁴⁰ This description needs one clarification. Fiqh separates what is unlawful in itself, such as intoxicants, from what is unlawful because of the way it is acquired, such as stolen property, and the Elucidation defines *haram* narrowly as a transaction 'whose object is prohibited in sharia'.⁴¹ In Indonesian law the practical side of lawful goods is also handled by the *halal*

³⁶ Elucidation of art 2, Law No 21 of 2008, *supra* note 3.

³⁷ Rina Mulyani & Tajul Arifin, "Larangan Berbuat Zalim dalam Hadis, Implikasi Hukum Pidana & Perdata [The Prohibition of Wrongdoing in Hadith: Criminal and Civil Law Implications]" (2025) 2:3 *Jurnal Hukum, Administrasi Publik dan Negara* 97, DOI: <10.62383/hukum.v2i3.270>.

³⁸ Hartati, *supra* note 1 at 31–32.

³⁹ *Ibid* at 32.

⁴⁰ *Ibid* at 32.

⁴¹ Elucidation of art 2, Law No 21 of 2008, *supra* note 3.

product assurance regime, which requires products that enter, circulate and are traded in the country to be certified as halal, subject to the exceptions of the Law, a framework that lies outside the scope of this article.⁴² By avoiding haram goods, people are trained to choose lawful income, and economic activity tainted by the unlawful loses its blessing, harms social relations and weakens integrity. Overall, a violation of any of the five prohibitions produces injustice, exploitation and moral and social damage, and the prohibitions protect social welfare and make economic activity harmonious and fair.⁴³

The Relationship between Principles and Prohibitions

Principles and prohibitions are connected. Principles give direction on how economic activity ought to be carried out; prohibitions close the path to practices that depart from that direction. In the authors' analysis, riba confronts the principles of justice and fair distribution because it concentrates wealth in the hands of the strong party; maisir confronts work and productivity because it replaces effort with speculation; gharar confronts symmetrical information and trust because it hides uncertainty; zulm confronts justice in general; and haram goods confront trust and the blessing of wealth. This mapping is a conceptual analysis by the authors and is not a classification stated in the sources, which describe principles and prohibitions separately.⁴⁴

Table 1. Prohibitions, the principles they protect and their statutory formulation

Prohibition	Principle protected (conceptual mapping)	Formulation in the Elucidation of Article 2	Typical harm prevented
Riba	Justice; fair distribution of wealth; productive work	An unlawful (batil) increase in income, including unequal exchange of the same kind of goods (fadl) and a surcharge on a loan because of the passage of time (nasi'ah)	Exploitation of the weaker party; concentration of wealth
Maisir	Work and productivity; ethics of effort	A transaction made to depend on an uncertain event and on chance	Speculation in place of productive effort
Gharar	Symmetrical information; trust (amanah)	A transaction whose object is unclear, not owned, of unknown existence or not deliverable at the time of the transaction, unless otherwise regulated in sharia	Dispute and loss from hidden uncertainty
Zulm	Justice in general; respect for the rights of others	A transaction that causes injustice to another party	Arbitrary taking of another's right
Haram goods	Trust; blessing (barakah) of wealth; lawful livelihood	A transaction whose object is prohibited in sharia	Unlawful gain and moral harm

Source: the authors' conceptual mapping; the third column summarises the Elucidation of art 2 of Law No 21 of 2008.

Principles and Prohibitions in Indonesian Islamic Banking Law

⁴² Law No 33 of 2014 on Halal Product Assurance (Indonesia), as amended (including by Law No 6 of 2023).

⁴³ Hartati, *supra* note 1 at 32–33.

⁴⁴ *Ibid* at 27.

