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Understanding the Concept of Riba in Fiqh al-Muamalat: Challenges in the Modern Global Economic System

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Abstract
This study explores the concept of riba (usury) as understood within Fiqh al-Muamalat, the branch of Islamic jurisprudence that governs economic and financial transactions. Riba, which is strictly prohibited in Islamic law, presents ongoing challenges in the context of the modern global economic system that is largely interest-based. The paper aims to provide a clear understanding of the different types of riba, their historical and textual foundations in the Qur'an and Hadith, and how classical and contemporary Islamic scholars interpret them. It also examines the practical difficulties faced by Muslim-majority countries and Islamic financial institutions in aligning Shariah-compliant financial practices with global economic structures. The findings highlight the tension between religious doctrine and economic pragmatism, and suggest the need for innovative, ethically grounded financial solutions that uphold Islamic principles while engaging with the realities of the modern economy.
Keywords: Usury, Fiqh of Muamalah, Sharia Economics, Global Financial System, Interest, Muamalah.

Introduction

Usury has been a major concern in Islamic literature since the time of the prophet. The prohibition of usury is not only normative, but also becomes a moral and economic basis in creating a just system. (Kurniawan and Al Amin 2023) In the Qur'an, usury is strongly condemned because it oppresses the weak and creates economic inequality. Fiqh muamalah as a branch of Islamic law that regulates social and economic relations, contains the concept of usury as an integral part of the halal and haram transaction system, however, in the era of the modern global economy, the world's financial system is still largely based on interest, which essentially resembles usury from an Islamic perspective. This creates a dilemma for Muslims, especially in interacting with international financial institutions, investment, and global trade. (Ibrahim and Ali 2024)

Riba has been a major concern in Islamic literature since the time of the Prophet. This issue is not only discussed in the theological aspect, but also in a wider social and economic context. Prohibition against the practice of usury shows how important justice and balance in the economic system is according to the Islamic view, usury is strongly condemned in the Al-Qur'an as in Surah Al-Baqarah verses 275 to 279 explaining that the perpetrators of usury are at war with Allah and His Messenger, Allah SWT Says

ٱلَّذِينَ يَأْكُلُونَ ٱلرِّبَوٰاْ لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ ٱلَّذِى يَتَخَبَّطُهُ ٱلشَّيْطَٰنُ مِنَ ٱلْمَسِّ ذَٰلِكَ بِأَنَّهُمْ قَالُوٓاْ إِنَّمَا
ٱلْبَيْعُ مِثْلُ ٱلرِّبَوٰاْ وَأَحَلَّ ٱللَّهُ ٱلْبَيْعَ وَحَرَّمَ ٱلرِّبَوٰاْ فَمَن جَآءَهُۥ مَوْعِظَةٌ مِّن رَّبِّهِۦ فَٱنتَهَىٰ فَلَهُۥ مَا سَلَفَ وَأَمْرُهُۥٓ
إِلَى ٱللَّهِ وَمَنْ عَادَ فَأُوْلَٰٓئِكَ أَصْحَٰبُ ٱلنَّارِ هُمْ فِيهَا خَٰلِدُونَ ﴿٢٧٥﴾ يَمْحَقُ ٱللَّهُ ٱلرِّبَوٰاْ وَيُرْبِى ٱلصَّدَقَٰتِ وَٱللَّهُ لَا
يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ ﴿٢٧٦﴾ إِنَّ ٱلَّذِينَ ءَامَنُواْ وَعَمِلُواْ ٱلصَّٰلِحَٰتِ وَأَقَامُواْ ٱلصَّلَوٰةَ وَءَاتَوُاْ ٱلزَّكَوٰةَ لَهُمْ أَجْرُهُمْ عِندَ
رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ ﴿٢٧٧﴾ يَٰٓأَيُّهَا ٱلَّذِينَ ءَامَنُواْ ٱتَّقُواْ ٱللَّهَ وَذَرُواْ مَا بَقِىَ مِنَ ٱلرِّبَوٰٓاْ إِن كُنتُم
مُّؤْمِنِينَ ﴿٢٧٨﴾ فَإِن لَّمْ تَفْعَلُواْ فَأْذَنُواْ بِحَرْبٍ مِّنَ ٱللَّهِ وَرَسُولِهِۦ وَإِن تُبْتُمْ فَلَكُمْ رُءُوسُ أَمْوَٰلِكُمْ لَا تَظْلِمُونَ
وَلَا تُظْلَمُونَ ﴿٢٧٩﴾

275. People who eat (take) usury cannot stand except like the standing of a person possessed by the devil due to (pressure) of insanity. Their situation is because they say (opinion) that buying and selling is the same as usury, even though God has made buying and selling lawful and prohibited usury. Those who have received a prohibition from their Lord, then continue to stop (from taking usury), then for him what he had taken before (before the prohibition came); and his affairs are (up to) God. Those who return (to usury), then those people are the inhabitants of hell; they remain in it.
276. God destroys usury and enriches charity. And God does not like everyone who remains in disbelief, and always commits sins.
277. Indeed, those who believe and do righteous deeds and establish prayer and pay zakat, they will have their reward with their Lord. There is no fear for them, nor will they grieve.
278. O you who believe, fear Allah and leave the rest of usury (that has not been collected) if you are believers.
279. So if you do not do it (leave the rest of usury), then know that Allah and His Messenger will fight you. And if you repent (from taking usury), then for you the principal of your wealth; you do not persecute and are not (also) persecuted.

The verse above shows that usury is not only a violation of ethics, but also a violation of divine law that has major consequences in the lives of individuals and society. The prohibition of usury is not only normative or a religious command, but also contains moral and social values. Islam places justice as the main principle in all aspects of life, including in muamalah or socio-economic relations. Therefore, usury is considered a form of injustice that oppresses the weak.

Usury is seen as one of the main causes of social inequality and economic exploitation. (Imam Fauzan 2022) When someone gains profit without hard work or productive contribution, it creates an imbalance that is contrary to the principle of distributive justice in Islam. In the long run, usury can trigger social inequality and conflict. (Komarudin and Annas 2024) Fiqh muamalah, as a branch of Islamic law that regulates social and economic relations, contains a comprehensive discussion of usury.

The concept of halal and haram in economic transactions is the main instrument in maintaining justice and the blessing of wealth. Therefore, understanding usury is an important part of sharia economic practices. In fiqh, usury is divided into several types. The two most important are riba fadl and riba nasi'ah. Riba fadl is an addition in the exchange of similar goods, while riba nasi'ah is an addition due to delay in payment. Both have a negative impact on the principle of justice and damage a healthy economic structure.

Usury fadl usually occurs in barter transactions, where the exchange of similar goods is not carried out equally. This is considered unfair because it gives an advantage to one party without a justified reason. Islam emphasizes that transactions must be carried out on the basis of willingness and equality. Usury nasi'ah, which is more similar to the practice of interest in the modern banking system, becomes more relevant in the current context. (Amanuddin 2022) In addition, because late or postponed payments in debt transactions are a form of exploitation of the needy party, and this is what is most criticized in classical and contemporary Islamic sources, in the modern global economic era, the world's financial system is still largely based on interest. Conventional banking institutions make their main profit from the interest charged to customers. From an Islamic perspective, this system is essentially no different from the prohibited practice of usury. This poses a major dilemma for Muslims, especially those living in countries with dominant conventional financial systems. Muslims are faced with a difficult choice between meeting economic needs or complying with the principles of sharia that prohibit usury.

The involvement of Muslims in interest-based investments, loans, and international trade raises contemporary fiqh issues. (Arijulmanan 2022) Muslim scholars and economists are trying to formulate fatwas and alternative solutions so that people can continue to participate in the global economy without violating sharia principles. The development of Islamic economics is a response to this challenge. The emergence of sharia financial institutions, such as sharia banks and sharia cooperatives, is a concrete effort to provide a financial system that is free from usury. The principles of profit sharing, mudharabah, and musyarakah are used as the operational basis for these institutions. However, the implementation of the sharia financial system does not always run smoothly. Many challenges are faced, ranging from limited regulations, low sharia financial literacy, to practices that are only cosmetic or symbolic without real usury-free substance.

