



Analysis of Variations in Sharia Economic Dispute Resolution System

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Abstract

This research aims to examine in depth these normative foundations and their implications for the practice of sharia economic dispute resolution in Indonesia. The success of the development of a national Islamic financial system is highly dependent on the effectiveness of dispute resolution mechanisms, so it is important to examine how Islamic law and positive law offer different but complementary approaches. This study uses a qualitative method with a literature study approach to explore developing dispute resolution models. The findings of the study show that in the perspective of Islamic law, the settlement of sharia economic disputes can be carried out through two main models: through judicial authority (qadā') and outside the judiciary (tahkīm or ṣulḥ). Meanwhile, within Indonesia's positive legal framework, there are two main approaches, namely: (1) dispute resolution through litigation processes in judicial institutions, and (2) dispute resolution through non-litigation mechanisms outside of court, such as mediation, arbitration, or other forms of ADR. This study confirms that the diversity of dispute resolution models provides flexibility as well as challenges in efforts to realize justice and legal certainty in sharia economic practices in Indonesia.

Keywords: Litigation; Non-Litigation; Sharia Economics

Abstrak

Penelitian ini bertujuan mengkaji secara mendalam fondasi-fondasi normatif tersebut dan implikasinya terhadap praktik penyelesaian sengketa ekonomi syariah di Indonesia. Keberhasilan pembangunan sistem keuangan syariah nasional sangat bergantung pada efektivitas mekanisme penyelesaian sengketa, sehingga penting untuk menelaah bagaimana hukum Islam dan hukum positif menawarkan pendekatan yang berbeda namun saling melengkapi. Penelitian ini menggunakan metode kualitatif dengan pendekatan studi literatur untuk menelusuri model-model penyelesaian sengketa yang berkembang. Temuan penelitian menunjukkan bahwa dalam perspektif hukum Islam, penyelesaian sengketa ekonomi syariah dapat dilakukan melalui dua model utama: melalui otoritas kehakiman (qadā') dan di luar lembaga peradilan (tahkīm atau ṣulḥ). Sementara itu, dalam kerangka hukum positif Indonesia, terdapat dua pendekatan utama, yaitu: (1) penyelesaian sengketa melalui proses litigasi pada lembaga peradilan, dan (2) penyelesaian sengketa melalui mekanisme non-litigasi di luar pengadilan, seperti mediasi, arbitrase, atau bentuk ADR lainnya. Kajian ini menegaskan bahwa keberagaman model penyelesaian sengketa tersebut memberikan fleksibilitas sekaligus tantangan dalam upaya mewujudkan keadilan dan kepastian hukum dalam praktik ekonomi syariah di Indonesia.

Kata Kunci: Litigasi; Non-Litigasi; Ekonomi Syariah

INTRODUCTION

The rapid development of the Islamic finance industry in Indonesia is not proportionate to the effectiveness of a dispute resolution system that is able to ensure justice, certainty, and

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benefits for the parties.¹ In practice, there are variations in dispute resolution mechanisms both through litigation and non-litigation which often cause confusion at the level of business actors, consumers, and even law enforcement officials.² On the one hand, Islamic law offers diverse settlement models such as *sulḥ* (peace), *taḥkīm* (arbitration), and *qaḍā'* (justice).³ But on the other hand, Indonesia's positive law requires settlement through certain institutions such as Religious Courts and state-recognized arbitration institutions.⁴ The diversity of settlement models raises real problems in the form of overlapping authority, differences in interpretation between judicial institutions and industry players, and low public understanding of dispute resolution options that are most in accordance with sharia principles. In addition, several court decisions show inconsistencies in the application of sharia norms and national regulations, resulting in legal uncertainty for sharia economic actors. This condition shows the urgent need to comprehensively analyze the variations of the sharia economic dispute resolution system in order to identify weak points, implementation challenges, and room for harmonization between Islamic law and positive Indonesian law.

A number of previous studies have discussed the mechanism for resolving sharia economic disputes, both from the perspective of Islamic law and positive Indonesian law. First, the research conducted by Saad Ameen et al. The study highlights the increase in the authority of the Religious Courts after the amendment of the Religious Courts Law, but also found technical obstacles in the form of a lack of understanding of judges on complex Islamic financial contracts.⁵ Furthermore, the research by Hakim Randy Vallentino Neonbeni et al. this study explains that arbitration is an alternative that is legally recognized and in accordance with sharia principles, but its effectiveness is still constrained by the low level of use of arbitration by industry players and limited socialization to the community.⁶ Another research by Arpangi Arpangi et al. The results of the study show that sharia mediation is a potential method because it prioritizes deliberation and restorative justice, but its implementation still faces the problem of standardization of procedures and the quality of mediators.⁷ Meanwhile, Putra (2022) examines the dualism of authority between the District Court and the Religious Court related to sharia financial disputes. This study reveals that even though regulations have regulated the

¹ Gunawan Widjaja, "Dispute Resolution in Islamic Economic Transactions: The Role and Function of Sharia Arbitration," *Journal of Islamic Economic Laws* 8, no. 01 (2025): 60–78.

