EDUMASPUL:
Jurnal Pendidikan
P-ISSN 2548-8201 | E-ISSN 2580-0469

Vol. [10] No. [2] ([2026]) Page 1526-1539
DOI: 10.33487/edumaspul.v10i2.596.

Prohibited Transactions in Islamic Finance Education: A Conceptual Analysis of Riba, Gharar, Maysir, and Sharia Compliance in Contemporary Financial Practices

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Received	Revised	Accepted	Published
[10-08-2026]	[13-08-2026]	[07-09-2026]	[01-10-2026]

Abstract: Islamic finance evaluates transactions through contractual validity and the substantive requirements of justice, transparency, lawful economic activity, and protection of wealth. This article examines prohibited transactions—particularly riba, gharar, and maysir—and considers their relationship with tadlis, taghrir, najasy, ihtikar, risywah, and problematic contractual engineering. A qualitative library-based, normative-conceptual approach synthesizes Qur'anic injunctions, Prophetic traditions, fiqh al-muamalat, and the institutional issues identified in the source manuscript. The analysis organizes prohibitions according to their underlying economic harms: unjustified debt-related gains, material uncertainty, gambling-like wealth transfers, information deception, price manipulation, artificial scarcity, and conflicts of interest. These risks can reappear in digital financing, online investment, Islamic banking, takaful, and electronic commerce. The study argues that compliance cannot be established merely by naming a contract as Islamic; it requires examination of ownership, disclosure, pricing, allocation of risk, economic substance, and governance. A practical screening framework is proposed for product design and supervision. The contribution is conceptual, not an empirical estimate of the prevalence or effects of prohibited practices.
Keywords: Islamic finance; riba; gharar; maysir; Sharia compliance; maqasid al-Shariah; digital finance.

Abstrak: Artikel ini menganalisis transaksi yang dilarang dalam keuangan syariah, khususnya riba, gharar, dan maysir, serta kaitannya dengan penipuan informasi, manipulasi pasar, penimbunan, suap, dan rekayasa akad. Penelitian menggunakan studi kepustakaan dengan pendekatan normatif-konseptual berdasarkan Al-Qur'an, hadis, fikih muamalah, dan pembahasan kelembagaan dalam makalah sumber. Hasil sintesis konseptual menunjukkan bahwa kepatuhan syariah menuntut kejelasan akad, keterbukaan biaya, kepemilikan objek, pembagian risiko yang tepat, dan perlindungan konsumen. Tantangan tersebut juga relevan bagi pembiayaan digital, investasi daring, dan perdagangan elektronik. Artikel menawarkan kerangka pemeriksaan substantif transaksi tanpa mengklaim temuan empiris.
Kata kunci: keuangan syariah; riba; gharar; maysir; kepatuhan syariah.

CITATION:	Ramli, & Syahriyah Semaun. (2026). Integrating Islamic Supply Theory into Economics Education: A Conceptual Analysis of Market Mechanisms, Production Efficiency, and Sharia-Based Ethical Values. *Edumaspul: Jurnal Pendidikan*, *10*(2). https://doi.org/10.33487/edumaspul.v10i2.596
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Introduction

Islamic finance is not simply a set of financial products carrying Arabic contract names. It is a framework of exchange that links property rights, lawful gain, consent, contractual clarity, and social responsibility. The general permissibility of commercial dealings creates room for innovation, yet transactions must avoid forms of appropriation or manipulation prohibited by Islamic legal and ethical principles. This tension between innovation and constraint is particularly important when financial contracts are delivered through digital interfaces and automated decisions.

The Qur'an establishes a central distinction between trade and riba (Qur'an 2:275) and prohibits the wrongful consumption of another person's property while recognizing mutually consensual trade (Qur'an 4:29). The prohibition of maysir appears in Qur'an 5:90–91. The Prophetic prohibition of sales involving gharar, transmitted in Sahih Muslim, adds a contractual dimension: parties should not be exposed to avoidable material ambiguity concerning the subject matter or performance of a sale. These sources do not eliminate ordinary commercial risk; they delimit methods of gain that compromise fairness or informed agreement.

The source paper, "Transaksi yang Dilarang dalam Keuangan Syariah," maps a wider family of concerns: riba, gharar, maysir, tadlis, taghrir, najasy, ihtikar, risywah, unlawful objects, and contractual devices that undermine Sharia objectives. It also considers the transformation of these concerns in Islamic banking, fintech, takaful, capital markets, e-commerce, and digital assets. The present article reorganizes those discussions into an integrated conceptual argument rather than treating each prohibition as an isolated definition.

Three questions guide the analysis. First, what distinguishes the economic and legal logic of riba, gharar, and maysir? Second, how do deception and market manipulation interact with those primary categories? Third, what operational checks can institutions use to test substantive compliance in contemporary finance? The aim is to articulate a usable interpretive framework, not to determine the Sharia status of any specific provider or product without examining its documents and practices.