This study aims to re-explore the concept of usury in Islamic jurisprudence by considering contemporary realities. It is important to understand usury not only in its classical definition, but also in modern economic practices that are more complex and diverse in form. Analyzing the challenges in realizing an economy without usury amidst the dominance of the conventional financial system is an important step. This includes a study of international regulations, fiscal and monetary policies, and global market structures that are not necessarily compatible with Islamic economic principles. To build a just and usury-free economic system, synergy is needed between scholars, academics, entrepreneurs, and policy makers. A cross-disciplinary approach is needed so that

Islamic economics is not only a normative discourse, but also an implementative one. On the other hand, public literacy regarding usury and Islamic finance must be improved. Misunderstanding or half-hearted understanding will open up opportunities for hidden usury practices that actually betray the spirit of Islamic justice itself. As part of the solution, the development of innovative and competitive Islamic financial instruments must continue to be carried out. This is important so that the Islamic financial system is not considered inferior or lagging behind the conventional system, the role of education is very important in instilling Islamic economic values from an early age. The Islamic education curriculum must be able to explain the concept of usury in its entirety, including its impact on individual morals and the social structure of society. Thus, efforts to distance oneself from usury are not only the responsibility of individuals, but also the collective task of the people in building an economic civilization that is just, ethical, and in accordance with sharia principles. This is a long road that requires patience, commitment, and continuous renewal in thinking and acting.

Literature Review

1. Concept of Riba in Muamalah Fiqh

Riba literally means "addition" or "excess". In the context of muamalah fiqh, riba is defined as an addition in a transaction that is not accompanied by compensation for services or work, so it is considered an unjust practice and is detrimental to one of the parties. (Umi Kulsum 2022) There are two main types of riba known in Islam. First, riba fadl, which is an addition in the exchange of similar goods that are not equal in size, for example exchanging gold for gold in different amounts. Second, riba nasi'ah, which is an addition imposed due to a delay in payment in a debt transaction, such as interest charged on a loan. Both types of riba are prohibited in Islam because they are considered to violate the principle of justice and can lead to economic exploitation. (Hady 2025)

The prohibition of usury is explained in the Qur'an, especially in Surah Al-Baqarah verses 275-279. Scholars have also given ijtihad to forms of usury in the modern context, such as bank interest, loan margins, or interest-bearing bonds. Usury is one of the important concepts in muamalah jurisprudence that has been discussed in depth in the treasury of Islamic law. Linguistically, usury means "addition" or "excess", which refers to any form of increase in a transaction that has no basis in justice or equality. In practice, usury refers to profits obtained without any compensation for services or real work, so it is considered a form of injustice in muamalah, in the context of muamalah jurisprudence, usury is defined as an addition or increase that arises in a transaction, either due to excess in amount or due to delay in time, which is not justified according to Islamic law. The practice of usury is seen as a form of injustice because it harms one party in the transaction and provides unilateral benefits without risk or productive contribution.

Islam views transactions as social activities that must uphold justice, equality, and honesty. (Midhia 2022) Therefore, any form of profit obtained without a basis of justice, such as usury, is considered to violate these basic principles. In the long run, usury can lead to social inequality, exploitation, and economic domination by the stronger party over the weaker. (Umi Kulsum 2022)

There are two main types of usury known in Islam, namely usury fadl and usury nasi'ah. Usury fadl is an addition that arises in the exchange of similar goods but with unequal sizes or measurements. An example is exchanging 1 kg of wheat for 1.2 kg of wheat, even though the goods exchanged are the same type.

This type of riba fadl highlights the importance of fairness in the exchange of riba goods. Islam stipulates that the exchange of similar goods must be carried out equally and in cash, so that there is no element of fraud, dishonesty, or unreasonable excess. Therefore, scholars require equality in type, quality, and quantity when conducting riba goods barter transactions.

Meanwhile, riba nasi'ah is an additional charge imposed due to a delay in payment of debt transactions. (Hady 2025) This type of riba is similar to the interest system in modern banking, where lenders profit by lending money for a certain period of time. This is the form of riba that is most commonly found in contemporary economic practices.

Riba nasi’ah usually occurs in debt transactions, when the party lending money demands additional payment in return for the time given. This practice is considered detrimental because it takes advantage of the needs and difficulties of others, and encourages the accumulation of wealth without any real contribution of work or risk.

Both types of usury are strictly prohibited in Islam because they are considered contrary to the basic principles of economic justice. Usury destroys social balance, enriches a few people, and worsens the conditions of those who are experiencing financial difficulties. Therefore, Islam teaches an economic system that emphasizes the principles of mutual assistance, cooperation, and justice in transactions.

The prohibition of usury is explicitly stated in the Qur'an, especially in Surah Al-Baqarah verses 275-279. These verses explain that Allah permits trading and forbids usury, and warns that those who continue to practice usury will receive a stern warning and threat of punishment from Allah, in one of these verses it is stated that people who consume usury will not stand except like people who are possessed by Satan because they are crazy. This is a metaphorical depiction of the moral and social chaos caused by the practice of usury. Therefore, the prohibition of usury is not only legal, but also moral and spiritual.

Islamic jurisprudence scholars throughout Islamic history have discussed and expanded their understanding of usury at length. (Midhia 2022) Through ijtihad, they identified various forms of usury in a broader context, not only limited to ancient practices, but also in modern economic systems. This includes bank interest, loan margins, and other financial instruments that resemble or contain elements of usury. Bank interest, for example, has been the subject of lengthy discussions among contemporary scholars. Although there are differences of opinion in some specific cases, the majority of scholars agree that bank interest that is fixed and benefits the creditor is a form of riba nasi'ah which is prohibited in Islam.

In addition to bank interest, interest-bearing bonds are also included in the category of usurious transactions. Conventional bonds that promise interest payments to their holders are considered transactions containing usurious elements because profits are obtained without active participation or risk from the investor. (Pratama 2023) Islam does not reject profits in business, but these profits must be obtained through a fair, transparent process, and involve real work or contribution to economic value. Therefore, Islam encourages the concept of profit-loss sharing-based investment, such as mudharabah and musyarakah, as an alternative to the usurious system.

The application of sharia principles in the modern economy requires legal adjustments and innovations that adhere to the basic values of Islam. Islamic jurists and economists are trying to explore financial solutions that are in accordance with sharia through the development of sharia financial instruments, such as sukuk (sharia bonds), sharia leasing, and contract-based banking products. (Istiawan, Khadafi, and Soelistyo 2023)

The importance of understanding the concept of usury in fiqh muamalah also has an impact on the awareness of individual Muslims in choosing the financial products and services used. This awareness encourages the growth of the Islamic financial industry as a more ethical and fair alternative for Muslims, however, the challenges in implementing an economic system without usury are still great, especially due to the dominance of the conventional financial system based on interest. Therefore, the development of the Islamic economy must be supported by strong regulations, Islamic economic education, and increasing public literacy about the dangers of usury and the virtues of the Islamic muamalah system.

A comprehensive understanding of usury is not only important for the sake of worship, but also to create a more humane social and economic order. Usury, with all its forms and impacts, must be understood as something that damages integrity and justice in economic life, so that the concept of usury in muamalah jurisprudence is a central element in building an Islamic economy based on justice, blessings, and social responsibility. This understanding must continue to be developed and socialized so that it can be applied consistently in the economic life of Muslims, both at the individual and institutional levels.

2. Modern Global Economic System

The global economy is currently dominated by a capitalist system that emphasizes efficiency, growth, and capital accumulation. Financial institutions such as central banks, the IMF, and the World Bank use the interest system as the basis for their operations. (Nurwahidah 2023) This makes the global financial system less compatible with the principles of Islamic jurisprudence, especially in terms of the prohibition of usury, the modern global economic system is built on the foundation of capitalism, which places efficiency, economic growth, and capital accumulation as the main goals. Capitalism encourages free competition and market liberalization on the assumption that the invisible hands of market mechanisms will create balance and prosperity. Within the framework of capitalism, financial institutions have a central role in regulating and controlling capital flows. Central banks in various countries are the main regulators in the monetary system and fiscal policy, which often use interest rates as the main instrument to control inflation, economic growth, and exchange rate stability.

