

Strategies for Preventing Prohibited Transactions in Islamic Digital Finance: A Reflection on Riba, Gharar, and Maysir

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Abstract

The rapid expansion of digital financing products presents both opportunities and challenges to maintaining compliance with Islamic financial principles, especially concerning prohibitions against riba and gharar. This study analyzes Islamic financial management strategies to prevent non-compliant transactions within the digital financing ecosystem. Using a qualitative literature approach combined with thematic analysis of academic works, fatwas, and regulatory documents, the study identifies five dominant factors influencing sharia compliance: contractual clarity, information transparency, internal supervision, technological integration, and user literacy regarding digital contracts and transaction risks. The thematic analysis further revealed that institutions applying integrated monitoring and user education frameworks demonstrate higher compliance levels than those relying solely on contractual formalities. The findings suggest the necessity of a measurable Islamic financial management model that aligns contract design, risk control, and technology-based supervision to ensure that digital financing products are not only sharia-compliant but also effective in achieving the objectives of maqāṣid al-syarī'ah.

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INTRODUCTION

The development of financial technology (fintech) has brought significant changes to the financing system in Indonesia, including through digital financing products that offer speed, convenience, and increasingly broad reach. However, this dynamic has also opened up space for practices that potentially conflict with Islamic financial principles, particularly regarding the prohibition of *riba* (interest) and *gharar* (uncertainty) in financial transactions. For example, research shows that fintech-based online lending services can contain elements of *riba*, with daily interest rates and high late fees, which explicitly contradict the principles of Islamic muamalah (Salim & Muchlis, 2024).

The emerging problem is that although Sharia regulations and fatwas stipulate that financial products must be free from usury (*riba*), *gharar* and *maysir* (gambling), implementation in the digital financing ecosystem often reveals gaps in Sharia financial management. Studies show that conventional digital financing models still use non-transparent interest or penalty mechanisms, and there is ambiguity in contracts containing *gharar*, thus creating moral and Sharia risks (Musjtari, Roro, & Setyowati, 2022; Rudiansyah, 2020).

Islamic financial management in the context of digital financing should ensure fair, transparent transactions, and align with the *maqāṣid al-syarī'ah* (the principles of Islamic law)—namely, safeguarding religion, life, intellect, posterity, and wealth. In this regard, Islamic financial management strategies should encompass Islamic risk management, strong governance, user education, and product innovation that is free from *riba* (usury) and *gharar* (unlawful activity). A study states that Islamic fintech should adhere to Islamic principles, such as avoiding *riba* (usury), *maysir* (risk of gambling), *tadhlis* (fraud), and *gharar* (unlawful activity) (Amrullah & Hasan, 2023).

However, there remains a significant research gap. Previous studies have primarily concentrated on the normative–legal dimensions of Islamic finance—such as contracts, *fatwas*, and regulatory frameworks—while few have examined in depth the managerial and operational strategies of Islamic financial management within digital financing ecosystems to prevent prohibited transactions. For instance, empirical investigations into how digital contracts are designed, how *Sharia* compliance is monitored in managerial practice, and how *gharar* risk control mechanisms are implemented in Islamic fintech remain limited (Wahyuni, Sapa, & Haddade, 2024; Latifah, 2024).

This study addresses that gap by integrating the *maqāṣid al-syarī'ah* framework into contemporary digital financial management, offering a theoretical bridge between Islamic ethical objectives and modern financial technology governance. The urgency of this research lies in the rapid expansion of fintech in Indonesia, which demands a management model ensuring that digital innovation does not lead to the violation of *Sharia* principles. When Islamic financial management is not properly applied, the risks of *riba*, *gharar*, and *maysir* can escalate—potentially undermining public trust in Islamic finance (Musjtari et al., 2022).

Accordingly, this study aims to analyze Islamic financial management strategies for preventing prohibited transactions, particularly *riba*, *gharar*, and *maysir*, in digital financing products. It specifically seeks to answer the research question: “How can Islamic financial management strategies effectively prevent *riba*, *gharar*, and *maysir* in digital financing products while aligning with the principles of *maqāṣid al-syarī'ah*?” Furthermore, it develops a reflective conceptual framework reaffirming the relevance of *maqāṣid al-syarī'ah* in guiding ethical and sustainable digital financial practices.

