

Analysis of the Dynamics of Sharia Economic Law Regulation in Indonesia

Helmi Fitriansyah¹, Koko Komaruddin²

^{1,2}Sunan Gunung Djati State Islamic University Bandung, Indonesia
Email: ¹helmifitria185@gmail.com, ²komaruddinkoko025@gmail.com

Abstract

The regulation of Sharia economic law in Indonesia reflects the government's commitment to aligning financial and economic systems with Islamic principles. These regulations aim to foster transparency, financial stability, consumer protection, and innovation in Sharia-compliant financial products and services. This study employs a literature review approach, analyzing Indonesian legislation, regulatory updates from the Financial Services Authority (OJK), and relevant academic literature to understand the dynamics and development of Sharia economic law. The findings highlight the dynamic evolution of Sharia economic law, driven by regulatory reforms and the growth of Islamic financial institutions. Key areas of focus include advancing Sharia financial technology (fintech), enhancing Sharia financial literacy, and strengthening international cooperation. Regulatory updates by OJK emphasize transparency, accountability, and consumer protection, while fostering innovation to meet complex market demands. Despite significant progress, challenges remain in implementing oversight mechanisms and integrating technological innovations. The development of specialized regulations covering areas like waqf, zakat, and Islamic banking underscores the dynamic interaction between societal demand and regulatory responses. Sharia economic law regulations in Indonesia play a pivotal role in national economic development.

Keywords: Sharia Economic Law, Regulation, Dynamics, Financial Technology.

Abstrak

Regulasi hukum ekonomi syariah di Indonesia mencerminkan komitmen pemerintah untuk menyelaraskan sistem keuangan dan ekonomi dengan prinsip-prinsip Islam. Regulasi ini bertujuan untuk mendorong transparansi, stabilitas keuangan, perlindungan konsumen, serta inovasi dalam produk dan layanan keuangan yang sesuai dengan syariah. Penelitian ini menggunakan pendekatan tinjauan pustaka dengan menganalisis peraturan perundang-undangan Indonesia, pembaruan regulasi dari Otoritas Jasa Keuangan (OJK), dan literatur akademik yang relevan untuk memahami dinamika dan perkembangan hukum ekonomi syariah. Temuan menunjukkan evolusi dinamis hukum ekonomi syariah, didorong oleh reformasi regulasi dan pertumbuhan institusi keuangan syariah. Fokus utama meliputi pengembangan teknologi keuangan syariah (fintech), peningkatan literasi keuangan syariah, dan penguatan kerja sama internasional. Pembaruan regulasi oleh OJK menekankan transparansi, akuntabilitas, dan perlindungan konsumen, sekaligus mendorong inovasi untuk memenuhi kebutuhan pasar yang semakin kompleks. Meskipun terdapat kemajuan signifikan, tantangan tetap ada dalam penerapan mekanisme pengawasan dan integrasi inovasi teknologi. Pengembangan regulasi khusus di bidang wakaf, zakat, dan perbankan syariah menunjukkan interaksi dinamis antara permintaan masyarakat dan respons regulasi. Regulasi hukum ekonomi syariah di Indonesia berperan penting dalam pembangunan ekonomi nasional.

Kata kunci: Hukum Ekonomi Syariah, Regulasi, Dinamika, Teknologi Keuangan.

Introduction

The concept of Sharia economic law is a pivotal topic within the framework of this discussion. It encompasses a set of rules governing human behavior to align with norms considered as legal standards. Legal sanctions serve to ensure that societal interactions adhere to established principles and custom (Agustian et al., 2023; Arrasjid, 2008). Violations of these laws entail consequences for the perpetrators. According to Khurshid Ahmad, Islamic economics represents an analytical effort to comprehend economic behavior and challenges from an Islamic perspective. M. N. Siddiqi elaborates that Muslim scholars employ the Quran, Hadith, ideas, and experiences to address the economic challenges they face (Ahmad, 1992; Siddiqi, 2004). The principles of Islamic economics are rooted in the philosophical values underpinning Sharia economics.

Sharia economic law maintains a balance between the real sector (consumption) and the monetary sector. Discussions on the Sharia economic system emphasize that fiscal issues are prioritized over monetary concerns. A system that emphasizes public interests fosters growth in the consumption sector and economic equity. However, the implementation of these principles faces challenges, such as low Sharia financial literacy in Indonesia. According to a 2022 survey by the Financial Services Authority (OJK), Sharia financial literacy was only 9.14%, significantly lower than general financial literacy at 49.68%. This indicates that most of the population lacks comprehensive understanding of the principles and advantages of Sharia economics (Otoritas Jasa Keuangan (OJK), 2022).