The connection also appears in Indonesian positive law. Article 2 of Law No 21 of 2008 provides that Islamic banking conducts its business on the basis of sharia principles, economic democracy and the principle of prudence. The Elucidation adds that business activity founded on sharia principles includes, among others, activity that contains no element of *riba*, *maisir*, *gharar*, *haram* or *zalim*. These five elements coincide with the five prohibitions examined above, so the prohibitions are not only moral norms but also the benchmark by which the sharia character of banking activity is judged.⁴⁵⁴⁶

The Elucidation also gives a normative definition of each element. *Riba* is an unlawful (*batil*) increase in income, especially in the exchange of the same kind of goods that differ in quality, quantity and time of delivery (*fadl*) or in a loan that requires the borrower to return more than the principal because of the passage of time (*nasi'ah*). *Maisir* is a transaction that depends on an uncertain event and is based on chance. *Gharar* is a transaction whose object is unclear, is not owned, is of unknown existence or cannot be delivered at the time of the transaction, unless sharia provides otherwise. *Haram* is a transaction whose object is prohibited in sharia. *Zalim* is a transaction that causes injustice to another party.⁴⁷ These definitions show that a prohibition derived from ethical values and religious texts has been translated into a legal measure that can be applied to products and contracts. They also mean that the legal definitions are narrower than the doctrinal ones: they refer to transactions, so that, for example, the broader moral content of *zulm* has to be read into the single question whether a transaction causes injustice to another party.

Sharia principles themselves are defined as the principles of Islamic law in banking activity based on a fatwa issued by the institution authorised to issue fatwas in the field of sharia.⁴⁸ In its original text the Law also requires Islamic banking products and services to comply with sharia principles, assigns the fatwa to MUI and creates a sharia supervisory board in every Islamic bank to oversee compliance (arts 26 and 32).⁴⁹ The Law has since been amended by Law No 4 of 2023, the omnibus financial sector law, and the amendments reported so far concern in particular the rules on the spin-off of Islamic business units; whether and how the institutional arrangements for fatwa and supervision changed should be checked in the

⁴⁵ Law No 21 of 2008, *supra* note 2, art 2.

⁴⁶ Elucidation of art 2, Law No 21 of 2008, *supra* note 3.

⁴⁷ *Ibid.*

⁴⁸ Law No 21 of 2008, *supra* note 2, art 1(12).

⁴⁹ *Ibid.*, arts 26, 32.

consolidated text before the article is relied on for compliance advice.⁵⁰ What matters for the present argument is the structure of the norm: the prohibitions supply the content of the sharia benchmark, and the authorised fatwa institution decides how that content applies to a product.

Applying the Principles and Prohibitions Together

It follows that a lawyer or scholar assessing a product or contract should ask two questions: whether the activity is consistent with the principles that give direction to Islamic economics, and whether it is free of the prohibited elements. The first question tests purpose and fairness; the second tests the contract's content against the statutory elements. Table 2 shows how the two questions work, using generic examples and not named products.

Table 2. A two-question assessment with generic illustrations

Concern	Question on the principle	Question on the prohibited element	Illustration (generic)
Clarity of the contract	Does it respect trust and symmetrical information?	Is the object, price and the parties' rights and duties clear (gharar)?	A sale whose object cannot be identified or delivered at the time of contracting
Return on financing	Does it reward real contribution and avoid exploiting the weaker party?	Is an increase required only because time passes (riba)?	A loan that obliges repayment above the principal merely for the passage of time
Dependence on chance	Does it encourage productive work?	Is the outcome tied to an uncertain event with no real value added (maisir)?	An arrangement whose payment depends only on a wager
Object and fairness	Does it protect lawful livelihood and justice?	Is the object prohibited, or does it cause injustice to a party (haram, zalim)?	A transaction in a prohibited good, or a term that takes advantage of one party's weakness

Source: the authors' analysis, based on the Elucidation of art 2 of Law No 21 of 2008.

The examples are deliberately generic. In practice the clarity of an object, price and obligations is needed to avoid gharar, and financing that requires an increase solely because time passes must be examined so that it does not fall into riba. Where a product mixes elements, a final ruling needs a detailed sharia review and the fatwa of the authorised institution. Sharia governance matters here: a study of the governance of Islamic financial institutions finds gaps in current practice and proposes a paradigm for regulators, which is relevant to ensuring that the principles and prohibitions are in fact applied.⁵¹

Comparison with Earlier Research

First, the sources that treat the prohibitions as a group, notably Vogel and Hayes and El-Gamal, take the prohibitions of riba and gharar as the legal core of Islamic

⁵⁰ Law No 4 of 2023, *supra* note 10.