² Fatma N. Arslan, "The Many Faces of Court-Connected Non-Adjudicative ADR in Civil and Commercial Cases: A Comparative Study Across England and Wales, Ontario, Italy, and Turkey" (PhD Thesis, University of Leicester, 2024), <https://figshare.le.ac.uk>.

³ Delfina Serrano, "Bringing Arbitration (Taḥkīm) and Conciliation (Ṣulḥ) under the Qāḍī's Purview in Mālikī al-Andalus (10th to 12th Centuries CE)," *Revue Des Mondes Musulmans et de La Méditerranée*, no. 140 (2016): vol-140.

⁴ Isdiana Syafitri et al., "Contemporary Legal Certainty in Insurance Default Claims: A Comparative Study of Islamic and Positive Law Perspectives," *MILRev: Metro Islamic Law Review* 4, no. 1 (2025): 539–65.

⁵ Saad Ameen et al., "RECONCILING LAW AND FAITH: REGULATORY HURDLES IN PAKISTAN'S ISLAMIC BANKING FRAMEWORK," *Journal of Media Horizons* 6, no. 3 (2025): 86–98.

⁶ Randy Vallentino Neonbeni et al., "Arbitration in Theory and Practice: Challenges in Implementing Arbitration in Tulungagung Regency," *Jurnal Ilmu Hukum Kyadiren* 7, no. 1 (2025): 71–84.

⁷ Arpangi Arpangi et al., "Optimizing Penal Mediation through Restorative Justice: A Progressive Solution in Criminal Law Reform," *Journal of Justice Dialectical* 2, no. 2 (2024): 84–97.

authority of the Religious Court, there are still decisions that show disharmony between the judge's understanding and normative provisions, thus causing ambiguity for sharia economic actors. In addition, research by Sari Faizi Faizi et al.. This study emphasizes that the flexibility of settlement mechanisms in Islamic law is not always easy to combine with Indonesia's positive regulations, thus requiring more comprehensive harmonization efforts.⁸

Unlike previous studies that generally only focus on one aspect of the dispute resolution mechanism such as the effectiveness of Religious Courts, the use of sharia arbitration, or the application of ADR, this study presents a more comprehensive comparative approach by simultaneously analyzing various models of sharia economic dispute resolution both in Islamic law and positive Indonesian law. The novelty of this research lies in the effort to integrate the variations of litigation and non-litigation models in one analytical framework that highlights the common points, fundamental differences, and potential harmonizations between the two. In addition, this study not only maps the variation of dispute resolution mechanisms, but also identifies praxis challenges that arise due to legal pluralism, such as overlapping authority, differences in interpretation, and inconsistency in the application of sharia norms in court decisions. Another novelty is that this research offers a multidimensional perspective that combines theoretical, normative, and applicative analysis to understand how the sharia economic dispute settlement system works in real life in the field.

RESEARCH METHOD

This research uses a qualitative approach with the library research method. This approach was chosen because the research topic requires an in-depth understanding of the concepts, principles, and legal frameworks that form the variety of sharia economic dispute resolution systems, both based on Islamic law and positive Indonesian law.⁹ In qualitative research, the researcher seeks to interpretively explore various normative sources and the scientific literature to find patterns, concepts, and relationships among the variables studied.¹⁰ The data sources used in this study consist of primary sources and secondary sources. Primary sources include laws and regulations such as the Religious Courts Law, the Arbitration Law and Alternative Dispute Resolution, the Compilation of Sharia Economic Law (KHES), as well as Islamic law related to *sulh*, *taḥkīm*, and *qaḍā'*. In addition, court decisions related to sharia economic disputes are also used as primary sources in the analysis. Secondary sources include books, scientific journals, conference proceedings, previous research results, and other relevant scientific publications.

