



Integration of Islamic Law in Global Trade Transactions in The Digital Era; Normative and Comparative Study

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Abstract: Digital-based global trade has transformed cross-border transactions into an ecosystem that relies on electronic contracts, online marketplaces, fintech payment channels, algorithmic mediation, and cross-jurisdictional data flows. This transformation raises legal issues regarding the validity of agreements, Sharia compliance, consumer protection, data governance, platform accountability, and cross-border enforceability. This undergraduate legal research examines the integration of Islamic law in global trade transactions in the digital era through normative and comparative approaches. This study analyses *muamalah* principles, particularly the prohibitions on *riba* (usury), *gharar* (uncertainty), and *maysir* (gambling), and uses *maqasid al-sharia* as an evaluative framework to assess whether digital trade practices protect property, honour, and justice (Al-Shatibi, 2004). The analysis is compared with Indonesian positive law governing the digital economy, including Government Regulation Number 80 of 2019 concerning Trade Through Electronic Systems, Law Number 1 of 2024 as the second amendment to the Electronic Information and Transactions regime, Law Number 27 of 2022 concerning Personal Data Protection, and Law Number 8 of 1999 concerning Consumer Protection (Republic of Indonesia, 1999; 2019; 2022; 2024). This research also aligns Sharia norms with international instruments that facilitate the recognition of cross-border electronic communications based on functional equivalence, namely the UNCITRAL Model Law on Electronic Commerce and the UN Convention on Electronic Communications in International Contracts (UNCITRAL, 1996; United Nations, 2005). A comparative study of literature indexed in Google Scholar, SINTA, and Scopus shows that previous research often positioned Sharia compliance as a conceptual checklist, while recent Scopus studies emphasize the importance of trust, governance, and institutional design as prerequisites for a Sharia-compliant digital ecosystem (Ribadu & Rahman, 2019; Wira, 2024). This research offers a layered integration model that connects Sharia contract compliance, national regulatory compliance, technological accountability, and cross-border dispute resolution. The results conclude that Islamic law is normatively compatible with global digital trade as long as the principles of transparency, halal objects, informed consent, justice, and accountability are upheld through executable legal and governance mechanisms.

Keywords: Sharia economic law, digital trade, *maqasid al-sharia*, electronic contracts, comparative study.

INTRODUCTION

Background

Global trade in the digital era is moving from transactions based on physical documents to transactions based on data. Contract formation, payments, delivery, after-sales services, and dispute resolution are carried out through electronic systems operated by platforms and various supporting service providers. This condition increases efficiency and expands market access, but simultaneously increases risks, such as lack of clarity regarding responsible parties in the platform-seller-consumer chain, cross-jurisdictional disputes, hidden costs in digital payments, product information manipulation, and personal data exploitation.

Indonesia has built a regulatory framework for these activities. Trade through electronic systems is regulated by Government Regulation Number 80 of 2019, which organizes the obligations of business actors, transaction information, and aspects of digital trade implementation (Republic of Indonesia, 2019). The validity of electronic information and documents, as well as aspects of responsibility in the digital space, fall under the Electronic Information and Transactions (ITE) regime, updated via Law Number 1 of 2024 (Republic of Indonesia, 2024). Personal data protection is regulated in Law Number 27 of 2022, which establishes the rights of data subjects and the obligations of data controllers and processors (Republic of Indonesia, 2022). At the consumer protection layer, Law Number 8 of 1999 affirms the consumer's right to correct and clear information, fair treatment, and compensation mechanisms for losses (Republic of Indonesia, 1999).

In the perspective of Islamic law, trade belongs to the realm of *muamalah*, which is permissible in principle but limited by the prohibitions of *riba*, *gharar*, and *maysir*, and commanded to implement justice and trustworthiness (*amanah*). For digital payment instruments, DSN-MUI Fatwa Number 116 of 2017 concerning Sharia Electronic Money affirms permissibility provided there is clarity in the contract and an absence of prohibited elements (DSN-MUI, 2017). For marketplace, drop shipping, and online shop business models, the DSN-MUI also issued Fatwas Number 144, 145, and 146 of 2021, which emphasize the obligation of transparency, defining the roles of the parties, and trustworthy fund management mechanisms (DSN-MUI, 2021a; 2021b; 2021c).

At the international level, cross-border transactions require formal recognition of electronic communications. The UNCITRAL Model Law on Electronic Commerce emphasizes the principles of non-discrimination and functional equivalence so that electronic documents are not treated less favourably than paper documents (UNCITRAL, 1996). The UN Convention on the Use of Electronic Communications in International Contracts facilitates the validity of cross-border electronic contracts and encourages minimal harmonization to reduce international transaction barriers (United Nations, 2005).