METHODS

This study employed a qualitative approach with a library research method. This approach was chosen because the focus of the study lies in conceptual and reflective analysis of Islamic financial management strategies in the context of digital financing, rather than on field data collection. According to Zed (2014), library research aims to obtain conceptual and theoretical data from valid written sources to build systematic scientific arguments. This approach also aligns with Creswell and Poth's (2018) argument that literature-based qualitative studies are used to explore social phenomena by interpreting the meanings emerging from text and context.

The data in this study were collected through documentation and scientific literature searches from various primary and secondary sources. These sources include classic Islamic economics books (Chapra, 1992; Antonio, 2001), recent journal articles on Islamic financial management and fintech (Amrullah & Hasan, 2023; Musjtari, Roro, & Setyowati, 2022), and academic publications discussing the phenomena of *riba* and *gharar* in digital finance. According to Sugiyono (2022), the validity of data in literature research is determined by the accuracy of the selection of scientific sources used.

The collected data was then analyzed using thematic analysis. Braun and Clarke (2019) explain that thematic analysis provides flexibility in identifying patterns of meaning relevant to research objectives and allows for the integration of normative and reflective concepts. Themes were validated through iterative comparison and cross-referencing with theoretical frameworks and prior empirical findings to ensure conceptual consistency.

To ensure research trustworthiness, triangulation was applied by comparing insights from classical Islamic economic literature, contemporary journal articles, and regulatory fatwas. Additionally, interpretive reliability was enhanced through peer debriefing with academic colleagues and verification of consistency between themes and textual evidence. These procedures strengthen the credibility and dependability of the study's qualitative findings.

RESULT AND DISCUSSION

This research uses a descriptive method presented thematically, based on a review of several scientific literature, the following research results were obtained :

1. Challenges of Contract Compliance and Transparency in Sharia Digital Products

The literature review indicates that one of the significant obstacles in Sharia-based digital products is the ambiguity of contracts and limited information transparency. For example, a study by Sharia Compliance in Sharia Fintech Lending: Analysis of Contracts and Their Implementation shows that although contracts such as *murabahah*, *musharakah*, and *wakālah bil-ujrah* have been identified, in the practice of Sharia fintech lending in Indonesia, the parties (funders/borrowers) have inadequate understanding of these contracts, resulting in the potential for elements of *riba*, *gharar*, and *maysir* (Fathorrozi & Hamzah, 2023).

In ideal Islamic financial management, Islamic fintech institutions must ensure clarity of transaction objects, pricing, delivery times, and transparent profit-sharing or margin mechanisms. Without the development of comprehensive digital contract models and user education, Islamic fintech products risk becoming merely formal labels without Sharia-compliant substance.

2. Implementation of the Principles of Prohibition of *Riba*, *Gharar* and *Maysir* in Sharia Fintech

Literature analysis identifies that Islamic digital financing products still face the risk of violating key sharia principles: *riba* (illegal interest), *gharar* (uncertainty), and *maysir* (speculation). A study by Analysis of the Compliance of Islamic Fintech Practices with the Principles of Prohibition of *Gharar* and *Maysir* found that some Islamic fintech companies have attempted to comply with fatwas and regulations, but still have gaps in implementing mechanisms that effectively avoid *gharar* and *maysir* (Syabana & Kamaruddin, 2025). Furthermore, research by Islamic Financial Fintech in the Perspective of Sharia Concepts confirms that Islamic fintech companies are required to avoid elements of *riba*, *tadhlis* (fraud), and *gharar* as part of the concept of Islamic finance (Amrullah & Hasan, 2023).

An effective Islamic financial management strategy must adhere to specific internal control mechanisms, such as digital contract audits, contract risk checks, particularly to ensure there are no "hidden costs" that resemble *riba*, and the use of technology such as smart contracts that can mitigate *gharar* by automatically determining contract conditions (Shalwa & Baidhowi, 2025). Thus, Islamic fintech institutions do not simply cite principles but apply them systematically in their operations.