The data collection technique is carried out through a systematic literature search of legal documents, academic works, and scientific publications. The researcher also uses content analysis techniques to examine the contextualization of dispute resolution principles in Islamic

⁸ Faizi Faizi et al., "Ensuring Shariah Compliance in the Fintech: A Comprehensive Analysis from Indonesia," *Qualitative Research in Financial Markets*, Emerald Publishing Limited, 2025, 1–31.

⁹ Qadriani Arifuddin et al., *Metodologi Penelitian Hukum* (PT. Sonpedia Publishing Indonesia, 2025), <https://books.google.com>.

¹⁰ John W. Creswell and Cheryl N. Poth, *Qualitative Inquiry and Research Design: Choosing among Five Approaches* (Sage publications, 2016), <https://books.google.com>.

law and their implementation in the Indonesian legal system. The collected data was then analyzed using descriptive-comparative analysis.¹¹ Descriptive analysis is used to expose the characteristics of each dispute resolution model, while comparative analysis is used to compare the variations in dispute resolution mechanisms between Islamic and positive law systems. Through this process, the research seeks to identify similarities, differences, and potential points of harmonization.

RESULTS AND DISCUSSION

Various Sharia Economic Disputes

Sharia economic disputes are an important part of the Islamic economic legal system that requires special handling because they concern sharia principles that must be maintained authentically.¹² These disputes can generally be classified into four main forms based on the characteristics of their legal relationship. First, cases between customers and financial institutions or sharia financing, which usually arise due to defaults, inconsistencies in the execution of contracts, or differences in interpretation of sharia provisions in transactions. Cases like this often occur in murabahah, mudharabah, musyarakah, ijarah, and other contracts that are the foundation in Islamic finance practices. Second, disputes involving two or more financial institutions or sharia financing, which include issues of business cooperation, joint financing, or violations of sharia principles in operational activities between institutions. Third, cases between Muslim individuals or business actors, where the business agreement expressly states that the transactions carried out must be based on sharia economic principles. In this case, the violation of the agreement is not only a civil law issue, but also concerns the integrity of sharia which is the main foothold in the Islamic economic system. Fourth, cases in the form of Petition for Declaration of Bankruptcy and Suspension of Debt Payment Obligations, which although originating from the realm of general bankruptcy law, must still consider sharia aspects if the business actor or institution concerned operates with sharia principles. In addition, there are also cases derivative of bankruptcy that are not fully classified as pure bankruptcy cases, but remain within the scope of the sharia economy because they concern the continuity of sharia-based businesses and the fulfillment of the rights of related parties in accordance with the provisions of Islamic law. Thus, this classification is important as a basis for determining the court's authority and settlement approach in accordance with the principles of justice and legal certainty in the sharia economy.

Disputes in sharia economic activities generally arise due to disagreements or violations in the implementation of contracts or agreements between the parties involved. In many cases, these disputes are triggered by acts of fraud, dishonesty, or default, i.e. one party does not fulfill the obligations as agreed in the contract. When one party feels aggrieved by the other's unlawful actions or negligence, the potential for conflict becomes inevitable.¹³ There are

¹¹ Amri Amir et al., "Buku: Metodologi Penelitian Ekonomi Dan Penerapannya," Ipb Press, 2009.

¹² Rubab Fatima, *Role of Shariah in Islamic Banking Regulation*, 2025, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5265634.

¹³ Bhavneet Kour and Aditya Thakur, *Special Issue "Crime, Justice & Society"*, August 15, 2024, n.d., accessed December 6, 2025, <https://thedaak.in/2024/08/15/special-issue-crime-justice-society-august-15-2024/>.

several main factors that cause sharia economic disputes. First, the parties involved in sharia business transactions are often trapped in the interests of mere profit, dabble without a sufficient understanding of sharia principles, or do not know their business partners well, thus lacking a strong basis of trust and legal protection. Second, the contract or contract that is drafted is often difficult to implement effectively due to several weaknesses, such as lack of thoroughness in the preliminary negotiation process, the inability to formulate definite, fair, and efficient contract norms, and failure to identify and anticipate risks that may occur. In addition, the issue of honesty and trust is also a crucial factor in determining the smooth implementation of the contract.

Furthermore, some forms of agreements that are made immaturely can cause disputes in the future. For example, there is a demand for the cancellation of the agreement by one of the parties due to the non-fulfillment of certain conditions that are the basis for the validity of the contract. In other cases, the agreement is unilaterally terminated without mutual agreement, or there is a difference in interpretation of the content and intent of the agreement that causes misunderstanding and dispute.¹⁴ Not infrequently, disputes arise due to negligence in fulfilling the obligations that have been promised, or due to unlawful actions (*onrechtmatige daad*) committed by one of the parties. In addition, unexpected risks at the time of making a contract can also trigger conflicts, especially if the parties do not anticipate them in the agreement. Therefore, to minimize the occurrence of disputes in the sharia economy, it is necessary to have a deep understanding of the principles of sharia contracts, honesty, prudence in negotiations, and adequate legal protection to ensure justice and legal certainty for all parties involved.