The interest system or interest-based system is the main foundation in the operation of international financial institutions such as the International Monetary Fund (IMF) and the World Bank. Both institutions provide loans to countries experiencing economic crises by charging interest rates that are adjusted based on risk and time period. The concept of interest in the global financial system is seen as a legitimate and even necessary instrument to regulate macroeconomic balance. However, from an Islamic perspective, this practice is very problematic because it has characteristics that are very similar, even identical, to usury which is prohibited in the fiqh of muamalah.

Fiqh muamalah emphasizes the principles of justice, mutual benefit, and the prohibition of exploitation in financial transactions. In this case, the interest system is considered contrary to these values because it allows someone to gain profit without risk or productive contribution. (Arief and Zumria 2021) The interest system also creates inequality in the distribution of wealth. Those who have capital can continue to increase their wealth simply by providing interest-bearing loans, while those who borrow are increasingly burdened with the obligation to pay more than they receive. In the context of developing countries, interest-bearing loans from international financial institutions are often a heavy burden. Foreign debt and the accompanying interest force these countries to allocate most of their budgets to repay debt installments, not to people's development, this triggers a prolonged debt crisis in various parts of the world, especially in Africa, South Asia, and Latin America. These countries are trapped in a vicious cycle of debt, where they continue to borrow to pay off previous debts, without ever really getting out of financial dependence, a global financial system like this ultimately creates structural inequality between rich and poor countries. Developed countries continue to strengthen their position as creditors, while developing countries are in a position as debtors that are continuously regulated by external conditions and policies. (Nasir, Yusuf, and Rofiqul 2024)

This condition shows the incompatibility between the modern global economic system and the principles of muamalah fiqh. Islam encourages a financial system that is not burdensome, fair, and does not exploit the weaknesses of other parties, especially in debt transactions. In Islamic economics, solutions such as mudharabah, musyarakah, and murabahah contracts are offered as fairer and more ethical alternatives. This system is based on cooperation, shared risk, and profits that are shared proportionally based on the initial agreement. However, the implementation of these systems on a global scale still faces major challenges. The international world has not been fully open to the non-ribawi approach because it is considered not as efficient as the interest-based system in terms of measuring risk and return. In addition, the capitalist system has become the dominant system supported by strong infrastructure, international regulation, and control over the world's major economic institutions. As a result, efforts to introduce an Islamic economic system are often considered a minor discourse or an impractical alternative. However, the repeated global financial crises are evidence that the interest-based and speculation-based economic system also has fundamental weaknesses. Market bubbles, income inequality, and exchange rate instability are common symptoms of the modern capitalist system.

This reality opens up an opportunity to introduce the principles of muamalah fiqh in the global economic discourse. Islamic economics can provide a more humane, just, and welfare-oriented perspective, not just on the accumulation of profits. (Pratiwi and Nashirudin 2021) To realize this, synergy is needed between Muslim countries, Islamic financial institutions, and academics to formulate an alternative global financial system that is in accordance with Islamic values. This is not only a technical challenge, but also an ideological and political challenge. Strengthening international Islamic financial institutions, such as the Islamic Development Bank (IDB), is one of the strategic steps. This institution can play an important role in supporting development projects in Islamic countries without using an interest system that is contrary to sharia.

Islamic economic education and literacy are also important keys in building global awareness about the importance of an ethical financial system. The world community needs to be presented with real evidence that a non-ribawi system can run effectively, efficiently, and sustainably. That way, the hope for the birth of a more just global economic order that is in accordance with the values of muamalah fiqh can be realized gradually. Although this path is not easy, efforts to criticize and offer solutions to the modern global economic system are part of the great mission of Muslims in realizing economic justice at the world level.

Method

This research uses an approach descriptive qualitative by method literature review (*library research*). Data were collected from various classical and contemporary literature on muamalah jurisprudence, tafsir books, scientific journals, and economic policy documents. The analysis was conducted by examining the thoughts of scholars on usury and examining the structural and practical challenges in implementing a riba-free economy in the modern era. This study was conducted to examine more deeply the concept of usury in muamalah jurisprudence and its relevance in facing the challenges of the modern global economy. To achieve this goal, the approach used is a descriptive qualitative approach that focuses on analyzing the content and meaning of texts and discourses. The qualitative approach was chosen because it is considered the most appropriate for understanding normative and ideological phenomena related to Islamic law. In this context, the main focus of the study is not on measurement or statistics, but on interpreting the meaning and context of Islamic sources and contemporary realities.

The data sources used come from classical fiqh books, interpretations of the Qur'an, hadith, and scientific works of prominent scholars. This classical literature is considered important because it reflects the normative basis of Islamic teachings which are the main foundation in understanding usury. In addition, this study also refers to contemporary literature such as scientific journals that discuss muamalah fiqh, Islamic economics, and sharia financial law. The presence of this modern literature is important for understanding the dynamics and adaptation of Islamic law to the development of the global economic system. Not only from Islamic academics, the sources studied also include the views of economists and international financial observers, especially those discussing the impact of the interest system on economic justice and social welfare. This is done to broaden the perspective and link Islamic studies with global realities.

Policy documents from international financial institutions such as the IMF, World Bank, and Central Banks of major countries are also part of the study material. This is important to understand the structure of the global financial system which is often at odds with the principles of muamalah fiqh. This study attempts to examine the thoughts of scholars on usury with a critical and contextual approach. Not only citing the opinions of scholars textually, but also trying to understand the social, economic, and political backgrounds that shape these views. This contextual approach is necessary because understanding Islamic law cannot be separated from the realities of the times and the challenges of society. By understanding the context in which the fatwa or opinion of scholars was born, researchers can see the relevance and possibility of its application in the present day.

The analysis was conducted through a process of in-depth interpretation of the text, both from primary and secondary sources. This process involves repeated reading, scrutiny of meaning, and synthesis of thoughts from various sources that complement each other or even contradict each other. In addition to normative aspects, this study also examines the structural challenges in implementing a riba-free economy. These challenges include the dominance of interest-based financial systems at the national and international levels, weak support for sharia regulations, and limited public understanding of sharia finance.

The application of Islamic economics in modern practice cannot be separated from the complex and interrelated global reality. Therefore, this study also touches on practical aspects, such as the existence of Islamic financial institutions, non-ribawi financial instruments, and the economic policies of Islamic countries. Other practical challenges analyzed in this study include resistance from within Muslims themselves, where some people still see Islamic economics as a theoretical concept that is not yet fully applicable and competitive in the modern world. This study does not aim to provide fatwas or legal decisions, but rather to map discourse, analyze problems, and propose new directions of thought in developing an Islamic economic system that is free from riba. Thus, the results of this study are expected to contribute to the broader discourse on Islamic economics. Researchers also seek to build a dialogue between the classical treasures of fiqh and contemporary reality. This dialogue is important so that Islamic values are not trapped in the romanticism of the past, but are able to answer current challenges with creative and relevant solutions.

The literature study method allows researchers to take a cross-era and cross-thought approach. By comparing the views of various schools of thought and schools of thought, this study attempts to present a diversity of perspectives in understanding the issue of usury. In addition, this approach also opens up space to reread the verses of the Qur'an and the hadiths of the Prophet with the spirit of tadabbur, namely deep reflection on the divine message in the context of the modern era. Classical and contemporary interpretations are analyzed to enrich the understanding of the prohibition of usury and its relevance today. Thus, this study is expected to not only be a textual study, but also be able to provide a concrete picture of how Islamic principles can be implemented in an economic system that is fairer, more transparent, and free from usury exploitation. Through this descriptive qualitative approach, researchers attempt to unite the idealism of fiqh with economic reality, creating a bridge of understanding between Islamic values and the practical challenges faced by the community today. The results are expected to be a contribution of thought in efforts to transform the economy towards a system that is more in accordance with the maqashid sharia.