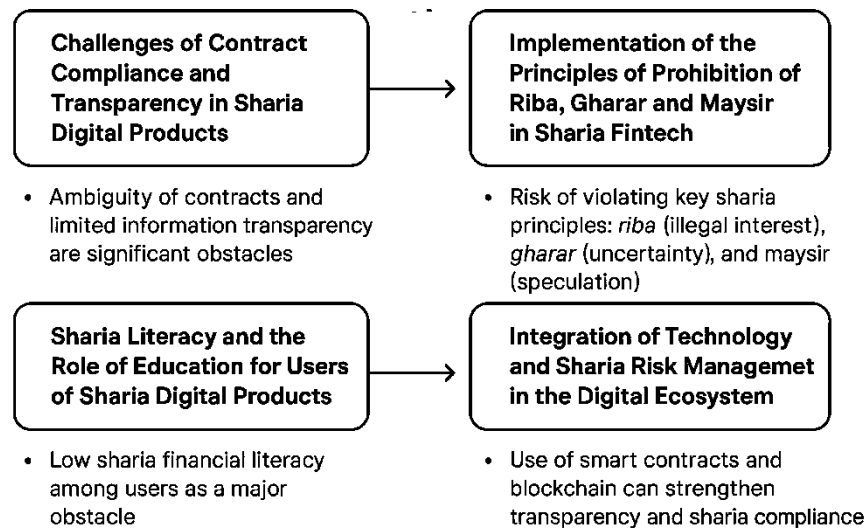
3. Sharia Literacy and the Role of Education for Users of Sharia Digital Products

The third finding indicates that Sharia financial literacy among digital product users remains low, which is a major obstacle to ensuring transactions are completely free from prohibited activities. The study, "Measuring Sharia Fintech in Indonesia," stated that although Sharia elements such as fairness, transparency, and avoidance of *gharar* (unlawful behavior) have been used as indicators, user literacy on these matters is inadequate (Aziz, 2023). Therefore, Sharia financial management must incorporate a comprehensive educational program as a strategic component. This education should include understanding contracts, the risks of digital transactions, the rights and obligations of borrowers/funders, and how to recognize elements of *riba* (usury) or *gharar* (unlawful behavior). Sharia fintech institutions and regulators (e.g., the Financial Services Authority) need to collaborate to create digitally accessible and interactive literacy modules.

4. Integration of Technology and Sharia Risk Management in the Digital Ecosystem

The literature review suggests that Islamic financial technology has significant potential to strengthen transparency and Sharia compliance through the integration of technologies such as smart contracts and blockchain. A study by Shalwa & Baidhowi (2025) suggests that the use of this technology can reduce *gharar* by ensuring clear contractual terms and automated execution (Shalwa & Baidhowi, 2025). Conceptually, Islamic financial management can be viewed through the following model:

CONCEPTUAL FRAMEWORK



From a sharia financial management perspective, strategies to prevent prohibited transactions must include the adoption of technology as part of a sharia-compliance risk management system. Sharia fintech institutions need to design automated monitoring systems, digital transaction audits, and transparent reporting to ensure the true realization of sharia values, namely justice (*‘adl*), benefit (*maslahat*), and social responsibility (*ta‘āwun*).

In the Islamic digital financing ecosystem, the main issues that arise are unclear contracts and low levels of contract transparency. A study by "Sharia Compliance in Islamic Fintech Lending: Analysis of Contracts and Their Implementation" shows that although contracts such as *murābaḥah*, *mushārakah*, and *wakālah bil-ujrah* have been identified, the parties' understanding of these contract forms remains very limited (Fathorrozi & Hamzah, 2023). This creates a gap for potential transactions containing elements of *riba* or *gharar*.

This challenge is reinforced by research indicating that the Sharia fintech industry is still adapting regulations and internal management to ensure truly Sharia-compliant contracts (Tasimin, 2025). This finding indicates that the mere existence of fatwas or regulations is insufficient without systematic implementation in digital contracts.

The ambiguity surrounding the transaction object, price, delivery time, and profit-sharing mechanism is critical to ensuring proper Sharia-compliant contracts. For example, when fintech companies use contracts that appear to be Sharia-compliant but in practice charge "service fees" that approach interest, the contract could be substantively considered *riba*. This aligns with the literature's warning that transparency and fairness (*‘adl*) are essential commitments in Sharia finance (Amrullah & Hasan, 2023).

Managerially, Sharia-compliant fintech institutions are required to develop digital contract models that are not only formally halal but also operationally free from Sharia-compliant elements. A study by Analysis of Contracts -in Sharia-compliant Fintech P2P Lending in Indonesia found that the variety of contracts used in Sharia-compliant fintech in Indonesia is highly diverse, and there is no strong standardization (Arvianto et al., 2024).

Transparency of information is also essential. Users of Sharia-compliant platforms must receive adequate explanations regarding the contracts used, the risks, and the rights

and obligations of each party. Research by Aziz (2023) confirms that low user literacy exacerbates this lack of clarity, resulting in Sharia-compliant products becoming mere labels without substance.