Wilayat al-Qadha (Power of Judge)

In the Islamic legal system, the judicial power or *Wilayat al-Qadha* is one of the three main forms of authority in law enforcement, alongside *Wilayat al-Hisbah* and *Wilayat al-Madzalim*.¹⁵ The three function as complementary institutions in maintaining social order, upholding justice, and protecting the rights of the community. *Al-Qadha* is a form of formal judicial power that focuses on resolving disputes through binding litigation or judicial mechanisms. In the sense of language, *al-Qadha* means "to decide" or "determine", while in Islamic legal terminology, *al-Qadha* is interpreted as the application of sharia law on an event or dispute in a fair manner to achieve a final and binding legal decision (Nurhayati, 2019, p. 6). The law of Allah namely the *Qur'an* and *As-Sunnah* is the main source in establishing the law in this institution.

In its implementation, *Wilayat al-Qadha* involves a number of important elements, namely: (a) *Qadhi* or judges, namely individuals who are given the authority to adjudicate and decide a case based on sharia provisions; and (b) Law or court decisions, which can be in the form of a decision that establishes the rights of the parties or cancels the lawsuit if no strong

¹⁴ Jan Klabbbers, "Disagreement Reduced to Writing: Rethinking the Law of Treaties," *Academie de Droit International de La Haye. Recueil Des Cours*, no. 447 (2025): 25–185.

¹⁵ A. Z. Abdul Aziz, *Perspective of Arbitrase Institutions to the Shut of Sharia Business (Ash-Shulh Wa Tahkim)*, 2019, <http://repository.syekhnuurjati.ac.id/3325/>.

legal basis is found.¹⁶ One of the important aspects of this process is the evidentiary stage, which in Islamic law is carried out through various evidence such as pledge (confession), shahadat (testimony), yamin (oath), riddah (apostasy as an indicator of change in status), maktubah (written document), tabayyun (clarification), and proof based on criminological principles for criminal cases.

In addition to Wilayat al-Qadha, there is also Wilayat al-Hisbah, which is a state institution tasked with handling minor offenses that do not require a formal judicial process. Hisbah also functions as an implementer of religious values in public life, such as amar ma'ruf nahi munkar (calling for goodness and preventing evil). These institutions are usually formed by state authorities as part of their moral and social responsibility to maintain public order and morals (Maskufa, 2013, p. 129). The Wilayat al-Madzalim is a special institution formed to handle public complaints against arbitrary actions, abuse of authority, or injustice committed by state officials and their families. This institution is the last channel of justice for people who cannot get justice through ordinary justice or the Hisbah institution. If sufficient evidence is found, then Shahib al-Madzalim or Nazhir will make a fair decision. If the case is related to state property, then the proceeds are returned to Baitul Mal, and if it concerns individual rights, it is returned to the owner (Al-Mawardi, 1959, pp. 80–83). The superiority of Wilayat al-Madzalim lies in its ability to maintain the moral and ethical integrity of the rulers, prevent fraud, and ensure that the rights of the community including the management of waqf, zakat, infaq, and alms can be used in a correct and transparent manner.

Outside the power of the judiciary (*Non Qadha*)

In the Islamic legal system, dispute resolution does not always have to be done through a formal judicial institution or Wilayat al-Qadha.¹⁷ There are various alternative mechanisms that are known and recognized in sharia as a method of dispute resolution outside the judicial power (non-qadha), which is more flexible, participatory, and prioritizes social harmony. The two main methods most often used in the Islamic tradition to resolve disputes peacefully outside of the courts are sulh (peace) and tahkim (arbitration).

First, sulh or peace is a method of dispute resolution that is highly recommended in Islamic teachings because it prioritizes a dialogical and conciliatory approach. Etymologically, the word sulh means to defuse or eliminate disputes. In practice, sulh refers to a form of agreement or contract agreed upon by two parties to the dispute with the aim of stopping the conflict between them peacefully. This teaching is explicitly affirmed in the Qur'an, especially in Surah Al-Hujurat verses 9–10, which emphasizes the importance of peace efforts among fellow Muslims as a form of piety and brotherhood.¹⁸ A peace agreement in sulh must fulfill the basic elements of the agreement, namely the existence of ijab (statement of will), qabul

¹⁶ Larry Kramer, "Choice of Law in Complex Litigation," *NYUL Rev.* 71 (1996): 547.