Academic literature shows an evolution of focus. Early studies emphasized ethics and general principles of Islamic trade for e-commerce (Zainul, Osman, & Mazlan, 2004). More recent Scopus-indexed studies emphasize that Sharia compliance in digital ecosystems demands trust and governance, not just normative declarations (Ribadu & Rahman, 2019). Scopus-based bibliometric studies also map the expansion of Sharia compliance themes toward fintech governance, blockchain, and *maqasid* measurement (Wira, 2024). These findings align with the needs of this research to bridge Sharia norms, national regulations, and international instruments into one operational integration model.

Problem Formulation

1. How are the principles of *muamalah* and *maqasid al-sharia* applied to electronic contracts, digital payments, and platform governance in digital global trade?
2. What is the compatibility and points of tension between Sharia principles and Indonesia's positive legal framework regarding electronic transactions, e-commerce, consumer protection, and personal data protection?
3. How does Indonesia's approach compare with international instruments and global research trends in Google Scholar, SINTA, and recent Scopus literature?
4. How can an operational Islamic law integration model be formulated for business actors, platforms, regulators, and consumers?

Research Objectives

This research aims to compile a normative analysis of Islamic law integration in digital global trade transactions, perform comparisons with national regulations and international instruments, and formulate a *maqasid*-based layered integration model that can serve as a compliance guide.

Research Benefits

- **Theoretical Benefit:** Expanding the study of Sharia economic law in transnational and digital contexts by including dimensions of international e-commerce law and personal data protection.
- **Practical Benefit:** Providing a compliance framework that can be translated into electronic contract designs, platform policies, payment fee structures, and cross-border dispute resolution mechanisms.

Theoretical Framework

The theoretical framework utilizes contract theory (*akad*) in *fiqh muamalah* to assess the pillars and requirements of modern transactions; *maqasid al-sharia* theory, which emphasizes the protection of public interest (*maslahah*) as a standard for evaluating economic policies and practices (Al-Shatibi, 2004); and UNCITRAL's functional equivalence theory to test the acceptability of electronic communications in contract formation (UNCITRAL, 1996). The concepts of trust and governance from Sharia e-commerce studies are also used to explain the need for compliance guarantees and platform accountability in the digital ecosystem (Ribadu & Rahman, 2019).

METHODOLOGY

Research Type

This study is a normative or doctrinal legal research focusing on the analysis of norms, principles, doctrines, and legal constructions. Normative research was chosen because the main issue is the compatibility and integration of Sharia norm systems with Indonesian positive law and international instruments.

Research Approaches

- **Statutory Approach:** Conducted on Law No. 1 of 2024, Law No. 27 of 2022, Law No. 8 of 1999, and Government Regulation No. 80 of 2019 to assess the structure of business actor obligations, electronic contract recognition, data protection, and consumer protection.
- **Conceptual Approach:** Used to examine the concept of *akad*, the prohibitions of *riba*, *gharar*, and *maysir*, and the application of *maqasid al-sharia* as parameters for protecting property, honor, and justice in digital transaction design (Al-Shatibi, 2004; Kamali, 2008).
- **Comparative Approach:** Performed by examining international instruments and harmonization principles, specifically the UNCITRAL Model Law on Electronic Commerce and the UN Convention on Electronic Communications in International Contracts.
- **Literature Comparison Approach:** Performed by reviewing previous research indexed in Google Scholar, SINTA, and Scopus to identify thematic patterns, research gaps, and the new contributions of this study.

Legal Materials

- **Primary Legal Materials:** Laws (ITE, PDP, Consumer Protection, PMSE) and DSN-MUI fatwas related to electronic money and digital trade.
- **International Primary Legal Materials:** UNCITRAL Model Law and the UN Convention on Electronic Communications.
- **Secondary Legal Materials:** Literature on Islamic law, contemporary Sharia economic law, and scientific articles related to Sharia e-commerce and compliance governance.

Collection and Analysis Techniques

Data collection was conducted through literature study. Analysis was performed descriptively-analytically to map norms and prescriptively to formulate integration models and operational normative recommendations.

RESULTS AND DISCUSSION

Characteristics of Global Digital Trade Transactions and Their Legal Implications

Global digital transactions are characterized by standard platform contracts, third-party payments, cross-border data flows, and after-sales services involving many actors.

- Standard contracts increase the risk of bargaining power imbalance and decrease the quality of informed consent.
- Third-party payments increase the risk of hidden costs and potential disguised *riba*.
- Cross-border data flows increase the risk of data breaches and consumer profiling exploitation.
- Cross-border after-sales services raise jurisdictional issues and proof of responsibility.