Research Results and Discussion

A. Usury in Classical and Contemporary Perspectives

The majority of ulama agree that usury in all its forms is haram, in the modern context, interest charged by conventional banks is considered usury nasi'ah. (Artianingsih 2023) Contemporary ulama such as Sheikh Taqi Usmani and Yusuf al-Qaradawi emphasize the importance of avoiding transactions containing interest and encouraging the development of an Islamic financial system based on sharia contracts such as murabahah, ijarah, mudharabah, and musyarakah. Usury is one of the main issues in Islamic economics that has been discussed since the early days of Islam to the contemporary era. Scholars from various schools of thought have studied usury in depth, both in terms of language, law and practice in the daily lives of Muslims. From a classical perspective, scholars agree that usury in all its forms is haram. This agreement is based on very clear texts, especially the verses of the Qur'an in Surah Al-Baqarah, as well as the hadiths of the Prophet Muhammad SAW which emphasize the prohibition and threat to usurers, in classical fiqh, usury is divided into two main types, namely usury fadl and usury nasi'ah. Both of these forms are forbidden based on the practices of pre-Islamic Arab society which often exploited the imbalance of power in transactions to gain unfair advantages. Riba nasi'ah, which involves additional due to delayed payment, is seen as a form of exploitation of people who are economically weak. This is the basis for the prohibition of usury in Islam, namely protection of social and economic justice. (Azifah and Nadlif 2024)

Over time, scholars have faced new challenges in identifying forms of usury in the modern economic system. One of the most widely discussed forms is the interest charged by conventional banks on money loans. (Agustia and Sulaiman 2023) In this context, the majority of contemporary scholars equate bank interest with riba nasi'ah. They argue that although the forms and terms are different, the essence of bank interest remains an addition to the principal loan due to the time factor, thus fulfilling the elements of usury which are prohibited. Prominent scholars such as Sheikh Taqi Usmani, a judge of the Sharia Court in Pakistan and an expert in Islamic economics, have firmly stated that bank interest is usury. He stated that the interest system creates inequality and does not reflect the principles of justice in Islam. Likewise, Yusuf al-Qaradawi, a prominent scholar from Egypt who is widely known in the field of muamalah fiqh. In many of his works and fatwas, al-Qaradawi emphasized that Muslims are obliged to avoid interest-bearing transactions and support alternative economic systems based on sharia. These two figures, along with many other scholars, called for the importance of developing an Islamic financial system as a solution to the dominance of usury. According to them, the Islamic system is not only in accordance with sharia, but is also fairer and oriented towards the welfare of society. In response to this challenge, various contracts were developed in sharia economics that could replace usury transactions. Among these contracts are murabahah, ijarah, mudharabah, and musyarakah, each of which has different characteristics and applications.

Murabahah, for example, is a sale and purchase agreement with an agreed profit margin at the beginning. This agreement allows Islamic financial institutions to provide financing without interest, because the profit comes from the difference in selling price, not an addition to the loan. (Putri and Marlien 2022) Ijarah is a lease agreement, which can be applied in financing fixed assets such as vehicles or property. This agreement provides an alternative to conventional financing in a way that is in accordance with sharia principles, mudharabah is a collaboration between the capital owner and the business manager, where profits are shared based on an agreed ratio, while losses are borne by the capital owner. This reflects the profit-sharing principle which is the main basis in Islamic economics. Musyarakah, on the other hand, is a form of cooperation in which both parties contribute capital and are actively involved in managing the business. Profits and losses are shared based on the proportion of capital contribution and mutual agreement. These contracts are designed to create an economic system that is fair, transparent, and free from exploitative practices. They provide the basis for the development of Islamic financial institutions that are now starting to grow in many countries, both Muslim and non-Muslim majority. However, even though the consensus of scholars regarding the prohibition of usury is very strong, there are still challenges in its implementation. Some circles still question whether all forms of interest in modern times can be considered usury absolutely.

A small number of contemporary scholars try to distinguish between productive and exploitative interest, although this view is not mainstream. Therefore, academic debate continues to evolve along with the dynamics of the global financial system. (Maharani 2023) Discussion between classical and contemporary perspectives is important in understanding how Islamic law adapts to the times. Fiqh is not a static system, but rather a dynamic legal system that is able to respond to social and economic changes. By enriching the discourse of fiqh muamalah through classical and contemporary analysis, Muslims can build an economic system that is not only legally halal, but also able to compete and provide real benefits to society at large. The consensus of scholars on the prohibition of usury is a strong moral and legal basis for building a more just Islamic economy. Although the challenges are great, the direction towards an usury-free economy is increasingly clear with the support of intellectuals, policies, and public awareness.

B. Challenges in the Modern Global Economic System

Some of the main challenges in trying to avoid usury in the current global economic system are:

1. The dominance of the interest system in the international banking and financial sector, including the credit system, bonds and government loans.

    Efforts to avoid usury in the global economic system are a major challenge that Muslims continue to face today. Although awareness of the importance of a financial system free from usury is increasing, the existing structural and systemic realities make this struggle full of obstacles. (Dahri, Akbar, and Arsyam 2021)

    One of the biggest challenges in this context is the dominance of the interest system in the banking sector. Almost all conventional banking systems in the world operate using interest rates as the main instrument in their financial products and services. This causes the interest system to become deeply rooted and difficult to replace completely.

    Modern banking uses interest as its main source of income, whether in the form of personal loans, commercial financing, or other financial instruments. (Sholeh 2023) Interest rates are also the main monetary tool used by central banks to regulate inflation, maintain currency stability, and encourage economic growth. In the international financial sector, interest-based practices are the foundation of the global credit system. Loans between countries, whether made bilaterally or through international financial institutions such as the IMF and the World Bank, are almost entirely interest-bearing. This system creates dependence on debt for developing countries with increasing interest burdens.

    Bonds, one of the main instruments in the global capital market, also work on an interest system. Investors buy bonds in the hope of getting a fixed interest coupon as a return. This makes bonds one of the most widespread and most difficult forms of usury to avoid in the contemporary financial system. (Solikah, Fitri, and Iswandi 2022)

    Governments of various countries, including Muslim-majority countries, often issue interest-bearing bonds to finance budget deficits. This shows how the interest system not only dominates the private sector but has also seeped into fiscal policy and state financing strategies.

    The dominance of this interest system puts Islamic financial institutions in a difficult position. Although they try to offer alternative products based on sharia contracts, in reality they still operate in an ecosystem controlled by regulations and market mechanisms determined by the conventional system. (Mubarroq and Latifah 2023)

    Many Islamic banks still have to interact with central banks that use interest rates as a reference. For example, in liquidity management, Islamic banks face limited instruments because most of the available money market instruments are usurious. This limits their flexibility in managing finances with pure Islamic principles. In addition, the lack of universal Islamic financial instruments is a major obstacle. Products such as sukuk have indeed developed, but their scale is still far from conventional bonds. In fact, without expanding the scale and market trust, the

Islamic financial system will find it difficult to compete globally. (Khadijah 2024) Dependence on the conventional financial system also makes many Muslim companies continue to use interest-bearing loans to expand their businesses. This is often triggered by easier access, faster processes, and more predictable risk levels compared to Islamic financing schemes.

The perception that the Islamic financial system is more complex, slower, and less competitive is also an obstacle. In fact, this perception often arises due to limited education and public understanding, not because the Islamic system itself is weaker. This challenge is exacerbated by the dominance of the modern economic education system that does not provide adequate space for understanding Islamic economics. As a result, many Muslim economic actors do not yet have the expertise to develop or optimally utilize a non-ribawi financial system. On the other hand, the global financial system is regulated by international agreements and multinational institutions that do not fully support the principles of Islamic finance. In forums such as the G20, IMF, and World Bank, the Islamic economic perspective is still a minority voice.