¹⁷ Abu Rokhmad, "Islamic Legal Paradigm on Dispute Settlement," *International Journal of Civil Engineering and Technology* 8, no. 8 (2017): 1060–67.

¹⁸ Mohamad Sofyan Utama and M. Zaidan Mubarak, "Integrating the Concept of Unity in Diversity and Quranic Values in Multicultural Education to Foster Tolerance-Based Character in Indonesia," *Social Studies in Education* 2, no. 1 (2024): 45–58.

(acceptance of the will), and expressed through the pronouncement (valid and clear statement). With this approach, sulh is able to end conflicts without leaving hostility, and often even re-strengthens relations between the parties.

Second, tahkim is an arbitration mechanism that is rooted in the word hakkama, which means making someone a case breaker or a barrier to conflict. In the context of Islamic law, tahkim refers to the appointment of one or more individuals who are trusted by the parties to act as hakam or arbitrators in resolving disputes fairly and peacefully. These hakam have the authority to listen to the arguments of both parties, examine the evidence, and give a binding decision if it has been agreed upon from the beginning by the parties. Tahkim is often used in personal, family, business, and even intertribal disputes, as a form of quick resolution and avoidance of the burden of court formalities.¹⁹ This method has also been known in Islamic history since the time of the Prophet Muhammad (peace be upon him), including in important events such as the resettlement of Hajar Aswad, which was completed through the form of tahkim. Both methods reflect the noble values in Islam that uphold justice, peace, and brotherhood, while also demonstrating that Islamic law has flexibility in responding to social dynamics. Thus, dispute resolution outside the judicial channels is not only legal according to sharia, but also very relevant as a restorative and preventive approach in building a harmonious and just society.

Dispute Resolution of Sharia Economics Positive Law Indonesia

The development of the sharia economy in Indonesia, both carried out by individuals and companies, has caused many conflicts among the parties involved.²⁰ national economy. One example is debt-receivables disputes that often occur in Indonesian society. This dispute arose because party I failed to pay off the debt that had matured, so party II collected the debt from party I. Ironically, even though the collection of debts had been carried out for a long time, party I still failed to fulfill its obligations. Debt collection sometimes triggers related parties to threaten each other, even using violence. This makes the problem even more complicated.

In order to defend their rights before the court, the parties to the dispute confront each other in the litigation process in court.²¹ The result is that the ruling that establishes a win-lose settlement is the end of dispute resolution through litigation. After being changed to a court for Muslims in 2006, Law Number 7 of 1989 concerning Religious Courts gives authority to Religious Courts to receive, examine, adjudicate, and settle civil cases related to the Islamic economy, such as Islamic banks, Islamic microfinance institutions, Islamic insurance, Islamic reinsurance, Islamic mutual funds, Islamic bonds, Islamic financing, pawnshops, and Islamic banking. The power of the Religious Court to resolve sharia economic disputes was increased

¹⁹ Harris Sadik Kirazli, *Conflict Resolution and Peacemaking in Islam: Theory and Practice*, Palgrave Series in Islamic Theology, Law, and History (Springer Nature Switzerland, 2024), <https://doi.org/10.1007/978-3-031-53927-5>.

²⁰ Fadli Daud Abdullah et al., "Contemporary Challenges for Sharia Financial Institutions to Increase Competitiveness and Product Innovation Perspective of Sharia Economic Law: Evidence in Indonesia," *MILRev: Metro Islamic Law Review* 3, no. 2 (2024): 141–73.

²¹ Kuan-Ling Shen, *Labour Proceedings in the Judicial System: A Comparative Analysis*, 2024, <https://www.cplj.org/publications/12-4-labour-proceedings-in-the-judicial-system-a-comparative-analysis>.

by the Constitutional Court's decision Number 93/PUU-XI/2012 dated August 29, 2013. Explanation of Article 55 paragraph (2) of Law Number 21 of 2008 concerning Sharia Banking does not have binding legal force because it is contrary to the 1945 Constitution. Until now, the choice of dispute resolution is based on the content of the agreement or forum decision resulting from the explanation of the article. As a result, since the decision is passed, the Religious court will be the only court that can handle Islamic banking cases.