In discussing law, it is inseparable from the legislative framework. Indonesia's legal system is distinct compared to other nations, with unique characteristics in its laws and regulations (Linda et al., 2021). For instance, while other countries use terms like "Islamic Economics" or "Islamic Banking," Indonesia adopts the term "Sharia Economics," reflecting linguistic and contextual differences. However, in practice, challenges persist, including imbalances between the consumption and monetary sectors. OJK's 2023 Sharia Banking Statistics reveal that 63.3% of Sharia financing is dominated by murabahah contracts, while mudharabah and musyarakah contracts account for only 13.9% and 21.8%, respectively (Otoritas Jasa Keuangan (OJK), 2023).

Sharia economic law regulations are fundamentally rooted in *fiqh al-muamalah*, differing in nature and scope from other legal frameworks. These regulations integrate Islamic principles and values to ensure that economic activities align with Sharia law (Jaiyeoba et al., 2024; Mahyudi, 2015). However, research on the dynamics of Sharia economic law regulations in Indonesia remains limited. Studies highlight that Sharia banking regulations often adopt MUI

fatwas as their legal foundation, embodying universal principles, public welfare, diversity, fairness, and transparency (Linda et al., 2021). Furthermore, Sharia economic law has become embedded within legal structures, substance, and culture, evident in the presence of Sharia-based institutions and regulations (Adam, 2018; Lattanzio, 2022).

This paper offers a novel analysis of Indonesia's Sharia economic law framework, focusing on its evolving characteristics and significance within the national legal system. It argues that the key aspects of Sharia economic law in Indonesia—such as transparency, economic justice, and the protection of rights—are not only rooted in Islamic principles but also serve as essential components for fostering a more inclusive and sustainable economic system. The study highlights that, while existing regulations have made substantial progress in aligning the legal framework with Islamic finance and muamalah principles, there remains a critical need for further refinement to ensure comprehensive integration of economic sustainability and equitable financial practices. This research contributes to understanding the dynamic challenges and opportunities that Indonesia faces in developing a robust and adaptable Sharia economic system.

Methods

This study employs a literature review method to analyze the dynamics of Sharia economic law regulation in Indonesia. Data is sourced from relevant primary and secondary materials. Primary sources include official documents such as laws, government regulations, and court decisions related to Sharia economics. Secondary sources consist of academic literature, journal articles, and research reports addressing issues within Sharia economic law. Data collection involves searching libraries, online databases, and official government websites. The analyzed data identifies key themes in Sharia economic law regulation. A comparative approach is also applied, comparing Indonesia's regulations with practices in other countries to evaluate existing strengths and weaknesses. The analysis results are structured into a systematic report, including an introduction, literature review, findings and discussion, and conclusion. This study aims to contribute to a deeper understanding and further development of Sharia economic law regulation in Indonesia.

Overview of Sharia Economic Law

Discussions on Sharia economic law are inherently intertwined with broader legal concepts. Law is a set of rules intended to regulate human behavior in accordance with established norms and values (Setia, 2018; Zare, 2018). It functions as a binding framework

that ensures societal behavior aligns with these norms. Violations of the law lead to consequences that must be borne by the perpetrators (Arrasjid, 2008).

Sharia economics refers to an economic system rooted in the principles of the Quran and Hadith. Islamic economics is a series of rules governing economic transactions between individuals based on Quranic and Hadith principles (Ali, 2008; Choudhury, 1983; Jamarudin, 2021). These rules are codified in Sharia economic law, derived from divine revelation received by Prophet Muhammad SAW. This economic system is grounded in philosophical values underpinning Islamic principles, recognizing all economic activities and products as originating from Allah and integrating ethics and morality into all transactions.

The key principles of Sharia economics encompass several foundational concepts. First, the Principle of Oneness (*Tauhid*) asserts that everything in the universe is created by God, and humans, as stewards (*khalifah*), are responsible for preserving and utilizing these resources in a responsible and ethical manner. This belief drives economic actors to act with awareness, recognizing their accountability for the proper use of resources. Second, the Principle of Justice (*Adalah*) emphasizes fairness in all economic transactions, ensuring that no party is exploited and that both rights and obligations are upheld equitably. Third, the Principle of Mutual Benefit (*Maslahah*) stresses the importance of cooperation and collaboration for the common good, ensuring that economic activities contribute to the welfare of society as a whole. Lastly, the Principle of Transparency (*Shafafah*) encourages openness and honesty in financial dealings, aiming to build trust and prevent fraud or injustice in business transactions. Together, these principles form the ethical framework that guides Sharia-compliant economic practices (Ahmad, 1991; Chapra, 2000; Iqbal & Molyneux, 2005; Siddiqi, 1981).