Existing regulations often do not provide full support for Islamic financial institutions. (Masruri 2020) Some countries do not even have a clear legal framework to define, supervise, and protect Islamic transactions. Without strong regulatory support, the Islamic financial system is difficult to develop comprehensively. In addition to institutional obstacles, there are also cultural and psychological barriers. People who are accustomed to the interest system feel comfortable with the certainty of fixed interest and are reluctant to move to a system that is considered full of risk, such as profit sharing. This paradigm shift requires continuous education and social transformation.

This situation also creates an ethical and practical dilemma for Muslims. On the one hand, they want to avoid usury as a form of obedience to sharia, but on the other hand, they live in a system that is very difficult to separate from interest. This dilemma raises the need for fatwas and guidance that are realistic but remain firm in accordance with sharia. (Annisa Tri Handayani and Rojalih Jawab 2007) Therefore, a long-term strategy is needed to encourage the transition to an economic system free of usury. This includes structural reforms in the financial system, the development of competitive sharia financial instruments, and strengthening the capacity of sharia institutions on a national and international scale. In the short term, a gradual and pragmatic approach can be an option. This means that while still upholding the basic principle of prohibiting usury, Muslims can use existing sharia instruments, strengthen public education, and encourage policy support to expand acceptance of Islamic economics. With synergy between stakeholders of ulama, economists, regulators, and the community, efforts to distance themselves from usury in the modern era are not impossible. While the challenges are great, collective commitment and continued innovation can pave the way towards a fairer and more sharia-compliant global financial system.

2. **Lack of public understanding of the concept of riba and sharia economy**, especially in non-Muslim communities and even among some Muslims themselves.

The lack of public understanding of the concept of usury and sharia economics is one of the fundamental challenges in the development of the Islamic financial system. (Kusmawaningsih and Aryanti 2023) Although sharia economics is increasingly well-known, the gap in understanding is still very pronounced, both among Muslims and non-Muslims. Many people still consider usury as just ordinary interest that does not have a negative impact on economic life. They do not understand that from an Islamic perspective, usury is a practice that can cause injustice and exploitation of the weak. Among Muslims themselves, there are not a few who cannot distinguish between transactions that are halal and those that contain elements of usury. Many do not understand that additions to debt transactions, even though small and agreed upon by both parties, are still considered usury and haram in Islam. (Zuzanti 2024)

Some Muslims still believe that usury only applies in extreme contexts or very burdensome practices. They tend to view bank interest as something normal and legitimate because it is considered "reasonable" in modern financial practices. This shows a gap between Islamic teachings and the daily economic practices carried out by the majority of Muslims. Many are unaware that the use of credit cards, interest-bearing loans, and savings in conventional banks contain elements of usury which are prohibited. In addition, many Muslims are not familiar with terms and concepts in sharia economics such as murabahah, ijarah, musyarakah, and mudharabah contracts. In fact, understanding these contracts is very important to be able to carry out transactions in accordance with sharia principles.

This lack of understanding is exacerbated by the lack of formal education on Islamic economics in public schools and universities. The existing educational curriculum is still very dominant with a conventional economic approach and hardly touches on the concept of muamalah fiqh in depth. (Handriansyah 2023) The mass media and digital platforms have not consistently conveyed educational information about Islamic economics. Most of the broadcasts or content focus more on the consumptive or practical financial aspects, not on awareness of sharia principles and values in transactions. In non-Muslim societies, misunderstandings about Islamic economics are more complex. Islamic economics is often perceived solely as a financial system that is exclusive or only for Muslims, even though its principles such as justice, transparency, and ethics can apply universally.

Some non-Muslims even view Islamic economics with suspicion, associating it with religious symbolism that they do not understand. This has led to resistance in accepting the presence of Islamic financial institutions in several non-Muslim majority areas. In fact, the concept of Islamic economics is actually very inclusive and emphasizes principles that are globally relevant. For example, the prohibition of usury can be understood economically as a form of protection against debt that ensnares and encourages social inequality. In addition, many non-Muslims do not yet know that Islamic financial institutions can also provide ethical solutions in investing. Principles such as being free from speculation (gharar), not being involved in the haram industry, and being based on cooperation are added values that can be widely accepted.

The lack of socialization and educational campaigns from Islamic financial institutions themselves is also a cause of the slow increase in public understanding. (Fadilah 2023) Many institutions focus too much on the business aspect and do not provide comprehensive education to the public. On the other hand, Islamic scholars and academics also have a great responsibility to simplify the language and explanation of usury and Islamic economics so that it can be understood by the general public. The approach to preaching and education must be carried out more systematically and relevant to the current context. The limitations of popular and practical literature on Islamic economics are also an obstacle. Many books or writings are academic in nature, but have not reached the general public because they use technical language that is difficult to digest.

This phenomenon shows the importance of the role of educational institutions, media, and communities to disseminate understanding of the concept of usury and sharia economics in a down-to-earth manner. Community-based counseling, interactive digital content, and practical training can be short-term solutions. In addition to disseminating information, habituation in daily economic practices is also important. If the public begins to be introduced to the sharia savings and loan system in cooperatives, sharia buying and selling transactions in the market, or interest-free financing programs, then their understanding will grow naturally through direct experience.

Paradigm change cannot be done instantly. It requires consistency, commitment, and synergy between various parties including the government, financial institutions, academics, and community leaders to build an educational and inclusive sharia economic ecosystem. (Sadewo 2021) With increasing public understanding of the concept of usury and sharia economics, it is hoped that there will be a greater social transformation. Society does not only avoid usury because it is afraid of sin, but because it understands the social and economic impacts of the usurious financial system. Correct understanding will lead to collective awareness to support an economy that is more just, sustainable, and in line with spiritual values. Thus, efforts to build an Islamic economic system are not only elite discourse, but become a real movement in the wider community.

3. The dependence of developing countries on international financial institutions that use interest in all their instruments.

The dependence of developing countries on international financial institutions is a phenomenon that has been going on for decades. (Muhammad Syahrul Hidayat 2023) This dependence arises from the urgent need for development financing, economic recovery, and budget deficit management. International financial institutions such as the International Monetary Fund (IMF), the World

Bank, and other multilateral institutions provide large amounts of loan funds to developing countries. However, almost all of these loan instruments are interest-based.

The interest system applied in these loans becomes an additional burden for the borrowing countries. Although these loans are often given in order to encourage economic growth or financial stability, in reality the interest charged also increases the foreign debt of these countries from year to year. Developing countries that do not have large foreign exchange reserves or strong internal funding sources are very dependent on this external financing scheme. In emergency situations or economic crises, interest-bearing loans are often the only option available.

The main problem with interest-bearing loans is the snowball effect. When interest payments continue to pile up, the state budget that should be used for social development such as education, health, and infrastructure is instead sucked up to pay off debt installments. (Mubarak, Khaerul Aqbar, and Fadhlan Akbar 2023) In many developing countries, debt interest payments consume a significant percentage of the state budget each year. This reduces fiscal space and narrows the government's ability to design independent economic policies. This dependence is not only economic, but also political. In many cases, international financial institutions require certain economic reforms as a prerequisite for lending. These reforms often lead to privatization, subsidy elimination, or market liberalization that do not always match local needs.

Developing countries with a Muslim majority face a serious moral and sharia dilemma. On the one hand, they need funds for development; on the other hand, they are trapped in a system that is very much at odds with the principles of Islamic finance, namely the usury system. The instruments used by international financial institutions, such as long-term fixed-interest loans or international bonds, do not provide sharia-based alternatives. As a result, governments of Muslim countries have little choice but to get involved in the global usury system.

Involvement in this interest system also hampers efforts to develop a national Islamic financial system. When a country's fiscal and monetary policies depend on global interest-bearing standards, initiatives to implement sharia principles will be considered irrelevant or unrealistic. (SIREGAR 2020) In addition, international institutions such as the IMF and World Bank have a major role in designing the macroeconomic policies of borrowing countries. In many cases, the economic structures directed by these institutions favor capitalist and conventional systems rather than systems based on social and spiritual justice values. In the long run, dependence on this interest-bearing loan system creates a cycle of debt that is difficult to break. Countries that have borrowed in the past must borrow again in the future just to pay off installments from previous loans.