From a sharia financial management perspective, a strategy focused on contract design must integrate internal and external audits of transaction mechanisms. For example, internal control mechanisms must ensure that executed contracts differ significantly from conventional contracts that charge interest. A study by Arl & Baidhowi (2024) on hybrid contracts in sharia fintech found that legality and contract clarity remain key issues.

Meanwhile, technology and digitalization are both drivers and challenges. When Sharia-compliant products utilize digital platforms, contract design and transaction flows must be integrated with a digital-backed system that guarantees contract certainty. Research by Tasimin (2025) highlights the need for Sharia-compliant fintech to utilize smart contracts and blockchain to increase transparency and contract certainty.

However, the use of technology alone without adequate Sharia risk management does not guarantee compliance. The development of Sharia financial management must include the creation of internal policies that audit all digital products from the design stage to reporting. This aligns with a study on Sharia fintech and Sharia compliance by Wahyuni, Sapa, & Haddade (2024), which confirmed that Sharia control and governance in fintech are still suboptimal.

Unclear contracts and lack of transparency also impact user trust. When consumers perceive contracts as unclear or hidden fees, perceptions of Islamic finance decline. This can damage the reputation of Islamic fintech institutions and reduce public participation in Islamic products (Aziz, 2023).

From a regulatory perspective, despite the existence of fatwas, such as those issued by the National Sharia Council – Indonesian Ulema Council (DSN-MUI) that regulate information technology-based financing services, research by Arl & Baidhowi (2024) shows that regulatory ambiguity regarding hybrid contracts and legal uncertainty remain barriers to effective implementation. This reinforces the need for management to develop an internal Sharia compliance system that does not rely solely on external regulations.

Further analysis shows that clear and transparent contract design also supports the achievement of the *maqāṣid al-syarī'ah* (objectives of Sharia), such as justice, welfare, and the avoidance of harm (*darar*). When Sharia digital financial contracts are unclear, the potential for losses for the vulnerable increases, violating the principles of Sharia finance, which emphasize social responsibility and inclusion (Firmansyah, Rusydi, Irwan & Mulyatno, 2024).

Research on Islamic fintech from a sharia perspective by Amrullah & Hasan (2023) emphasized that Islamic fintech products must "avoid *riba* (usury), *maysir* (gambling), *tadlis*, and *gharar* (*gharar*)" and promote justice, balance, and the welfare of society. Without clear contracts and transparent implementation mechanisms, Islamic products become merely formal labels. Therefore, a sharia financial management strategy to address this challenge must encompass three main pillars: (a) explicit and documented contract design on digital platforms; (b) an internal monitoring and audit system that ensures costs, margins, objects, and processes are in accordance with sharia; and (c) user education to understand the contracts and transaction processes.

Integrating user education into this management model is also crucial because low literacy weakens the effectiveness of contracts and transparency. Az et al. (2023) found

that without adequate literacy, users find it difficult to evaluate whether a product is truly Sharia-compliant or still contains prohibited elements. Therefore, management must incorporate digital education modules as an integral part of the product, as the primary challenges in Sharia-compliant digital products related to contracts and transparency lie not only in regulation or technology, but also in active Sharia-compliant financial management, from product design to user education and internal oversight.

Thus, the solution required is an integrated management model that combines explicit contract design, internal-external audit and control, **and** user literacy program. The use of technologies such as *smart contracts* and *blockchain* can also increase the clarity and certainty of contracts, while minimizing the element of *gharar* in digital systems (Tasimin, 2025). With this approach, Islamic fintech can build a system that is truly *sharia-compliant*, equitable, and oriented towards *maqāṣid al-syarī'ah* (the main objectives of sharia) (Firmansyah, Rusydi, Irwan, & Mulyatno, 2024). The integration of technology, education, and moral-based governance is key to creating a digital financial ecosystem that is ethical, inclusive, and oriented towards the common good. Therefore, research implications can strengthen practical insights into how Islamic financial management should be implemented within an applicable framework.

CONCLUSION

The study identifies five dominant factors influencing sharia compliance: contractual clarity, information transparency, internal supervision, technological integration, and user literacy regarding digital contracts and transaction risks. The thematic analysis further revealed that institutions applying integrated monitoring and user education frameworks demonstrate higher compliance levels than those relying solely on contractual formalities. The findings suggest the necessity of a measurable Islamic financial management model that aligns contract design, risk control, and technology-based supervision to ensure that digital financing products are not only sharia-compliant but also effective in achieving the objectives of *maqāṣid al-syarī'ah*.

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