Key principles of Sharia economics include the Principle of Oneness (*Tauhid*), Principle of Ethics (*Akhlak*), Principle of Equity, and Principle of Individual Freedom (Barus, 2016). The Principle of Oneness (*Tauhid*) asserts that everything in the universe is created by God. Humans, as stewards (*khalifah*), are entrusted with the responsibility of preserving and utilizing these resources responsibly. This belief encourages economic actors to act with awareness, knowing they are accountable for their actions in the afterlife. The Principle of Ethics underscores the importance of moral conduct in all economic activities, ensuring that transactions are carried out with fairness and integrity. Rooted in the exemplary behavior of Prophet Muhammad SAW, this principle is fundamental to Sharia economics. Often referred to as business ethics, it encompasses core values such as honesty (*shidiq*), trustworthiness (*amanah*), and intellectual competence (*fatanah*). The Principle of Equity emphasizes the need for justice and fairness in the distribution of wealth, ensuring that resources and opportunities are accessible to all

(Adinugraha, 2013). Lastly, the Principle of Individual Freedom underscores the right of individuals to make economic choices freely, within the framework of Sharia, which ensures personal responsibility and autonomy.

Evolution of Sharia Economic Law in Indonesia

The evolution of Sharia economic law in Indonesia has seen significant progress, supported by legislative measures through the enactment of various regulations. For instance, Law No. 3 of 2006 granted jurisdiction to the Religious Courts to handle disputes related to Sharia economics. Additionally, Law No. 19 of 2008 on State Sharia Securities and Law No. 21 of 2008 on Sharia Banking further strengthened the legal framework for Sharia economic law in Indonesia (Syarif, 2019). In Indonesia, the development of Sharia economic law has been pivotal. This is evident in the transformation of *fiqh muamalah*—once confined to classical Islamic texts—into a foundation for statutory regulations (Hakim, 2011).

The progress of Sharia economics in Indonesia is also reflected in the issuance of key legislations, such as Law No. 7 of 1992 on Banking, its amendment through Law No. 10 of 1998, and Law No. 21 of 2008 on Sharia Banking. Between 1992 and 2008, Bank Indonesia issued numerous regulations, leading to the gradual establishment of Sharia banks, starting with the founding of Bank Muamalat Indonesia in 1991, the first bank to operate based on Sharia principles. The first Sharia banking regulation was issued in 1992, following the establishment of the country's first Sharia bank in 1991. A distinctive feature of Sharia banking lies in its profit-and-loss sharing principle. Law No. 21 of 2008 serves as the legal foundation for regulating the Sharia banking system in Indonesia (Law No. 7, 1992; Law No. 10, 1998; Law No. 21, 2008).

The Essence of Sharia Economic Law Regulation in Indonesia

In Indonesia, the regulation of Sharia economic law refers to a series of rules governing economic activities based on Sharia principles. The presence of Islamic economic and financial laws signifies that Sharia economics is firmly established in the country. Almost all regulations, from statutory laws to executive orders, incorporate Sharia principles in economic and financial matters. Sharia economic law in Indonesia is based on a solid legal foundation, including both constitutional and statutory provisions. The existence of these regulations demonstrates Indonesia's efforts to accommodate Sharia economics, even though the framework is not yet entirely comprehensive. These steps help address the legal vacuum in the domain of Sharia economics. Future revisions to general economic regulations are needed to support the dual

economic system as a legal basis for implementing Sharia economic principles in Indonesia (Imaniyati, 2009; Syarif, 2019).

For example, Article 29(1) of the 1945 Constitution emphasizes that "The State is based on the belief in the One and Only God," providing a foundation for the formulation of economic regulations aligned with Sharia principles. The financial standards set by the Indonesian Ulema Council (MUI) play a critical role in Sharia economic law, particularly in Sharia banking. The development of Sharia banking law is fundamentally based on MUI principles, as evidenced by various provisions referring to MUI to implement these regulations.

The institutionalization of Sharia economic law began with the establishment of Bank Muamalat Indonesia in 1991, followed by the enactment of banking laws implementing profit-and-loss sharing systems. Law No. 22 of 1992 established Sharia Rural Banks (BPR Syariah). During the reform era, Law No. 10 of 1998 and Law No. 21 of 2008 on Sharia Banking were enacted. Progress was also made in non-banking regulations. The institutionalization of Sharia economic law is vital for Indonesia in supporting the beliefs of Muslims in alignment with Pancasila values and the 1945 Constitution (Rasyid, 2016).

The growing legal awareness among the public, especially after the reform era, has encouraged the implementation of Sharia economic regulations in Indonesia. This awareness has motivated the community to formulate Islamic laws, particularly those focused on Islamic economics. The amendment of Law No. 7 of 1989 to Law No. 3 of 2006 on Religious Courts provided a stronger legal foundation for regulating and developing the field of Sharia economics in Indonesia.

