

RIBA ANALYSIS IN BANK INTEREST VIEWED FROM THE PERSPECTIVE OF ISLAMIC LEGAL PHILOSOPHY

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Abstract

This study analyzes the controversy over bank interest including usury or not in the perspective of Islamic Law Philosophy. In this study found the problem of bank interest to date is still a polemic and an issue that is debated in society. This research is a qualitative research method that focuses on literature review. The study was conducted by collecting data that has relevance to the issues discussed, both from primary and secondary data. The primary data in this study refers to the works of experts who talk about bank interest and usury. While secondary data is in the form of writings including research documents and scientific journals that are related to the issues discussed. The law of usury in Islam is clearly forbidden. There are many hadiths and verses in the Al-Quran that explain it. As explained in Surah Al-Bawarah verses 275 and 278 and also mentioned in various Hadiths of Rasulullah SAW. However, regarding bank interest there is a difference of opinion among the scholars. Contemporary scholars differ on the law of bank interest, namely: 1) Some scholars, such as Yusuf Qaradawi, Mutawalli Sya'rawi, Abu Zahrah, and Muhammad al-Ghazali, stated that bank interest is illegal, because it includes usury. This opinion is also the opinion of forums of Islamic scholars including: Majma' al-Fiqh al-Islamy, Majma' Fiqh Rabithah al-'Alam al-Islamy, and the Indonesian Ulema Council (MUI). 2) Some other contemporary scholars, such as Syekh Ali Jum'ah, Muhammad Abduh, Muhammad Sayyid Thanthawi, Abdul Wahab Khalaf, and Mahmud Syaltut, emphasize that legal bank interest is permissible and does not include usury. This opinion is in accordance with the fatwa issued by Majma' al-Buhus al-Islamiyyah on 23 Ramadhan 1423 H, which coincides with 28

INTRODUCTION

In a society that continues to grow and often experiences life changes from time to time. With the development of the current era of globalization, where people's lives are influenced by advances in information technology which seem to have become an important part of life. And one form of technological progress occurred in the banking environment, but in addition to technological advances, in banking there are problems that are still being debated in society, especially among Muslims, namely the problem of bank interest.

Bank interest (bank interest) is a number of rewards given by banks to customers for funds deposited in a bank which is calculated at a certain percentage of the principal of the deposit and the term of the deposit, or the interest rate charged on loans provided by the bank to its debtors. Bank interest serves as income for the bank. For example, when a bank offers assistance in the form of credit that can be borrowed with terms and conditions that apply to customers.

In daily banking activities, there are two types of bank interest given to customers, namely:

Savings Interest

Interest is given as remuneration for customers who keep their money in the bank. Deposit Interest is the price that must be paid by the bank to its customers. For example demand deposit services, savings interest, and deposit interest.

Loan interest

The interest given to the borrowers or the price to be paid by the borrower's customer to the bank. For example, interest on credit.

These two types of interest are the main components of cost and income factors for banks. Deposit interest is the cost of funds that must be issued to customers. Meanwhile, loan interest is income received from customers. Both deposit interest and loan interest affect each other. For example, if the deposit bank interest is high, then the loan interest will also be affected automatically and vice versa (Kasmir, 2014).

On December 16, 2003, the Indonesian Ulema Council (MUI) issued a fatwa prohibiting bank interest, which implicitly prohibits conventional banking practices. In terms of legal determination, basically the MUI has carried out its duties according to the applicable fiqhiyah principles. However, conditions in Indonesia, where people's

activities tend to intersect with conventional banks, have given rise to controversy within the community regarding the issue of bank interest, whether it includes usury or not.

In order for the discussion of the problem raised by the author to be more focused, the author provides problem boundaries for this writing, namely: usury, bank interest including usury, the Indonesian Ulema Council (MUI) prohibits bank interest, Islam opposes bank interest and what are the opinions of contemporary scholars regarding bank interest and the view of Islamic legal philosophy on bank interest.

RESEARCH METHOD

The method used in this research is a qualitative method that focuses on literature review. This study was conducted using a philosophical and sociological approach, and used secondary data by collecting data sourced from papers, journals, documents, and scientific writings that are related to the issues discussed.

RESULT AND DISCUSSION

Explanation of Riba

Riba is an additional or excess amount of debt repayment that has exceeded the principal loan or there is additional value by exceeding the amount of the loan when repayment is made. The amount of interest given usually refers to a certain percentage that is charged to the borrower.