In the Indonesian context, Government Regulation (PP) on PMSE attempts to organize the obligations of business actors so that transaction information, actor identities, and complaint mechanisms are clearer. The Consumer Protection Law strengthens the consumer's position with rights to correct information and compensation. The PDP Law adds the dimension of personal data protection as a prerequisite for secure digital transactions. In Sharia, this complexity increases the potential for *gharar* regarding product information, costs, and responsibilities, thus Sharia compliance demands more precise transaction designs than conventional ones.

Electronic Contracts in Islamic Law and Their Recognition in Positive Law and International Instruments

In *fiqh muamalah*, a contract (*akad*) requires capable parties, a clear object, and consent. Electronic mediums do not invalidate a contract as long as the consent is real and provable. Therefore, electronic contracts are valid in principle if pillars and requirements are met. The main challenge is ensuring informed consent and object clarity to prevent *gharar*.

From a positive law perspective, recognition of electronic documents as evidence is within the ITE Law regime updated via Law No. 1 of 2024. UNCITRAL's functional equivalence asserts that electronic communications should not be treated less favourably than paper documents as long as they fulfil relevant functions. The UN Convention on Electronic Communications facilitates the recognition of electronic contracts in international contracts and reduces the barriers to formal forms (United Nations, 2005).

From a sharia perspective, accepting electronic evidence aligns with the goals of safeguarding assets and justice, as it enables the enforcement of rights and dispute resolution. This alignment underpins the integration of electronic contracts as valid as long as they meet the principles of agreement, clarity, and fairness.

Marketplace platforms play a multi-layered role as system providers, intermediaries, escrow providers, or even reputation curators. Through fatwas on marketplaces, drop shipping, and online shops, the National Sharia Council (DSN) of the Indonesian Ulema Council (MUI) emphasizes the definition of the parties' roles and the trust mechanism in fund management, ensuring that rights and obligations are not blurred (National Sharia Council of the Indonesian Ulema Council, 2021a; National

Sharia Council of the Indonesian Ulema Council, 2021b; National Sharia Council of the Indonesian Ulema Council, 2021c). This aligns with the Consumer Protection Law's requirement that businesses not transfer all risks to consumers through detrimental clauses (Republic of Indonesia, 1999).

Digital Payments and Fintech in the Perspective of *Riba*, *Gharar*, and *Maysir* Prohibitions

Global digital payments involve service fees, currency conversion fees, late fees, and credit structures in "pay later" services.

- **Riba Risk:** Arises when fees correlate with time or are identified as interest.
- **Gharar Risk:** Arises when fee structures are non-transparent or settlement is not understood by the user.
- **Maysir Risk:** Can appear in gamification features or speculation attached to certain digital services.

DSN-MUI fatwas allow electronic money as long as it does not contain *riba* or *gharar*, and the service contract is clear—meaning fees must be agreed-upon *ujrah* (wages/fees), not disguised interest. In marketplace models, the use of escrow accounts is understood as *amanah* (trust) to protect the property of the parties, supporting the *maqasid* of property protection (Al-Shatibi, 2004).

Scopus-indexed literature emphasizes that Sharia compliance in e-commerce requires measurable trust and governance, including cost transparency, system quality, third-party assurance, and risk control mechanisms (Ribadu & Rahman, 2019). A Scopus-based bibliometric review demonstrates the expansion of research into fintech governance, including blockchain, thus emphasizing that Sharia integration must encompass institutional design and oversight, not just halal (haram) assessments at the transaction level (Wira, 2024).

From a national legal perspective, the obligation to transact in PMSE transactions and the principle of consumer protection require businesses to provide clear and non-misleading cost information (Republic of Indonesia, 2019; Republic of Indonesia, 1999). Integrating Sharia and positive law into digital payments can be achieved through cost disclosure standards, Sharia compliance audits, prohibitions on interest, and payment dispute resolution mechanisms.

Personal Data Protection and Cybersecurity in the *Maqasid al-Sharia* Framework

Personal data is a prerequisite for digital transactions, but it also poses a source of risk. Data breaches can lead to identity fraud and financial loss. Profiling can lead to price discrimination or manipulate consumer decisions. The Data Protection and Transactions Law emphasizes the obligations of data controllers and processors, as well as the rights of data subjects, making data protection a positive legal obligation that digital businesses must fulfil (Republic of Indonesia, 2022).