Subsequently, Sharia economic law evolved, including the 2008 Supreme Council Regulation governing the Compilation of Sharia Economic Law (KHES). Other regulations related to Sharia economics, such as the Sharia Banking Law, govern principles such as cooperation, ownership, and profit-sharing. With the KHES, Sharia economic law in Indonesia is formally regulated and unified. Without the KHES, judges in religious courts would need to rely on fiqh books from various Islamic schools of thought to resolve Sharia economic disputes, as positive law cannot integrate these diverse perspectives into a single legal system. This could lead to inconsistent rulings among courts and judges, giving rise to the adage "different judges, different opinions and rulings." The KHES was issued under Supreme Court Regulation (PERMA) No. 2 of 2008, aligned with Sharia principles, including fatwas from the National Sharia Council (DSN) (Sa'diyah et al., 2021).

Law No. 21 of 2008 on Sharia Banking marked a milestone in the regulation of Sharia economics in Indonesia. This law requires Sharia financial institutions to manage their

operations in compliance with Sharia principles. These regulations have allowed Sharia economics to grow and operate legally. However, it is important to note that Sharia economic regulations may not yet be fully comprehensive, and further changes and developments are necessary to help Sharia economics reach its full potential in Indonesia. In Indonesia, the Financial Services Authority (OJK), the Commodity Futures Trading Regulatory Agency (Bappebti), and the Indonesian Ulema Council (MUI) are responsible for regulating and overseeing Sharia economic activities. They also issue regulations on Sharia economic principles and supervise Sharia financial institutions.

Law No. 3 of 2006 grants the Religious Courts jurisdiction over Sharia economic disputes, addressing gaps and ambiguities in positive law regarding Sharia business transactions. As a result, the Religious Courts now have extensive authority to adjudicate all aspects of Sharia economics (Syarif, 2019). Additionally, Indonesia has strengthened its substantive Sharia economic law through the compilation of KHES, which comprises four books: the first on legal subjects and property (Amwal), the second on contracts (Akad), the third on Zakat and Hibah, and the fourth on Sharia accounting. Currently, KHES is regulated under Supreme Court Regulation (PMA) No. 2 of 2008, positioned within the legal hierarchy as stipulated by Law No. 12 of 2011 on the Formation of Legislation (KHES, 2011; Perma No. 2, 2008; Law No. 12, 2011).

The legal foundation of Sharia economics in Indonesia reflects a commitment to regulate economic activities in accordance with Sharia, while taking into account market conditions and the needs of society. The existence of laws related to Sharia economics provides guidance on the integration of the economic system in Indonesia with Sharia economics. These regulations address the legal gaps in Sharia economics, although they are not yet optimal. Moving forward, it is hoped that revisions to general economic regulations will help establish a legal framework that supports Sharia economic principles in Indonesia (Syarif, 2019).

Characteristics of Sharia Economic Law Regulations in Indonesia

Various regulations related to Sharia economics emerged in response to the increased legal awareness in Indonesian society, especially after the reform era. This reflects the awareness of the importance of establishing regulations that incorporate Sharia economic principles. Sharia economics began to gain a strong legal foundation following the revision of Law No. 7 of 1989 into Law No. 3 of 2006 on Religious Courts (Linda et al., 2021).

Sharia economic law regulations in Indonesia are characterized by several distinctive features: they are based on Sharia principles, universal, focused on *mashlahah*, justice,

transparency, and accountability, supported by a comprehensive legal framework, and aimed at sustainable development. They are based on Sharia principles, which provide the foundation for addressing what is prohibited or contrary to these principles. Islam, as a universal religion, ensures that its principles are not confined by time and place, making them relevant anywhere and anytime. Sharia banking demonstrates a dynamic and flexible characteristic, applying its rules comprehensively to both Muslim and non-Muslim customers. The principle of *mashlahah* focuses on the public interest for all individuals, as reflected in the five main goals of *maqasid sharia*: preserving wealth (*hifdzu maal*), intellect (*hifdzu aql*), lineage (*hifdzu nasl*), and religion (*hifdzu din*). Justice is also upheld, emphasizing fairness and honesty to meet the needs and interests of every individual, while avoiding discrimination based on socio-economic status, gender, or religion. Transparency and accountability are essential to prevent *gharar* (uncertainty) that could harm contractual relations, as regulated in Sharia economic law. A comprehensive legal framework supports various aspects of Sharia economics, reflecting efforts to establish robust regulations for its development. Additionally, sustainable development is prioritized, with continuous reviews and refinements of regulations to address challenges and opportunities in the practice of Sharia economics, aligning financial practices with market growth and societal needs. These characteristics form a solid foundation for advancing Sharia economics in Indonesia, integrating legal elements with the moral and ethical principles of Islam (Antonio, 2001; Ascarya, 2006; Hosen, 2003; Karim, 2004; Rivai & Arifin, 2010; Warde, 2000).