Riba in Arabic is *az-ziyadah*, which means addition or excess. If viewed from the general context, the advantages referred to here are additional to the main assets or principal. Profits from buying and selling or *ra'sul mal* are also included in *az-ziyadah*. Therefore, to distinguish it, *az-ziyadah* is divided into two, namely usury and *ribhun* (profit or profit from buying and selling). Meanwhile, when referring to the terminology, usury is the added value of paying debts which is greater than the value of the receivables themselves. The amount of the addition has been determined by one of the parties beforehand (Ramadhani Niko, 2022).

The law of usury in Islam is clearly forbidden. There are many hadiths and verses in the Al-Quran that explain it. Some of the arguments regarding the prohibition of usury, among others:

1. Surah Al-Baqarah verse 275 which means: "Allah SWT has permitted buying and selling and forbidding usury."
2. Surah Al-Baqarah verse 278 which means: "Be fearful of Allah SWT and leave the rest of usury."
3. The Hadith of Rasulullah SAW which was narrated by Muttafaq Alaih which reads from Jabir RA, he said, "Rasulullah cursed those who eat usury, feed them with

usury, people who write, people who witness, Rasulullah SAW said they are the same.”

However, regarding bank interest there is a difference of opinion among the scholars. Contemporary scholars differ on the law of bank interest.

- 1) Some scholars, such as Yusuf Qaradawi, Mutawalli Sya'rawi, Abu Zahrah, and Muhammad al-Ghazali, stated that bank interest is illegal, because it includes usury. This opinion is also the opinion of forums of Islamic scholars including: Majma' al-Fiqh al-Islamy, Majma' Fiqh Rabithah al-'Alam al-Islamy, and the Indonesian Ulema Council (MUI).
- 2) Some other contemporary scholars, such as Syekh Ali Jum'ah, Muhammad Abduh, Muhammad Sayyid Thanthawi, Abdul Wahab Khalaf, and Mahmud Syaltut, emphasize that legal bank interest is permissible and does not include usury. This opinion is in accordance with the fatwa issued by Majma' al-Buhus al-Islamiyyah on 23 Ramadhan 1423 H, coinciding with 28 November 2002

In addition to several hadiths explaining that riba is forbidden, there are 5 types of usury in trading activities based on Islamic teachings, viz:

- 1) Riba Jahiliyah is a type of usury in the form of repayment of a debt in a larger amount than the principal loan. Generally, this kind of usury is imposed when the borrower is unable to repay the debt according to the promised time. Example: when a customer borrows Rp. 10 million from someone with a repayment period of 1 year. If the customer cannot return it by the due date, an additional fee will be charged.
- 2) Riba Qardh is the most common type of usury when someone borrows money with a certain repayment period (tenor) and interest. Example: when a customer borrows idr. 60 million with an interest of 15% and a repayment period of 6 months. The amount of interest is usually a requirement given by the lender.
- 3) Riba Fadhl is the addition of value from the activity of exchanging goods or buying and selling transactions. Example: When a customer exchanges IDR 100,000 notes for IDR 2,000 notes, but only gets 48 notes, not 50, so the total is no longer the same as before, namely only IDR 96,000. Another example is exchanging 24-karat gold for 18-karat gold.
- 4) Riba nasiah is an advantage obtained through buying and selling transactions at a certain time. The goods used in the transaction are of the same type, it's just that there is a delay in payment. Example: Someone sells 1 kilogram of rice to you at IDR 10,000 with a certain payment period. But because there is a delay in payment. You

will be charged an additional fee for the suspension. The excess of the actual value of rice with the value you pay is what becomes usury.

- 5) Riba Yad occurs in transactions (both buying and selling and exchanging goods) that initially occur without any excess. However, due to a delay in payment as a result of one of the parties leaving the contract before handing over the goods, the value increases. Example: You buy a car from someone for IDR 100 million. But because you pay 6 months later, the price is 105 million (Ramadhani Niko, 2022).

Explanation regarding bank interest and why the Indonesian Ulema Council (MUI) prohibits bank interest

Bank interest (bank interest) is a number of rewards given by banks to customers for funds deposited in a bank which is calculated at a certain percentage of the principal of the deposit and the term of the deposit or the interest rate charged on loans provided by the bank to its debtors. Bank interest serves as income for the bank. For example, when a bank offers assistance in the form of credit that can be borrowed with terms and conditions that apply to customers.

In banking there are 2 kinds of interest that the bank gives to its customers, viz:

1. Deposit Interest, which is interest given as remuneration for customers who save their money in the bank. An example is savings interest and deposit interest.
2. Loan Interest, namely interest charged to customers by banks specifically for customers who have loans at the bank, an example is credit interest (Desiyanti, 2019)

Conventional bank interest is still a controversy in society. And received various responses in the community both the 'pros and cons' of bank interest, because each of them has strong reasons and arguments. For people who say that bank interest is not usury, they think that savings are a contract that is different from loans, from all the definitions of usury it is found that usury is related to debts/loans.