Alternative Dispute Resolution (APS) is a way to resolve conflicts out of court based on the methods chosen and applied. assigned to all parts of the conflict.²² Alternative Dispute Resolution (ADR) is a dispute resolution institution or difference agreed upon by the parties, be it an out-of-court settlement mechanism by means of consultation, mediation, conciliation, or expert determination in accordance with article 1 number 10 of Law Number 30 of 1999 concerning Arbitration and ADR).

Deliberation is an important concept in Islamic tradition and Indonesian culture that emphasizes the values of participation, justice, and togetherness in decision-making.²³ The word "deliberation" comes from the Arabic root sy-wa-ra, which literally means "to reveal something" or figuratively means "to take honey out of a honeycomb", a symbol of a process full of care, cooperation, and sweet results. Linguistically, the term deliberation has various derivatives such as shura, tasyawara (negotiating or exchanging opinions), asyara (signaling), syawir (opinion), and mustasyir (the party who is asked for an opinion). This term describes a dynamic process in which the parties involved convey their views to each other, propose solutions, and jointly find the best way to solve a problem.

Deliberation is not just an ordinary discussion forum, but a deliberative process that aims to reach consensus or mutual agreement for the benefit of the community.²⁴ In this context, every opinion put forward in the deliberation is not only respected, but also considered wisely to find the most appropriate and fair decision. The essence of deliberation is open-mindedness, sincerity to listen, and willingness to accept the opinions of others, even when they have different views. In Islamic teachings, deliberation has a strong normative basis, as stated in the Qur'an, such as in surah Ash-Shura verse 38 which states that believers are those who "... their affairs (are decided) by deliberation among them." Therefore, deliberation is not only a social mechanism, but also a form of worship that reflects leadership ethics, togetherness, and collective responsibility. In the context of dispute resolution, deliberation is an initial means that is highly recommended before taking the formal route, because it can create a peaceful solution, avoid prolonged conflicts, and maintain good relations between parties to the dispute.

²² Chloe J. Duger, "AI: Increasing Alternatives in Alternative Dispute Resolution Resolved: Journal of Alternative Dispute Resolution," *Resolved: J. Alternative Disp. Resol.* 12 (2024): 21.

²³ Arief Rahman and Irma Irayanti, "The Pancasila Deliberation Model: A Framework for Fostering Democratic Citizenship in Civic Education," *Entita: Jurnal Pendidikan Ilmu Pengetahuan Sosial Dan Ilmu-Ilmu Sosial* 7, no. 1 (2025): 41–58.

²⁴ Martin King, "3 An Emerging Conceptual Model Comparing the Deliberative Nature of Online Deliberation Platforms," *Public Deliberation in the Digital Age: Platforms, Participation, and Legitimacy*, Taylor & Francis, 2025, <https://books.google.com>.

Dispute resolution through juridical mediation is carried out based on Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution.²⁵ Chapter 5 Development of Dispute Resolution Through Mediation in Court In accordance with the Regulation of the Supreme Court of the Republic of Indonesia Number 1 of 2008 concerning Mediation Procedures in Court, the term mediation of the relevant court is written in the regulation. Supreme Court Regulation No. 23 This sixth regulation relates to the legal process to obtain a peace deed from the Court of First Instance after negotiation or settlement of extrajudicial conflicts. Courts having jurisdiction may accept the agreement as a suit for a peace guarantee. For the purposes of this action, the losing party is considered a plaintiff. Confidentiality, impartiality, and empowerment are all principles that must be upheld in court and out-of-court mediation and must remain paramount in mediated conflict resolution. The goal of these negotiations is for everyone to win.

These discussions only arise as a way to resolve a personal quarrel between this so-called client and the consultant with whom he engages in this conflict of opinion about whether his client's needs/wants are being met. Negotiation is the process of resolving disputes when both parties have opposing interests. This is a way for both people in a dispute to discuss how to resolve it without a third party being involved. Negotiations develop as a *bar gai jing* process aimed at resolving, with the other part in the principle of changing interaction and communication to resolve the problems of both sides. According to Susanti Adi Nugroho, the negotiations aimed to find solutions to the problems of both parties.