Hierarchy of Sharia Economic Law Regulations in Indonesia

The hierarchy of Sharia economic law regulations in Indonesia follows the general structure of the legal hierarchy in Indonesia. Below is the general hierarchy of Sharia economic law regulations in Indonesia:

1. 1945 Constitution (UUD 1945), as the highest legal authority in Indonesia, the Constitution mandates that all regulations, including those related to Sharia economics, must align with the provisions outlined in the UUD 1945.
2. Laws (Undang-Undang or UU) govern various aspects of Sharia economics. For example, Law No. 21 of 2008 regarding Islamic Banking regulates the establishment, supervision, and management of Sharia banks in Indonesia.
3. Government Regulations (Peraturan Pemerintah or PP) often used to regulate the operations and governance of Sharia financial institutions. For instance, Government Regulation No. 82 of 2012 relates to the implementation of Sharia banking.

4. Presidential Regulations (Peraturan Presiden or Perpres) regulate strategic policies related to Sharia economic law. For example, Presidential Regulation No. 99 of 2012 concerns the implementation of Sharia banking, and Presidential Regulation No. 86 of 2018 addresses the implementation of zakat.
5. Ministerial Regulations (Peraturan Menteri or Permen) regulate specific strategic policies regarding Sharia economic law. For example, the Ministry of Finance Regulation No. 55/PMK.03/2018 on Sharia Microfinance Institutions.
6. Regulations of Institutions are issued by authority institutions such as OJK (Financial Services Authority) and Bappebti that are directly involved in the supervision and regulation of Sharia financial institutions. For example, Bank Indonesia Regulation (PBI) No. 19/12/PBI/2017 on the implementation of Sharia banking and OJK Regulation No. 12/POJK.03/2018 concerning Sharia Microfinance Institutions.
7. Fatwas of the Indonesian Ulema Council (MUI), though lacking formal legal authority, are widely utilized as guidelines by practitioners and Sharia financial institutions due to their significant religious authority. Notable examples include the DSN-MUI Fatwa on Al-Amanah (Guarantee) for Sharia bank savings products and the DSN-MUI Fatwa on working capital financing contracts based on the Murabahah principle.

Below is a table summarizing the hierarchy of regulations related to Sharia economic law in Indonesia:

Table 1. Hierarchy of Sharia Economic Law Regulations

| Level | Regulation |
|------------------------------------|---|
| Highest Law | The highest legal foundation in Indonesia ensures that all regulations, including those concerning sharia economics, align with the provisions of the Constitution. |
| Laws (UU) | Legal statutes governing various aspects of sharia economics, e.g., Law No. 21 of 2008 on Sharia Banking. |
| Government Regulations (PP) | Operational and governance rules for sharia financial institutions, e.g., Government Regulation No. 82 of 2012 on sharia banking implementation. |
| Presidential Regulations (Perpres) | Strategic policies for sharia economic law, e.g., Presidential Regulation No. 99 of 2012 on Sharia |

| Level | | Regulation |
|----------------------|---------------------------|--|
| | | Banking Implementation and No. 86 of 2018 on Zakat Management. |
| Ministerial (Permen) | Regulations | Strategic rules issued by ministries, e.g., Minister of Finance Regulation No. 55/PMK.03/2018 on Sharia Microfinance Institutions. |
| | Institutional Regulations | Rules from regulatory bodies like OJK and Bappebti, e.g., OJK Regulation No. 12/POJK.03/2018 on Sharia Microfinance Institutions. |
| MUI Fatwas | | Religious decrees providing guidelines for sharia economics, e.g., DSN-MUI Fatwa on Al-Murabahah financing contracts. |

Analysis of the Evolution of Sharia Economic Law Regulations in Indonesia

The evolution of regulations concerning Sharia economic law in Indonesia reflects the growth of the market and the needs of society. The concept of *fiqh muamalah*, previously confined to classical Islamic jurisprudential texts, has now become the primary foundation for regulation. This evolution has transformed *fiqh muamalah* from being based on *ijtihad* (independent reasoning) and diverse opinions into collectively agreed-upon norms with binding legal force, which continue to adapt and develop over time (Hakim, 2011).