Bank interest is still a controversy in society. There are differences of opinion within society. There are people who think that bank interest is included in the category of usury, because it contains an element of addition, because every banking transaction activity in which there is an element of adding money can be said to be included in bank interest, whether the addition is a lot or a little.

Then other people say that interest on savings is not included in the category of usury and its use is free by the owner, and bank interest does not contain elements of additional profits that multiply or exceed the limit. As long as the profit from the loan using banking transactions does not have this element, then it cannot be said to be usury.

In practice, bank interest is the profit obtained by the bank for its services that have lent money to debtors under the pretext of productive business, so that with the loan money the business becomes advanced and smooth, and the profits obtained are greater. But in the contract, both parties, both the creditor (bank) and the debtor (customer), both agree on the profits obtained by the bank. The majority of contemporary and medieval scholars indeed forbid bank interest because it is included in the category of usury. But if you look at the context of the Jahiliyah Arab society where the asbabun nuzul verses about usury were revealed, actually the prohibited usury is consumptive usury or usury which persecutes (Waid Abdul, 2019).

According to the Indonesian Ulema Council (MUI), precisely on December 16, 2003, it decided that bank interest is haram. Then the MUI is of the opinion that the current practice of interest on money meets the criteria of usury, as happened at the time of the Prophet Muhammad, namely usury nasi'ah. The practice of borrowing money is a form of usury and usury is unlawful. And usury can occur on consumptive loans, or loans that are productive and in essence usury in bank interest is unlawful because it is burdensome to the borrower.

The Islamic view of bank interest and the opinion of contemporary scholars regarding bank interest

Islam argues that bank interest is included in the category of usury and is forbidden in Islamic teachings. Riba can occur in consumptive loans, as well as productive loans, and in essence, riba in bank interest is burdensome to the borrower. Riba is something that is forbidden or strictly prohibited in Islam, because usury is very detrimental to those who are in debt. And usury has no concept of ethics and morality.

Riba in Islam is forbidden and is one of the major sins. Muslims are prohibited from taking riba of any kind and amount. The argument for the prohibition of usury from the Qur'an and hadith is very clear. Muhammad bin Salih al Utsaimin (2009) explains that whoever denies the prohibition of usury means that he has apostatized (left Islam). And added to that there is a threat of grave sin when committing usury.

The sin of usury is greater when compared to other sins. This is illustrated in the following hadith: "The sin of usury has seventy-two doors, the lightest of which is like the sin of someone who commits adultery with his biological mother." And indeed the greatest usury is someone who violates the honor of his brother." (HR Ath-Thabrani and others and authenticated by Al-Albani). The prohibition of usury also applies to everyone who is involved in the process of usury, either directly or indirectly. In the hadith it is said Jabir Radhiyallahu anhu, "Rasulullah Shallallahu 'Alaihi Wa sallam has cursed the eaters of usury, the person who pays usury, the

writer, and also the two witnesses." They are the same in terms of sin." (*HR Muslim*) (Hardiwinoto, 2018).

The basic essence of the prohibition of usury in Islam is to avoid injustice and tyranny in all economic practices. Meanwhile, usury (interest) is essentially imposing an addition on a destitute debtor, who should be helped not exploited and forces business results to always be positive. This is contrary to the principles of Islamic teachings which are very concerned with lower socio-economic groups so that these groups are not exploited by the rich (owners of funds). Because Islamic economic teachings carry a humanist mission, social order and reject injustice and tyranny whose links have an effect on poverty (Ummi Kalsum, 2014).

Contemporary scholars differ on the law of bank interest. First, some scholars, such as Yusuf Qaradawi, Mutawalli Sya'rawi, Abu Zahrah, and Muhammad al-Ghazali, stated that bank interest is illegal, because it includes usury. This opinion is also the opinion of forums of Islamic scholars including: Majma' al-Fiqh al-Islamy, Majma' Fiqh Rabithah al-'Alam al-Islamy, and the Indonesian Ulema Council (MUI). Meanwhile, some other contemporary scholars, such as Syekh Ali Jum'ah, Muhammad Abduh, Muhammad Sayyid Thanthawi, Abdul Wahab Khalaf, and Mahmud Syaltut, emphasized that legal bank interest is permissible and does not include usury. This opinion is in accordance with the fatwa issued by Majma' al-Buhus al-Islamiyyah on 23 Ramadhan 1423 H, coinciding with 28 November 2002 (*Haq Husnul*, 2018).