In terms of *maqasid* (obligatory actions), data protection can be integrated into the protection of property and honour. Data misuse that results in fraud or digital extortion undermines property protection. The dissemination of sensitive data undermines honour. Therefore, the integration of Islamic law in digital commerce must incorporate data governance as part of Sharia compliance, not merely administrative compliance.

Data processing consent bundled with lengthy terms and conditions has the potential to undermine informed consent. Under Sharia, valid consent requires adequate understanding to prevent *gharar* (inappropriate consent). Under the Data Protection and Transactions Law, consent has certain standards for lawful data processing. Integrating the two encourages platforms to develop consent mechanisms that are clear, concise, and easy to understand, and provide fair options to users.

Consumer Protection and Cross-Border Dispute Resolution

The Consumer Protection Law provides consumers with the right to accurate information, fair treatment, and compensation for losses (Republic of Indonesia, 1999). Under Sharia law, the principles of justice and the prohibition of *gharar* support consumers' right to obtain information and the right to choose when goods are not suitable. The PMSE PP requires businesses and platforms to provide complaint mechanisms and clear identity information (Republic of Indonesia, 2019).

Standard platform clauses that unilaterally exclude liability can lead to injustice. Under Sharia law, clauses that disadvantage the weaker party contradict the principle of justice. Under positive law, such clauses can be tested through consumer protection regimes. Therefore, the integration of Sharia and positive law requires the design of fair standard contracts, including provisions for refunds, returns, and transparent dispute resolution mechanisms.

In cross-border transactions, disputes face challenges regarding the applicable forum and law. The UN Convention on Electronic Communications facilitates the validity of electronic contracts, but the choice of forum and the enforcement of decisions still require appropriate design, for example through an arbitration clause or enforceable online dispute resolution (United Nations, 2005). In the sharia tradition, dispute resolution through *sulh* and *tahkim* can be adapted to online mediation and sharia arbitration, as long as the procedures are fair and the decisions are enforceable.

Comparison of Previous Research and Research Contribution

Research indexed by Google Scholar and SINTA tends to emphasize consumer protection issues, online sales contracts, and the challenges of implementing regulations in Indonesia. A common finding is the gap between norms and practices due to the complexity of digital actors, lack of literacy, and difficulties in enforcing them across borders.

Research indexed by Scopus focuses more on governance, trust, and institutional design. Ribadu and Rahman position Sharia compliance as a component of trust that must be demonstrated through assurance and system quality (Ribadu & Rahman, 2019). Wira maps trends in the Sharia compliance literature, indicating a shift from normative discussions to governance and measurement analysis (Wira, 2024).

The contribution of this research is to develop a layered integration model that bridges Sharia norms, national regulations, and international instruments, and positions data governance and platform governance as part of Sharia compliance based on the *maqasid* principle.

Maqasid-Based Multi-Layered Integration Model

- The first layer is compliance with sharia contracts, which assesses the pillars and conditions of the contract, the clarity of the object, the permissibility of goods and services, and the absence of *riba*, *gharar* and *maysir*.
- The second layer is compliance with national regulations, which ensures transactions comply with PMSE (Emergency Business Entity), ITE (Emergency Business Entity), consumer protection, and personal data protection (Republic of Indonesia, 1999; Republic of Indonesia, 2019; Republic of Indonesia, 2022; Republic of Indonesia, 2024).
- The third layer is international harmonization, which refers to the functional equivalence and recognition of cross-border electronic communications (UNCITRAL, 1996; United Nations, 2005).
- The fourth layer is maqasid governance, which ensures platform policies, system design, compliance audits, and data management maintain public interest and justice (Al Shatibi, 2004).

CONCLUSION

The integration of Islamic law into global trade transactions in the digital era can be achieved normatively and operationally by harmonizing *muamalah* principles with national legal frameworks and international instruments. The principle of prohibiting *riba*, *gharar*, *maysir* and the demands of justice and trustworthiness can be translated into transparent electronic contract designs, clear payment fee structures (*ujrah*), effective consumer protection mechanisms, and data governance that complies with the law and upholds dignity.

The Indonesian legal framework, through the PMSE (Emergency Business Entity) regime, the updated ITE (Electricity and Transactions) Law, the PDP Law, and the Consumer Protection Law, has provided an important foundation, but challenges lie in enforcement and the complexity of digital actors, particularly in cross-border transactions. Previous national research highlights implementation gaps, while Scopus research emphasizes the need for trust and governance as prerequisites for Sharia compliance. The proposed layered integration model, based on the principles of *maqasid* (intelligence, protection, and governance), combines contractual compliance, regulatory compliance, international harmonization, and *maqasid* governance to ensure Sharia principles can be verified and upheld in the global digital trade ecosystem.

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