For instance, Law No. 7 of 1992 concerning Banking, Law No. 10 of 1998 as an amendment to Law No. 7 of 1992 on Banking, and Law No. 21 of 2008 on Islamic Banking encompass all relevant regulations. Additionally, Bank Indonesia has issued supplementary regulations in this area. Bank Muamalat Indonesia, established in 1991, was the first bank to operate under Sharia principles. Bank Syariah Mandiri (BSM), a subsidiary of Bank Mandiri (formerly Bank Dagang Negara or BDN), later transitioned to become a Sharia-compliant bank, serving as a pioneer in the development of Islamic banking in Indonesia (Imaniyati, 2009).

Regulations on Sharia banking in Indonesia began with Law No. 7 of 1992 and were strengthened by Law No. 10 of 1998, which provided greater opportunities for the development of Sharia banking. Due to its unique characteristics, a specific and more comprehensive law was deemed necessary, leading to the enactment of the Islamic Banking Law. This law not only fosters growth but also challenges national Sharia banks to compete with foreign bankers operating in Indonesia. One of the advantages of Sharia banks, including Bank Muamalat Indonesia, is the adoption of the profit-and-loss sharing system in distributing gains and losses.

Law No. 21 of 2008 serves as the legal foundation for the Sharia banking system in Indonesia, significantly regulating and strengthening the legal framework for Sharia banking. To enhance transparency, compliance, and consumer protection, the Financial Services Authority (OJK) routinely revises or issues new regulations to support the growth and sustainability of Sharia economics.

These developments and changes demonstrate the Indonesian government's commitment to advancing the Sharia economic sector. The government and relevant institutions must continue to review and refine regulations to address emerging challenges and opportunities in Sharia economic practices, ultimately achieving progress in Sharia economic law in Indonesia.

Analysis of the Dynamics in Formulating Sharia Economic Law Regulations in Indonesia

The dynamics in formulating Sharia economic law regulations in Indonesia reflect the continuous adoption of Sharia economics by the Muslim community. This process is evident in historical, legislative, and conceptual approaches, which have led to significant changes in societal structures. These regulations are crucial for upholding Sharia economic law within financial institutions, such as Islamic banking and non-bank entities, as part of a political process that formally legitimizes and enforces these rules (Khair, 2018).

It can be concluded that Sharia economic law evolves alongside the growing Islamic movement, which drives the need for regulations such as those governing Islamic banking, zakat, waqf, and more. Institutions like religious courts, which increasingly handle Sharia economic disputes, as well as the establishment of BAZNAS and the role of DSN-MUI, ensure adherence to Sharia principles. The cultural transition toward Islamic financial institutions also plays a vital role in this dynamic (Khair, 2018).

Furthermore, legal politics significantly influence the formulation of Sharia economic regulations in Indonesia. This includes selecting philosophical and sociological goals to ensure that Sharia economics can be regulated through rules reflecting Islamic Sharia principles. The objectives are to develop Sharia economic regulations, strengthen the existing regulatory framework, and reinforce Sharia economic institutions as a whole.

In structuring Sharia economic regulations, internal dynamics are reflected in the growing adoption of Islamic banks and financial products by the Muslim community. In legal politics, various methods are used to adapt laws, including creating new laws, amending existing ones, or revising interpretations of current regulations. Legal changes can occur gradually or drastically. An evolutionary approach is preferred to maintain legal certainty without disrupting stability, ensuring consistency between law and existing social realities. This approach involves

planned and persuasive measures, allowing society time to comprehend, adjust attitudes, and adapt to transformations mandated by the law. Drastic legal transformations often create societal tensions due to the significant adjustments required between the community's actual capacity and the expectations introduced by new laws (Badriyah, 2022).

When society offers little to no support for new laws, issues of formal validity and substantive acceptance arise. To address such situations, new regulations must often incorporate elements of previous laws to balance expectations set forth by the law with societal realities. From the above explanation, the dynamics in structuring Sharia economic regulations can be understood in two distinct forms: A Closed System Approach: This approach refers to legal hierarchy and structure (Qiston, 2024) supported by legal politics in a lengthy process to establish regulations with broad legality and legitimacy; and an Open System Approach: In this approach, the muslim community adapts to Sharia economic developments by improving legal understanding and leveraging potential amid changing dynamics..

Conclusion

The regulation of Sharia economic law in Indonesia encompasses a comprehensive set of rules governing Sharia-compliant economic activities. The establishment of Sharia economic and financial laws affirms the recognition of Sharia economics as a tangible entity within the national framework. The evolution and changes in Sharia economic law reflect the government's commitment to developing financial and economic systems that align with Islamic principles. Regulatory revisions by the Financial Services Authority (OJK) signify efforts to enhance transparency, consumer protection, and public knowledge while ensuring financial stability and adherence to Sharia principles. The development of Sharia economic law has been dynamic, driven by the growth of the Islamic movement within society, which has created a demand for specialized regulations covering areas such as waqf, zakat, and Islamic banking. Institutions and authorities, including the increasing involvement of Religious Courts in resolving Sharia economic disputes, the establishment of BAZNAS and BASN, and the role of DSN-MUI, have played a crucial role in ensuring compliance with Sharia principles. Additionally, the cultural shift toward Islamic financial institutions has been a significant aspect of this dynamic process.