Mediation is a dispute resolution process that aims to bring together and harmonize the wishes of the parties to the dispute in order to reach a mutual agreement peacefully.²⁶ In this context, mediation is seen as part of Alternative Dispute Resolution (ADR), where mediation can proceed to the conciliation stage if an agreement has not been reached. Conciliation differs from mediation in terms of the role of intermediaries; Conciliators are more active in offering solutions, although the final decision remains in the hands of the parties to the dispute. If the parties accept the solution proposed by the conciliator, it is considered a final resolution of the dispute. In Islamic law, the concept of dispute resolution is also known and has been regulated for a long time. The term *al-qadla* refers to a formal court process, which results in a legal decision by a judge (*qadi*), and includes two types of judgments: first, a decision on the determination of rights, i.e. when the judge decides that the plaintiff does have the right to a lawsuit; Second, the cancellation decision, which is when the judge states that the plaintiff does not have the right to file a lawsuit.

Some important terms in Islamic law also provide an overview of the structure and parties in the dispute settlement process. *Al-Mahkuum bih* is the object of a dispute or what the court decides to impose on the defendant. The party that is defeated in the verdict is called

²⁵ Naser Sherman and Bashar Talal Momani, "Alternative Dispute Resolution: Mediation as a Model," *F1000Research* 13 (2025): 778.

²⁶ Aljazi Majid MA Al-Mohannadi, "Mediation as a Peaceful Means of Conflict Resolution: The Experience of the State of Qatar" (Master's Thesis, Hamad Bin Khalifa University (Qatar), 2024), <https://search.proquest.com>.

al-mahkuum 'alaih, while the party that wins and gets a decision in his favor is called al-mahkuum lahu. In addition, there is the concept of al-tahkiim or arbitration, which refers to a dispute resolution mechanism outside of formal courts, by leaving the settlement to a neutral third party, called hakam or muhakkam. This arbitration takes place on the basis of agreement between the two parties and aims to resolve the dispute in a fair and efficient manner. In certain situations, if the defendant is not present at the trial, the court can appoint al-wakil al-musahar, which is an official representative to represent the defendant so that the legal process can still take place. This overall mechanism shows that in both the Islamic legal system and the modern legal system, there are various dispute resolution approaches that prioritize justice, efficiency, and the active participation of the parties in seeking the best solution.

DSN-MUI is a sharia organization mandated to issue fatwas on sharia economics. During the period 2000-21, DSN-MUI has issued 141 fatwas on LKS, or sharia economics. The conclusion of fatwas often involves the settlement of sharia economic disputes. In connection with the resolution of the substance of the dispute, the analysis of the DSN-MUI fatwa; Fatwa Number 5 of 2000 concerning the sale and purchase of salam began to be implemented. The fatwa added that if there is a disagreement between the contracting parties or between the parties in terms of an Islamic economic agreement, the body can be a solution if it is not brought together through deliberation. Therefore, the installment of the DSN-MUI council is a recommendation to resolve sharia economic disputes, having the absolute authority to resolve these disputes. What is interesting about this DSN-MUI fatwa is the point transferred from fatwa Number 13 of 2000 concerning the initial introduction (the provisions of the law dated September 16, 2000). The fatwa reads, "The fatwa ruling is applied from the date it is issued, and if there is an error in the text, it can be corrected or resolved. Thus any change in the fatwa will be better, rather than canceling the position of the previous fatwa. As the rule "Al-Ijtihadu laa yunqodlu bi al-Ijtihad" says, the last ijtihaad is not stipulated to cancel the previous one.

This implies that the legal status of fatwa in the Nigerian legal system is the Legal Opinion of Islamic Law experts. DSN-MUI issued a fatwa on sharia economics by Islamic mass organizations, legal experts and scholars' bodies. to respond to questions from the public about the sharia economy." This makes the fatwa derived from a combination of ijtihaad, known as ijtihaad al-jama'i. Thus, under this rule, a change in substance is not a reason to revoke the substance provisions of past fatwas. In other words, not being subject to the principle of lex Posterior Derogat Legi Priori does not apply because the fatawas mentioned above is only an opinion of jurisprudence, not a law and regulation.

Table 1.1. Philosophical Foundations

The Principle of Justice	: Justice is a central value in Islam, and this is reflected in the sharia economic dispute settlement system. Justice does not only mean equality before the law, but also substantive justice that takes into account the rights and obligations of each party.
Principles of Maslahah	: Maslahah or benefit is the main consideration in resolving sharia economic disputes. The resulting

	solution must provide benefits for all parties involved, as well as for society at large.
The Principle of Deliberation	: Islam advocates the resolution of problems through deliberation or dialogue. This principle is embodied in the use of ADR methods, such as mediation and arbitration, which allow the parties to the dispute to reach a mutually agreed solution.
Trust Principle	: Trust or trust is the basis of every sharia economic transaction. In dispute resolution, this principle means maintaining integrity and transparency in the decision-making process.