This dependency also reduces the country's economic sovereignty. The borrowing country cannot freely implement independent fiscal or monetary policies because it must follow the direction or recommendations of international creditors in order to maintain "market confidence". In addition, the absence of alternative global financing based on sharia also hinders the emergence of an Islamic financial system globally. Efforts to build a world economic system that is fairer and free from usury will always be hampered by the dominance of the interest-bearing system in the international financial order. The social impact of this system is enormous. When a country pays large amounts of interest on debt, the community feels the impact in the form of poor public services, minimal subsidies, and slow infrastructure development.

Developing country governments also lose their bargaining power in international forums due to this financial dependence. (Awal Rifai Wahab 2022) This causes the bargaining position of developing countries to be weak in determining the direction of global economic policy. On the other hand, some developed countries that are the main donors to these international institutions actually benefit. They gain financial benefits from debt interest and political control through these multilateral institutions.

The solution to this dependency requires a comprehensive approach. It is necessary to strengthen the domestic economy, manage fiscal matters wisely, and develop an alternative sharia-based financing system to create economic independence. This effort must also be supported by cooperation between developing countries, especially Muslim countries, to establish alternative international financial institutions based on Islamic financial principles. Several initiatives such as the Islamic Development Bank (IDB) are a good start, but their scale is still limited. If this dependency is not addressed, developing countries will continue to be in a cycle of dependency and economic pressure. Therefore, collective awareness and strategic steps are needed to free themselves from the dominance of the global usury system and move towards a fairer and more sustainable financial system.

4. The lack of competitive Islamic financial instruments means that Muslims have difficulty finding equivalent and practical alternatives.

The lack of competitive Islamic financial instruments remains a major challenge in the development of Islamic economics in the modern era. Although Islamic finance has continued to grow in recent decades, its progress has not been sufficient to provide a truly comparable alternative to the conventional financial system. (Amirullah, Islamy, and Hamzah 2022)

Many Muslim communities who want to avoid usury are faced with limited choices in accessing sharia financial products. This creates a dilemma between the desire to live according to sharia principles and the need for efficient and easily accessible financial services. In many countries, especially outside the Middle East or Southeast Asia, the availability of sharia financial products is very limited. Sharia banking services, sharia financing, or sharia-based investment instruments are often only available in certain areas and have not yet reached the wider community. (Maulidiyah and Wakil 2023)

This inequality makes Muslim communities living in non-Muslim majority areas have inadequate access to sharia financial products. (Hidayat 2020) As a result, they are forced to use conventional services even though they are aware of the usury elements in them. From an institutional perspective, there are still few banks or financial institutions that are fully sharia-based. Many have only just opened sharia business units as a complement to their conventional parent, so they do not have full autonomy in decision-making.

Sharia financial instruments also still face challenges in terms of efficiency and competitiveness. Some sharia financing products such as*murabaha* or *ijarah*considered more complex in the process compared to conventional loans which are faster and simpler. In addition, transaction costs in Islamic financial products are sometimes higher due to the need to fulfill certain agreements and the involvement of more legal or administrative procedures. This makes some people feel that Islamic services are less practical than conventional services.

The public's ignorance of sharia contracts also widens this gap. For example, many do not understand the difference between*murabaha*and usury, thus considering both transactions to be the same because they both generate profits for financial institutions. The lack of socialization and public education regarding how sharia financial instruments work and the economic benefits also contribute to the low public interest. In fact, a good understanding can increase trust and encourage more people to switch to a system that is in accordance with Islamic principles. In the investment sector, sharia products such as sukuk, sharia mutual funds, or sharia stocks are indeed available, but their reach has not been widespread and is not yet fully equivalent to conventional products in terms of yield and liquidity. This causes Muslim investors to hesitate to invest their funds in sharia instruments.

Likewise in the insurance sector,*takaful*as an alternative, sharia insurance has not been able to compete with conventional insurance in terms of service coverage, types of protection, or financial benefits. Many consider takaful too conservative or less commercially attractive. Another factor that weakens the competitiveness of sharia instruments is the lack of digital infrastructure and technology support. The sharia banking system is still lagging behind in terms of digital integration, application services, and easy and fast payment systems.

Governments and financial regulators in many countries have also not paid proportional attention to the development of Islamic finance. Fiscal policies, tax incentives, and supporting regulations often favor the established conventional system. (Muttaqin and Abyan 2008) The absence of a conducive ecosystem makes it difficult for Islamic financial institutions to develop aggressively. They must compete in an arena that is not entirely fair, because sharia-based products are often subject to the same provisions as conventional products without considering the differences in their basic principles. The lack of innovation in Islamic products is also an obstacle. Many Islamic financial institutions only imitate conventional models and change their contracts, rather than truly creating products that have the characteristics and benefits of Islamic economics such as distribution justice or business partnerships. Meanwhile, the majority of Islamic financial industry players focus more on certain segments such as property or automotive financing, without expanding their reach to more productive sectors such as financing for MSMEs, agriculture, or the sharia-based digital economy.

The lack of collaboration between Islamic financial institutions and educational, research and technology institutions has also led to the slow development of new instruments that are innovative and responsive to the needs of modern society.

This situation has given rise to a negative perception that Islamic finance is only a supplement or emergency alternative, not as a primary system that can be a broad and comprehensive economic solution. In fact, with the enormous potential of the Muslim market, this opportunity is very possible to be developed. To overcome this problem, strategic steps are needed involving the government, financial authorities, academics, and industry players. The development of competitive Islamic instruments must be part of the national economic development agenda. If Islamic financial instruments can be designed by considering aspects of practicality, efficiency, and commercial appeal—without abandoning Islamic principles—then Muslims will no longer have to choose between idealism and practical needs. They will have easy access to a financial system that is in accordance with their faith and values.

C. Sharia Economic Response and Innovation

To overcome these challenges, various solutions have emerged, including:

1. Development Islamic Financial Institutions (LKS)such as Islamic banks, Islamic cooperatives, and Islamic fintech.

The response to the challenges of the sharia economy still faced by Muslims in various parts of the world has grown in recent decades. Awareness of the need for an alternative financial system that is in accordance with Islamic principles has encouraged the birth of various innovations and the strengthening of sharia financial institutions. One of the main responses is the development of Sharia Financial Institutions (LKS) consisting of sharia banks, sharia cooperatives, and sharia-based fintech. The presence of these LKS is the main foundation for the development of an independent and sustainable Islamic economy. Sharia banks have grown rapidly since the 1980s and continue to grow today, especially in countries with a Muslim majority population. These banks apply the principles of sharia muamalah such as the prohibition of usury, the prohibition of gharar (uncertainty), and the prohibition of maysir (gambling). Sharia cooperatives are also starting to become a promising alternative, especially among micro, small, and medium enterprises (MSMEs). Sharia cooperatives offer a more inclusive financing system based on the principles of mutual assistance and social justice.

The development of sharia fintech has become a very interesting new phenomenon. This financial technology enables faster, more efficient access to sharia financial services and reaches people who have previously been difficult to serve by conventional banking. Sharia fintech also offers various innovative products such as digital payments, sharia-based peer-to-peer financing, and sharia investment platforms that allow small communities to participate easily and transparently. In addition to the development of financial institutions, innovation in sharia financial products has also made significant progress. Sukuk products, for example, have become a popular alternative to bonds in the global sharia capital market.

Sukuk has a different mechanism from conventional bonds, where sukuk represents ownership of the underlying assets, thus avoiding usury and excessive speculation. This makes sukuk a safe instrument and in accordance with sharia principles. Sukuk is not only used by the government, but also by private companies to raise funds on a large scale. The success of sukuk in various countries shows that sharia financial instruments can compete in the global market. In addition to sukuk, sharia microfinance products are the main focus in supporting MSMEs. Sharia microfinance provides interest-free financing solutions that suit the needs of small and medium enterprises, thereby helping to develop the local economy.