Efforts to develop Sharia-compliant products, services, and financial technologies have become a central focus to meet increasingly complex market demands, alongside strengthened international collaborations to advance the Sharia economy. Collectively, these initiatives reflect the government's strategy to integrate the Sharia economic sector into a broader,

inclusive, and sustainable national economic development framework. The dynamics of Sharia economic regulation can be understood through two key approaches. The first is a closed system approach, which relies on legal hierarchy and structure supported by legal politics to establish regulations with broad legality and legitimacy. The second is an open system approach, where the Muslim community adapts to the development of Sharia economics, enhances their legal understanding, and optimizes their potential amid shifting political and demographic dynamics.

This study acknowledges its limitations in exploring the full spectrum of Sharia economic law regulations, particularly regarding their practical implementation across diverse regions in Indonesia and the varying levels of public awareness. Additionally, the study focuses primarily on existing regulatory frameworks, leaving room for further research on the socio-cultural and economic impacts of these regulations. Future studies could examine the effectiveness of Sharia financial technologies, the integration of Sharia principles into emerging economic models, and comparative analyses with other countries' Sharia economic systems to provide deeper insights and recommendations for enhancing the Sharia economic framework in Indonesia.

Bibliography

- Adam, P. (2018). Legislasi Hukum Ekonomi Syariah: Studi Tentang Produk Regulasi Hukum Ekonomi Syariah Di Indonesia. *Tahkim (Jurnal Peradaban Dan Hukum Islam)*, 1(2).
- Adinugraha, H. H. (2013). Norma dan Nilai dalam Ilmu Ekonomi Syariah. *Jurnal Media Ekonomi & Teknologi Informasi*, 2(1).
- Agustian, K., Hejaziey, D., Zen, A., Sekarini, R. A., & Wiwin, W. (2023). Comparative analysis of ethical and legal principles in the islamic business management model. *Journal of Contemporary Administration and Management (ADMAN)*, 1(2), 101–107.
- Ahmad, K. (1991). *Studies in Islamic Economics*. Islamic Foundation.
- Ahmad, K. (1992). Managing Economic Development: An Islamic Perspective. *Islamic Development Review*, 7(3), 45–52.
- Ali, Z. (2008). Hukum Ekonomi Syariah. In *Sinar Grafika*. Sinar Grafika.
- Antonio, M. S. (2001). *Bank Syariah: Dari Teori ke Praktik*. Gema Insani Press.
- Arrasjid, C. (2008). Dasar-Dasar Ilmu Hukum. In *Jakarta: Sinar Grafika* (1st, Cet. 3 ed.).
- Ascarya. (2006). *Akad dan Produk Bank Syariah*. Rajawali Pers.
- Badriyah, S. M. (2022). *Sistem Penemuan Hukum Dalam Masyarakat Prismatik* (1st ed.). Sinar Grafika.
- Barus, E. E. (2016). Tauhid Sebagai Fundamental Filsafah Ekonomi Islam. *Jurnal Perspektif Ekonomi Darussalam*, 2(1), 69–79.