Table 1.2. Theoretical Foundations

Islamic Law (Sharia)	: The Qur'an and Sunnah are the main sources of sharia economic law. Schools of fiqh also make important contributions to the development of theory and practice of dispute resolution.
Indonesia's Positive Law	: Law No. 21 of 2008 concerning Sharia Banking and Law No. 3 of 2006 concerning Religious Courts are the main legal basis for the settlement of sharia economic disputes in Indonesia.
Theory of Sharia Economic Law	: This theory provides an analytical framework for understanding the relationship between law and economics, as well as its implications for dispute resolution.
Alternative Dispute Resolution (ADR) Theory	: ADR offers a variety of methods of resolving disputes outside of court, which are in accordance with the principles of deliberation in Islam.

Table 1.3. Sharia Economic Disputes

Disputes in Islamic Banking:

Default in Murabahah Financing	: <ol style="list-style-type: none"> 1. The customer fails to pay the financing installments in accordance with the agreement. 2. Islamic banks do not hand over goods that are financed according to specifications.
Mudharabah or Musyarakah Contract Dispute	: <ol style="list-style-type: none"> 1. Disputes related to the sharing of profits or losses between Islamic banks and customers. 2. Disagreements in the management of funds or projects financed.

Dispute over the Ijarah Agreement	:	<ol style="list-style-type: none"> 1. Disputes related to rent payments or the condition of the rental object. 2. Damage or loss of rental objects that are not in accordance with the agreement.
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Disputes in Non-Bank Islamic Financial Institutions:

Disputes in Sharia Insurance (Takaful)	:	<ol style="list-style-type: none"> 1. Disputes related to insurance claims. 2. Disagreements related to the contribution or management of tabarru' funds.
Disputes in the Sharia Capital Market	:	<ol style="list-style-type: none"> 1. Disputes related to stock or sukuk transactions that are not in accordance with sharia principles. 2. Market manipulation or insider trading in sharia stock transactions.
Disputes in Sharia Cooperatives	:	<ol style="list-style-type: none"> 1. Disputes between members and administrators are related to the management of funds and the distribution of SHU. 2. Failure of members to the agreed financing contract.

Disputes in the Sale and Purchase Agreement:

Disputes in the Sale and Purchase Agreement	:	<ol style="list-style-type: none"> 1. Disputes related to the quality of goods or services traded. 2. Inconsistency between the goods being shipped and the order.
Disputes in the Cooperation Agreement (Syirkah)	:	<ol style="list-style-type: none"> 1. Disputes related to the sharing of profits or losses in joint ventures. 2. Disagreements in business management.
Disputes in Lease Agreements	:	<ol style="list-style-type: none"> 1. Disputes related to damage to rented goods. 2. Disputes related to rent payments.

CONCLUSION

This research shows that from the perspective of Islamic law, there are two main categories of sharia economic dispute resolution. First, settlement through judicial power (*wilāyat al-qaḍā'*) which includes three institutions, *al-qaḍā'* (formal judiciary), *al-hisbah* (market supervision and settlement of public violations), and *wilāyat al-mazālim* (handling of complaints against arbitrary actions of rulers). Second, the settlement of disputes outside the

courts through the mechanisms of al-sulḥ (peace) and *al-taḥkīm* (arbitration), which emphasize deliberative settlement by prioritizing the interests of the parties. In Indonesia's positive legal system, the settlement of sharia economic disputes is also divided into two main models. First, litigation, which is a settlement in a judicial institution that is adversarial and leads to a win-loss verdict. Second, non-litigation, which is an alternative dispute resolution (ADR) that is carried out out of court based on the agreement of the parties. In this non-litigation path, there are three main forms, namely, (1) ADR mechanisms such as deliberation, negotiation, conciliation, consultation, mediation, and expert opinion; (2) arbitration, which is the submission of the dispute to the arbitrator for a final and binding decision; and (3) settlement through consumer protection institutions, as stipulated in Law Number 8 of 1999 concerning Consumer Protection. This study emphasizes that Islamic economic actors need to resolve disputes quickly and proportionately to prevent the escalation of conflicts that can disrupt the stability of business relations. Peaceful settlement through sulḥ or ADR mechanisms is the preferred choice because it is in line with the principles of justice, benefits, and the recommendation of peace in the sharia nash. However, if peace is not achieved, settlement through mediation, arbitration, or court remains an important instrument to ensure legal certainty and protection of the rights of the parties in sharia economic practice.

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