⁵¹ Muhammad Ayub, M Kabir Hassan & Irum Saba, "Revisiting the Paradigm of Shari'ah Governance of Islamic Financial Institutions" (2023) 15:8 *Journal of Islamic Accounting and Business Research* 1245, DOI: <10.1108/JIABR-04-2022-0110>.

finance and analyse them in relation to modern financial contracts; El-Gamal in particular argues that practice should be refocused on substance and not form.⁵²⁵³ The present article is consistent with the call for substance, since it reads compliance as more than the formal avoidance of a label, but it is narrower: it looks at the Indonesian statute and does not assess contracts. Second, Chapra places economics in an Islamic ethical framework, so that ethical objectives guide the economic order.⁵⁴ The mapping in Table 1 applies this ethical orientation to specific prohibitions and statutory elements.

Third, the Indonesian studies reviewed treat each prohibition separately. Dewi and Ritonga stress that the prohibition of *riba* is a pillar of Islamic economics grounded in morality; Hilyatin shows, for *maisir*, that the harm outweighs the benefit; Nurjanah and colleagues connect *gharar* and *maisir* with transparency and justice; and Mulyani and Arifin place *zulm* within the framework of justice and its criminal and civil consequences.⁵⁵⁵⁶⁵⁷⁵⁸ These findings agree with the account here, and each concerns a single prohibition. This article adds the relationship between the principles and the prohibitions and the legal point that, in the Indonesian statute, the five prohibitions together form the benchmark of sharia compliance. It also corrects two matters of attribution in the secondary literature that the authors used: the article on sharia governance by Ayub and colleagues is about governance and cannot be used as authority on the social harm of *riba*, and the study of *zulm* by Mulyani and Arifin has a legal dimension that a purely moral reading leaves out.

The limits of the comparison should be stated. The article relies on one Indonesian textbook for the framework of principles, so its account of the principles reflects that textbook's selection; and the studies on which the textbook draws were only partly read in the original. The comparison is therefore best read as positioning the article among the works it could verify, not as a survey of the field.

Conclusion

The article asked which principles underlie Islamic economic activity, what the prohibitions are and what they prevent, and how the two relate to Indonesian Islamic banking regulation. First, the principles of faith, trust-based ownership,

⁵² Vogel & Hayes, *supra* note 5.

⁵³ El-Gamal, *supra* note 6.

⁵⁴ Chapra, *supra* note 4.

⁵⁵ Dewi & Ritonga, *supra* note 7.

⁵⁶ Hilyatin, *supra* note 8.

⁵⁷ Nurjanah et al, *supra* note 9.

⁵⁸ Mulyani & Arifin, *supra* note 37.

freedom within limits, justice, balance, brotherhood and the distribution of wealth, together with operational principles such as work, fair compensation, efficiency and openness of information, form a value system for the relations of human beings with God, with one another and with nature; economic activity has the value of worship when carried out with good intention and moral responsibility. Second, the prohibitions of *riba*, *maisir*, *gharar*, *zulm* and *haram* goods act as boundaries that protect justice, transparency, productivity and the blessing of wealth. Third, in Indonesian law the five prohibitions are incorporated into the Elucidation of Article 2 of Law No 21 of 2008 as the elements that a sharia-based banking activity must not contain. Sharia compliance in economic life is therefore more than formal compliance: it is a guide that protects moral integrity, social justice and the blessing of wealth, and understanding principles and prohibitions together is a base for developing a stable and just sharia economy.

Three recommendations follow. Regulators and sharia supervisors should assess products with both questions, principle and prohibited element, and give reasons that link the two. Scholars of sharia economic law should extend the analysis beyond banking to other instruments, such as *halal* product assurance and the fatwas of the national sharia board, and should examine the criminal and civil consequences of *zulm* and of unlawful gain. The legislature and the financial authority should publish a consolidated text of the Law on Islamic Banking as amended, so that the statutory benchmark is easy to apply. The study has limits: it is doctrinal, relies on one textbook for its framework of principles, covers banking law only, and does not analyse any product, fatwa or court decision. Further research should test the mapping on specific contracts and on the practice of the sharia supervisory boards.