- Chapra, M. U. (2000). *The Future of Economics: An Islamic Perspective*. Islamic Foundation.
- Choudhury, M. A. (1983). Principles of Islamic economics. *Middle Eastern Studies*, 19(1), 93–103.
- Hakim, A. A. (2011). Fiqh Perbankan Syariah Transformasi Fiqh Muamalah Ke Dalam Peraturan Perundang-Undangan. In *Bandung: PT. Refika Aditama*. Refika Aditama.
- Hosen, N. (2003). Syariah and Constitutional Reform in Indonesia. *Studia Islamika*, 10(1), 23–47.
- Imaniyati, N. S. (2009). Perkembangan Regulasi Perbankan Syariah. *Bandung: Syiar Hukum*, 1.
- Iqbal, M., & Molyneux, P. (2005). *Thirty Years of Islamic Banking: History, Performance, and Prospects*. Palgrave Macmillan.
- Jaiyeoba, H. B., Jamaludin, M. A., Busari, S. A., & Amuda, Y. J. (2024). The implications of Maqasid al-Shari'ah for integrated sustainability practices among businesses: a qualitative inquiry. *Qualitative Research in Financial Markets*.
- Jamarudin, A. (2021). Principles of Islamic Economic Norms in the Qur'an perspective. *Kodifikasia: Jurnal Penelitian Islam*, Vol 15 No. 01 (2021), 159-170, 15(01), 159–170.
- Karim, A. A. (2004). *Ekonomi Islam: Suatu Kajian Kontemporer*. Gema Insani Press.
- Khair, A. (2018). Dinamika Penataan Regulasi Ekonomi Syariah. *El-Mashlahah*, 8(2).
- KHES. (2011). *Buku Kompilasi Hukum Ekonomi Syari'ah*. Mahkamah Agung Republik Indonesia Direktorat Jenderal Badan Peradilan Agama.
- Lattanzio, G. (2022). Beyond religion and culture: The economic consequences of the institutionalization of sharia law. *Emerging Markets Review*, 52, 100918.
- Linda, S. A., Zufriani, Z., & Witro, D. (2021). Karakteristik Dan Hakekat Peraturan Perundang-Undangan Hukum Ekonomi Syariah. *Al-Amwal: Journal of Islamic Economic Law*, 6(1), 64–75.
- Mahyudi, M. (2015). Reviving the Islamic economic system through shariah-based public policy. *Humanomics*, 31(4), 415–429.
- Otoritas Jasa Keuangan (OJK). (2022). *Survei Nasional Literasi dan Inklusi Keuangan Tahun 2022*. <https://www.ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/Survei-Nasional-Literasi-dan-Inklusi-Kuangan-Tahun-2022.aspx>
- Otoritas Jasa Keuangan (OJK). (2023). *Statistik Perbankan Syariah - November 2023*. <https://www.ojk.go.id/id/kanal/syariah/data-dan-statistik/statistik-perbankan-syariah/Pages/Statistik-Perbankan-Syariah---November-2023.aspx>

- Perma No. 2. (2008). *Peraturan Mahkamah Agung RI Nomor 2 tahun 2008 tentang Kompilasi Hukum Ekonomi Syariah*.
- Qiston, A. (2024). Dinamika Hierarki Peraturan Perundang-Undangan. *HUMANI: Hukum Masa Kini*, 1, No. 1. <https://jurnal.asraindonesia.com/index.php/humani/article/view/2>
- Rasyid, F. A. (2016). Konfigurasi Politik Hukum Ekonomi Syariah Di Indonesia. *Ijtihad: Jurnal Wacana Hukum Islam Dan Kemanusiaan*, 16, No. 2(2), 297–315.
- Rivai, V., & Arifin, A. (2010). *Islamic Banking: Sebuah Teori, Konsep, dan Aplikasi*. Bumi Aksara.
- Sa'diyah, H. T., Sitti Lailatul Hasanah, Abdul Mukti Thabrani, & Erie Hariyanto. (2021). Sejarah dan Kedudukan Kompilasi Hukum Ekonomi Syariah dalam Peraturan Mahkamah Agung Nomor 2 Tahun 2008 di Indonesia. *Al-Huquq: Journal of Indonesian Islamic Economic Law*, 3(1), 96–118. <https://doi.org/10.19105/alhuquq.v3i1.3460>
- Setia, A. (2018). Reintegrating the legal into the social: reviving Islamic transactional law in the context of the civil economy, with special reference to Waqf. *Law and Development Review*, 11(1), 209–250.
- Siddiqi, M. N. (1981). *Some Aspects of the Islamic Economy*. Islamic Foundation.
- Siddiqi, M. N. (2004). Islamic Economics: Where From, Where To? *Journal of King Abdulaziz University: Islamic Economics*, 19(2), 57–71.
- Syarif, F. (2019). *Perkembangan Hukum Ekonomi Syariah di Indonesia Artikel info Jurnal Ilmu Hukum LL-DIKTI Wilayah IX Sulawesi*.
- UU No. 7. (1992). *Undang-Undang Republik Indonesia Nomor 7 Tahun 1992 tentang Perbankan*.
- UU No. 10. (1998). *Undang-Undang Republik Indonesia Nomor 10 Tahun 1998 Tentang Perubahan Atas Undang-Undang Nomor 7 Tahun 1992 Tentang Perbankan*.
- UU No. 12. (2011). *Undang-undang Republik Indonesia Nomor 12 Tahun 2011 tentang Pembentukan Peraturan Perundang-Undangan*.
- UU No. 21. (2008). *Undang-Undang Republik Indonesia Nomor 21 Tahun 2008 Tentang Perbankan Syariah*.
- Warde, I. (2000). *Islamic Finance in the Global Economy*. Edinburgh University Press.
- Zare, M. (2018). Creating laws for economic growth in a hybrid Islamic legal system. *S. Cal. Interdisc. LJ*, 28, 429.