Sharia microfinance offers a financing model based on contracts such as murabahah, musyarakah, and mudharabah that provide partnerships and fair profit sharing between funders and business actors. Innovation in sharia financing products is also directed at sectors that have not been widely touched, such as agricultural financing, the creative industry, and the digital economy. This is an effort to expand the positive impact of sharia economics to various levels of society. The development of sharia financial products also increasingly pays attention to aspects of sustainability and social responsibility. The concept of Islamic Social Finance, including zakat, waqf, and other social funds, is now starting to be integrated with sharia financial products to improve community welfare.

No less important is sharia economic education as a foundation for the sustainability and development of this system. Good education will equip the community and business actors with a deep understanding of the principles and benefits of sharia economics. Islamic educational institutions in various countries have begun to include sharia economics material in their formal curriculum, both at the tertiary level and vocational education and professional training. In addition to formal education, massive sharia economic training and socialization are also held by various organizations and sharia financial institutions. This educational program targets the general public, entrepreneurs, and government officials to increase awareness and understanding.

Strengthening of Islamic financial fatwas from institutions such as the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) also plays a strategic role. These fatwas provide legal certainty and clarity of regulations in the implementation of Islamic financial products and services. Fatwas issued by DSN-MUI and similar institutions in various countries provide standards and guidelines for industry players, so that Islamic financial products can be widely accepted and reduce the risk of legal controversy. In addition, fatwas are also an important tool to overcome the problem of differences in interpretation of Islamic principles in various regions. This helps to unify understanding and maintain uniformity in the implementation of Islamic finance.

Collaboration between Islamic financial institutions with educational institutions and fatwa bodies is increasingly strengthened. This synergy enables the development of research, product innovation, and the formation of competent human resources in the field of Islamic economics. The development of information technology is also utilized to expand access to Islamic economic education. Online learning platforms, webinars, and educational applications help people from various backgrounds learn about Islamic economics easily.

Innovation does not only occur in the realm of products and education, but also in the management of Islamic financial institutions. The use of blockchain technology, for example, has begun to be applied to increase transparency and security of Islamic financial transactions. The application of big data and artificial intelligence in Islamic financial institutions allows for more precise and efficient risk analysis and financing management, increasing competitiveness and customer trust. The development of the Islamic capital market has also progressed rapidly with the emergence of Islamic stock indices, Islamic mutual funds, and Islamic derivative products. This provides more investment options that are in accordance with Islamic principles. The development of an inclusive Islamic economic ecosystem is also an important focus. Efforts to reach people who have not been touched by formal financial services are carried out through Islamic-based literacy and inclusive financial programs.

The role of government and regulators is vital in encouraging the growth of the Islamic economy. Supportive policies, such as fiscal incentives, special arrangements for Islamic financial institutions, and the integration of Islamic economics into national development plans, strengthen the position of the Islamic economy. International cooperation between countries with Islamic economic interests is also increasing. Forums such as the Islamic Financial Services Board (IFSB) and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) help align global standards. The Islamic industry's response to changing global needs and challenges is also reflected in innovations in environmentally friendly and sustainable products. Sharia-based green financial products are becoming a new trend to support sustainable development. Social innovation in the Islamic economy is also growing through the development of social and philanthropic funds integrated with the financial system. This helps extend the benefits of the Islamic economy to the less fortunate.

The development of partnership-based financing products, such as musyarakah and mudharabah, is increasingly gaining attention as a fair solution and encouraging entrepreneurial spirit among Muslims. Improving the quality of human resources in the Islamic financial industry is also a focus, with special training, professional certification, and research development to address technical and regulatory challenges. The use of Islamic financial technology (Islamic fintech) also expands the reach of financial services. This fintech bridges the access gap for urban and rural communities with digital solutions that are in accordance with sharia.

New business models that combine technology and sharia principles are key to innovation, including the use of smart contracts and sharia crowdfunding to support small and medium enterprises. Sharia fintech companies now provide services that not only cover financing, but also financial management, investment, and financial education based on Islamic principles. Product innovation has also penetrated the insurance sector with the development of more modern and competitive takaful, offering protection that suits the needs of the community with various product variants. In addition, the sharia payment system has begun to be developed by adopting QR code technology, e-wallets, and digital wallets based on sharia principles, accelerating transactions without usury. Innovation also focuses on empowering women and marginalized communities with sharia financial products specifically designed to strengthen their economic role.

Zakat and waqf institutions also innovate by integrating these social funds into sharia financial products, thus providing a broader social and economic impact, cross-sector cooperation between government, private sector, and community is the key to the success of developing an inclusive and sustainable sharia economy, in addition, a systematic research and development (R&D) approach in sharia economics will accelerate the birth of new innovations that are able to answer the challenges of the times. The challenges of regulation and harmonization of sharia law in various countries are also a concern, so joint efforts are needed to create a supportive and consistent legal framework. Strengthening independent sharia supervisory institutions is also part of the innovation to ensure compliance of financial products and services with Islamic principles.

The development of Islamic financial indices and ratings helps investors to choose appropriate products and increases the transparency of the Islamic financial market. The synergy between Islamic economics and digital economy opens up new opportunities in developing a more inclusive, efficient, and sustainable economic ecosystem. The development of small and medium enterprises based on Islamic law receives special attention as the backbone of equitable Islamic economic growth. The use of big data and analytical technology strengthens risk management and investment decisions in Islamic financial institutions. The involvement of the global Muslim community in the development of Islamic economics strengthens international networks and collaborations that support innovation and growth.

Capacity building for business actors through sharia entrepreneurship training is increasingly becoming a concern to improve the quality and competitiveness of businesses based on Islamic principles. The development of marketing and distribution networks for sharia products also supports market expansion and public access to Islamic financial products and services. Increasing sharia financial literacy among various groups, including the younger generation, is a priority to foster an economic culture that is in accordance with sharia. Collaboration between sharia financial institutions and philanthropic and social institutions provides a comprehensive solution that combines economic and social aspects.

The development of a financing model based on business results (profit and loss sharing) strengthens the principles of justice and shared responsibility in Islamic economics. Strengthening the capacity of regulators in understanding and regulating Islamic economics will increase the effectiveness of supervision and industry development. Responses to global social and economic changes, including the pandemic and digitalization, have triggered the birth of innovation in Islamic financial products and services. The role of media and communication in educating the public about the benefits of Islamic economics is very important to increase awareness and participation, integration between Islamic principles, technological innovation, and socio-economic needs is the key to success in developing a resilient, inclusive, and sustainable Islamic economy in the future.

2. Innovation of sharia financial products such as Sukuk as an alternative to bonds and sharia microfinance to help MSMEs.

Innovation of Islamic financial products is one of the important milestones in building an Islamic economic system that is able to compete globally. Amidst the dominance of the conventional financial system, the presence of Islamic financial products such as*Sukuk* And *microfinance syariah*become an alternative that is not only spiritually ethical, but also economically relevant. Sukuk, often referred to as sharia bonds, are financial instruments that represent ownership of an underlying asset. Unlike conventional bonds that are based on interest-bearing debt, sukuk do not involve usury because the returns received by investors come from real income or profit sharing on productive assets. One of the advantages of sukuk is its ability to provide long-term financing for countries and corporations without having to violate sharia principles. Sukuk also provides higher transparency because of its attachment to real assets, which indirectly helps encourage the development of the real sector in the economy.

Sukuk innovation continues to develop along with market needs and technological developments. Now there are various types of sukuk such as*ijarah sukuk*, *sukuk mudarabah*, *Musharaka sukuk*, And *sukuk wakalah*, each with different characteristics and return models, but still within the framework of sharia. Sovereign sukuk have been used in various Muslim-majority countries, and have even been issued in Western countries such as the UK and Luxembourg. This shows that sukuk are not only suitable instruments for the Muslim market, but can also be widely accepted in the global financial ecosystem. In addition to the macro sector, sharia financial innovation also targets the micro sector through the development*microfinance syariah*. This is a small financing system based on sharia aimed at low-income communities and MSMEs, so that they can obtain capital without having to get caught in the trap of usury.