Pada Munas 'Alim Ulama NU di Bandar Lampung tahun 1992, terdapat tiga pendapat tentang hukum bunga bank: *Pertama*, pendapat yang mempersamakan antara bunga bank dengan riba secara mutlak, sehingga hukumnya haram. *Kedua*, pendapat yang tidak mempersamakan bunga bank dengan riba, sehingga hukumnya boleh. *Ketiga*, pendapat yang mengatakan bunga bank hukumnya syubhat. Meskipun demikian, Munas memandang perlu untuk mencari jalan keluar menentukan sistem perbankan yang sesuai dengan hukum Islam (*Haq Husnul*, 2018).

Definition of Philosophy, legal philosophy, Islamic Law Philosophy, and views of Islamic Law Philosophy on bank interest

Philosophy is the result of human review of himself, the meaning of nature and the purpose of life by using the mind and assisted by feelings and beliefs within himself. As a unit, both in influencing or helping others. Philosophy is used as a guide in giving meaning to life.

The way of thinking in philosophy is very insightful, the basic thoughts put forward by philosophers in the past are also still used as a reference in looking at various problems that arise in the modern world. Philosophy can also be said as the science of how to search for meaning in various things. It can be said that philosophy

is the most important field of human thought because it has very crucial goals for human life.

Legal Philosophy is a science that examines the general principles of positive law, including studying the concepts of action, intention, will, freedom, and justice. This philosophy seeks to make a general theory related to the characteristics of law. Legal philosophy is relevant to establishing actual legal conditions, because the task of legal philosophy is to explain the philosophical basic values of law that are capable of formulating the ideals of justice, order in life that are relevant to the statements and reality of applicable law.

Philosophy of Islamic Law is knowledge of the nature, secrets and objectives of Islam both in terms of its material and the process of its establishment, or the philosophy that is used to radiate, strengthen and maintain Islamic law. The main sources of Islamic law are the Al-Quran and As-Sunnah. For all issues that are not explained in these two sources, Muslims are allowed to perform ijtihad by using their minds to determine legal provisions. This is in accordance with the will of Allah SWT who created humans with their minds, so that humans can think, to be able to carry out what is ordered and stay away from what is forbidden. Including humans can think in quite controversial issues regarding bank interest whether it is usury or not.

The philosophical view of Islamic law regarding bank interest is that bank interest is usury, so that in Islam bank interest is unlawful. Riba can occur in consumptive loans, as well as productive loans, and in essence, riba in bank interest is burdensome to the borrower. And in Islam usury interest is a system that is prohibited in the Al-Quran and Hadith.

CONCLUSION

Riba in Islam is forbidden and is one of the major sins. Muslims are prohibited from taking riba of any kind and amount. The argument for the prohibition of usury from the Qur'an and hadith is very clear. Muhammad bin Salih al Utsaimin (2009) explains that whoever denies the prohibition of usury means that he has apostatized (left the religion of Islam), plus there is a threat of grave sin when he commits usury.

Islam strictly prohibits buying and selling and debt transactions, if there is an element of usury in it. The prohibition of usury is written in several holy verses of the quran and hadith. Riba is forbidden or strictly prohibited in Islam, because usury is very detrimental and burdensome for people who are in debt. And in usury there is no concept of ethics and morality.

The law of usury in Islam is clearly forbidden. There are many verses or hadiths in the quran which explain the prohibition of usury, including: 1) Surah Al-Baqarah verse 275 which means: "Allah SWT has permitted buying and selling and forbidding

usury." 2) Surah Al-Baqarah verse 278 which means: "Be fearful of Allah SWT and leave the rest of usury." 3) The Hadith of Rasulullah SAW which was narrated by Muttafaq Alaih which reads from Jabir RA, he said, "Rasulullah cursed those who eat usury, feed them with usury, people who write, people who witness, Rasulullah SAW said they are the same ."

The scholars have different khilafiyah, namely different opinions, views or attitudes regarding the issue of bank interest which has become a polemic to date. Most scholars are of the opinion that bank interest is unlawful because it includes usury, whether the usury is in the form of additional interest in large or small amounts. Although there are other scholars who argue that bank interest is permissible and does not include usury, so it is lawful. Because the money kept in the bank can benefit both parties, both the customer and the bank. So that it can be said that bank interest is halal. Then there are also other scholars who argue that bank interest is doubtful, that is, something that is doubtful or unclear. Because the law is unclear and vague, Islam recommends leaving doubtful matters, to prevent falling into something that is unlawful.

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