Ethics and Data Availability

This normative legal research did not involve human participants or personal data, so ethical approval was not required. All legal and secondary materials used are publicly available.

Use of Generative AI

Generative AI was used only to improve the language of this article (grammar, clarity and style). The authors reviewed the output and are responsible for the content of the article.

Funding and Conflicts of Interest

The authors declare no conflict of interest. This research received no external funding.

References

- Law No 21 of 2008 on Islamic Banking (Indonesia), as amended by Law No 4 of 2023 on the Development and Strengthening of the Financial Sector.
- Elucidation of art 2 of Law No 21 of 2008 on Islamic Banking (Indonesia).
- Law No 33 of 2014 on Halal Product Assurance (Indonesia), as amended (including by Law No 6 of 2023).
- Law No 4 of 2023 on the Development and Strengthening of the Financial Sector (Indonesia).
- Indonesian Council of Ulama (Majelis Ulama Indonesia), Fatwa No 1 of 2004 on Interest (Bunga/Fa'idah).
- The Qur'an, Surah al-Baqarah [2]: 275 and 278–279.
- The Qur'an, Surah al-Baqarah [2]: 219.
- The Qur'an, Surah al-Ma'idah [5]: 90–91.
- Muslim ibn al-Hajjaj, Sahih Muslim, Book of Sales (Kitab al-Buyu'), hadith no 1513 (numbering as given in common online editions).
- Ayub, Muhammad, M Kabir Hassan & Irum Saba. "Revisiting the Paradigm of Shari'ah Governance of Islamic Financial Institutions" (2023) 15:8 *Journal of Islamic Accounting and Business Research* 1245, DOI: <10.1108/JIABR-04-2022-0110>.
- Chapra, M Umer. *The Future of Economics: An Islamic Perspective*. Leicester: Islamic Foundation, 2000.
- Dewi, Komala & Mirwansyah Putra Ritonga. "Konsep Riba dalam Perekonomian Islam [The Concept of Riba in the Islamic Economy]" (2025) 3:1 *Jurnal Ekonomi Syariah Imelda (JESYI)* 8.
- El-Gamal, Mahmoud A. *Islamic Finance: Law, Economics, and Practice*. Cambridge: Cambridge University Press, 2006.
- Hartati, Sawitri Yuli. *Hukum Ekonomi Syariah [Sharia Economic Law]*. Padang: CV Dunia Penerbitan Buku, 2026.
- Hilyatin, Dewi Laela. "Larangan Maisir dalam Al-Quran dan Relevansinya dengan Perekonomian [The Prohibition of Maisir in the Qur'an and Its Relevance to the Economy]" (2021) 6:1 *MAGHZA: Jurnal Ilmu Al-Qur'an dan Tafsir* 16, DOI: <10.24090/maghza.v6i1.4507>.
- Ilyas, Rahmat & Hermanto. "Prinsip Dasar Sistem Ekonomi Islam [Basic Principles of the Islamic Economic System]" (2021) 7:2 *EDUGAMA: Jurnal Kependidikan*

dan Sosial Keagamaan, DOI: <10.32923/edugama.v7i2.2201>.

Mulyani, Rina & Tajul Arifin. "Larangan Berbuat Zalim dalam Hadis, Implikasi Hukum Pidana & Perdata [The Prohibition of Wrongdoing in Hadith: Criminal and Civil Law Implications]" (2025) 2:3 *Jurnal Hukum, Administrasi Publik dan Negara* 97, DOI: <10.62383/hukum.v2i3.270>.

Nurjanah, Dina Ilham et al. "Konsep Gharar dan Maisir dalam Transaksi Ekonomi Fikih Mu'amalah [The Concept of Gharar and Maisir in Economic Transactions in Fiqh Muamalah]" (2024) 2:3 *AL-FIQH: Journal of Islamic Studies*, DOI: <10.59996/al-fiqh.v2i3.368>.

Vogel, Frank E & Samuel L Hayes III. *Islamic Law and Finance: Religion, Risk, and Return*. The Hague: Kluwer Law International, 1998.