Sharia microfinance works based on the principles of partnership, shared responsibility, and justice. Generally, contracts such as*qardhul hasan*, *mudharabah*, And *murabaha*, which allows funders and recipients to share risks and profits proportionally. MSMEs are a very strategic economic sector because they absorb a large number of workers and are the driving force of local economic growth. However, this sector often has difficulty gaining access to formal financing because it is considered high risk or unbankable. In this context, Islamic microfinance is present as a solution. It does not only consider credit scores, but also assesses honesty, business partnerships, and the resulting social impact. This approach is considered more humane and inclusive in building community welfare.

Several Islamic financial institutions, Islamic cooperatives, and Islamic fintech have begun to integrate microfinance into their services. They utilize digital technology to reach rural communities and micro-entrepreneurs who have previously been untouched by financial services. Innovation in Islamic microfinance also continues to grow, including the development of models*group lending*, *social enterprise financing*, and integration with productive waqf. The goal is to create a microfinance ecosystem that is not only economically sustainable, but also has a positive social impact. In several countries such as Indonesia and Malaysia, sharia microfinance has even become a national strategy in poverty alleviation and economic empowerment of the people. The government provides support in the form of regulations, incentives, and collaborative programs with zakat and waqf institutions. These two products, sukuk and sharia microfinance, represent two ends of the financial system spectrum: macro and micro. However, both have the same spirit: building a fair, transparent, and welfare-oriented economy. In the future, synergy between large-scale sharia financial instruments such as sukuk and sharia microfinance will be key in forming a strong and resilient Islamic financial ecosystem. Innovation must continue to be carried out to maintain the relevance and competitiveness of sharia products amidst global dynamics.

3. Sharia economic education and strengthening of sharia financial fatwas from institutions such as DSN-MUI.

Sharia economic education is one of the main foundations in strengthening the Islamic economic system as a whole. Without adequate understanding of the principles, concepts, and practices of sharia economics, society will have difficulty distinguishing which transactions are halal and which contain elements of usury or injustice. In recent decades, awareness to study sharia economics has increased, both among academics, financial industry players, and the general public. This is in line with the growth of the global sharia financial industry which demands the existence of competent and integrated human resources.

Educational institutions, such as universities and Islamic boarding schools, have begun to incorporate Islamic economics and sharia finance curricula into their educational programs. At the higher education level, various sharia economics study programs have emerged that aim to produce practitioners, academics, and researchers who are able to develop sharia-based economic concepts contextually. In addition to formal education, non-formal training and education also play an important role. Workshops, seminars, and intensive training on sharia financial products are one form of response to practical needs in the field. This helps business actors, financial institution managers, and the wider community understand the application of sharia principles in the modern economy. However, education alone is not enough. It is also necessary to strengthen fatwas as a legal basis that provides clarity and certainty to various economic transactions. In the Indonesian context, the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) plays a central role in issuing fatwas that regulate sharia financial practices.

Fatwas issued by DSN-MUI serve as important guidelines for Islamic banking, Islamic fintech, Islamic cooperatives, and other financial institutions. The fatwas discuss muamalah contracts, the limits of halal and haram in transactions, and contemporary issues such as the use of digital assets, green sukuk, and Islamic crowdfunding. Islamic financial fatwas also act as a bridge between classical fiqh teachings and modern economic practices. In a world that is constantly changing, the existence of fatwas allows the flexibility of Islamic law to remain relevant and applicable. Therefore, strengthening the fatwa institution is a key strategy in Islamic economic innovation.

Strengthening DSN-MUI does not only lie in the quantity of fatwas issued, but also in the quality, consistency, and ability to answer current issues. DSN-MUI also needs to establish close collaboration with academics, practitioners, and regulators to strengthen the basis of fatwa arguments and accelerate adoption in the field. The synergy between sharia economic education and fatwa strengthening creates an ecosystem that supports the growth of sharia economics systematically. Education creates understanding and awareness, while fatwas provide operational boundaries and clarity. Both complement each other in shaping economic behavior that is in accordance with Islamic principles. In the context of sharia economic innovation, the response to global challenges also demands a renewal of understanding of muamalah laws. The development of financial technology (fintech), digital investment, and platform-based economy encourage scholars to review a number of concepts in muamalah fiqh.

The emergence of new fatwas that support the use of technology, such as fatwas on the use of QRIS in sharia transactions, digital payments based on mudharabah, or waqf crowdfunding, shows that fatwas can be a catalyst for sharia economic innovation. This proves that sharia does not hinder progress, but provides an ethical and just direction. Meanwhile, sharia economic education institutions also need to innovate in teaching methods. It is not enough to just teach the theory of contracts or the principles of fiqh, but must also teach digital skills, financial management, and modern market analysis so that graduates are able to compete in the industrial world.

Government support is greatly needed to expand access to Islamic economics education. Scholarship programs, the establishment of Islamic economics vocational schools, and teacher and lecturer training are important strategies in creating superior human resources who are ready to contribute to the Islamic financial sector. As a strategic response, Islamic economics education has also begun to adopt a multidisciplinary approach. This includes the integration of fiqh, economics, management, and technology in order to be able to produce solutions that are not only normatively ideal, but also practically efficient. Professional certification programs in the field of Islamic economics are also growing. This certification not only measures understanding of Islamic theory, but also technical skills in compiling products, conducting risk analysis, and marketing financial services according to Islamic principles. To support the wider dissemination of Islamic economics education, the use of digital technology is also part of innovation. E-learning platforms, Islamic-based educational applications, and webinars are important means of increasing Islamic economic literacy globally.

Fatwa institutions such as DSN-MUI have also begun to actively publish fatwas and legal explanations digitally. This makes public access to sources of sharia law easier and faster, and opens up space for more dynamic interaction between scholars and the community. Overall, education and fatwas are two sides of a coin that are inseparable in the development of sharia economics. Responding to global economic challenges requires a deep understanding, firmness of principle, and creativity in creating solutions based on Islamic values. By strengthening education and fatwas, innovation in sharia economics can continue to move forward, not only as an alternative to conventional systems, but as the main model that brings justice, sustainability, and comprehensive welfare to humanity.

Conclusion

Usury in Islamic jurisprudence is a practice that is clearly prohibited and has significant legal and moral consequences. In the modern global economic system based on interest, the prohibition of usury faces complex challenges, ranging from the structure of financial institutions to the dominance of the ideology of capitalism. Therefore, strengthening the Islamic financial system and public literacy on Islamic jurisprudence are important steps in building a more just and sustainable economic order. Collaboration is needed between scholars, academics, and Islamic financial practitioners to create an ecosystem that is able to compete globally without violating Islamic principles.

The concept of riba in muamalah jurisprudence is a strict prohibition in Islamic teachings that aims to create justice, avoid exploitation, and maintain social-economic balance. Riba, good in shape *profit*and*usury of rice*, is considered detrimental to one party and contradicts the principle of mutual assistance and partnership that is the basis of Islamic economics. The prohibition of usury is not only normative, but also a response to oppressive financial practices, which ultimately give rise to inequality and economic crises, however, in the context of the modern global economic system which is still dominated by interest mechanisms and debt-based financial instruments, the implementation of the usury-free principle faces complex structural challenges. The dependence of developing countries on international financial institutions, the lack of competitive Islamic financial instruments, and the lack of public understanding of Islamic economics are the main obstacles. In addition, the convergence of business interests, international regulations, and the global monetary system makes it difficult for Muslims to completely avoid usury practices in modern economic transactions, therefore, efforts to implement an usury-free economy require a holistic and gradual approach, which includes Islamic economic education, innovation of halal financial instruments, strengthening Islamic financial institutions, and strengthening fatwas and regulations based on Islamic principles. Synergy between academics, religious scholars, regulators, and industry players is needed to present an Islamic economic system that is not only free from usury, but also competitive, inclusive, and equitable on a global scale.

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