1.1. Significance and scope

Financial innovation can reduce transaction costs and broaden access, but standard-form contracts and opaque pricing may increase information asymmetry. Islamic financial governance therefore needs to assess both the written contract and the actual flow of funds, assets, rights, and risks. This article is deliberately limited to a conceptual review. It does not collect interviews, audit institutions, or estimate how frequently violations occur.

The increasing sophistication of financial intermediation makes the distinction between contractual form and economic substance particularly important. A financial product may be described as a sale, service, investment, or partnership, yet the distribution of its rights and obligations may differ from the label. Islamic financial analysis therefore requires attention to the object of exchange, ownership, contractual sequence, pricing, and

allocation of commercial risk. In this setting, the prohibition of riba cannot be evaluated merely by observing whether the word "interest" appears in a document. Likewise, the presence of a formal asset does not, by itself, establish that a transaction has satisfied the substantive requirements of a genuine sale. This concern connects classical jurisprudence with contemporary debates about financial innovation, consumer protection, and responsible product governance (Ayub, 2007; Usmani, 2002).

The normative basis of Islamic commercial ethics is simultaneously permissive and restrictive. Commercial exchange is generally allowed, while specified practices that undermine justice, informed consent, and lawful ownership are prohibited. Qur'an 4:29 emphasizes the protection of property and consensual trade, whereas Qur'an 2:275 differentiates lawful sale from riba. These principles are not competing commitments: the permission to trade provides room for entrepreneurship and innovation, and the prohibitions establish boundaries against exploitation. The central research challenge is to determine how those boundaries should be interpreted when transactions occur through mobile applications, automated pricing systems, investment platforms, and complex contractual arrangements. Such environments can reduce transaction costs while creating new asymmetries of information and power.

Riba, gharar, and maysir are related but analytically distinct. Riba concerns prohibited increases associated with particular debt and exchange arrangements; gharar concerns material uncertainty or ambiguity in essential contractual elements; and maysir concerns gambling-like transfers dependent on wagers or chance rather than legitimate productive exposure. Their effects can overlap, but the legal diagnosis must remain precise. For example, an uncertain business outcome does not automatically constitute gharar, because entrepreneurs inevitably face market risk. Similarly, the existence of profit does not establish riba, because trade and partnership returns may be permissible. A useful conceptual framework must distinguish ordinary commercial risk from avoidable contractual indeterminacy, and legitimate asset-based returns from prohibited gains on lending (El-Gamal, 2006; Kamali, 2000).

Beyond the three major prohibitions, the integrity of exchange depends on rules against tadlis, taghrir, najasy, ihtikar, and risywah. These categories address deception, misleading representations, artificial demand, harmful withholding of supply, and bribery. Their inclusion broadens the evaluation of Sharia compliance from the structure of a bilateral contract to the functioning of the market and its institutions. A contract may contain formally recognizable clauses yet still be embedded in deceptive advertising, manipulated prices, or conflicted approval processes. Such practices can compromise informed consent and public confidence even when they are not captured by a narrow checklist focused only on interest and uncertainty.

Digital finance makes these questions urgent. Customers may accept standardized terms with limited opportunity to negotiate; fees may be distributed across screens; and platform recommendations may shape expectations through ranking algorithms. In

digital asset markets, an apparent investment opportunity may involve genuine ownership, synthetic price exposure, or a wager on short-term price movements. Islamic legal assessment should not assume that all digital products are impermissible or that technological novelty changes established rules. Instead, it should examine the relevant contractual rights, deliverability, underlying economic activity, information available to participants, and applicable scholarly or regulatory standards. This approach also avoids treating every instance of price volatility as prohibited speculation.

This article addresses three interrelated questions. First, what are the normative and conceptual distinctions among the principal categories of prohibited transactions in Islamic finance? Second, how can these categories be applied consistently to contemporary banking, fintech, e-commerce, capital markets, and takaful? Third, what governance measures can help institutions detect and mitigate substantive non-compliance? The study contributes an integrated analytical map connecting classical concepts with modern financial risks. Its purpose is interpretive rather than statistical: it does not estimate the prevalence of prohibited transactions, measure the performance of particular firms, or issue a binding fatwa on specific products. Instead, it offers a structured basis for scholarly discussion and subsequent empirical investigation.

Literature Review

2.1. Property, consent, and lawful exchange

A foundational norm in Islamic commercial jurisprudence is that wealth must be acquired through legitimate means. Qur'an 4:29 addresses wrongful appropriation and mutual consent in trade; Qur'an 2:188 likewise rejects unjust consumption of wealth and corrupt inducements. Consent is necessary but is not sufficient when the transaction contains a prohibited subject matter, deception, or an impermissible gain structure. The legal assessment therefore examines the parties, object, price, consideration, and obligations.

Qur'an 2:275 states:

وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

"Allah has permitted trade and forbidden riba" (excerpt from Qur'an 2:275; English rendering for explanatory purposes).

The distinction matters economically because a genuine sale exchanges an identifiable asset or benefit, whereas a debt contract with a stipulated increment solely for the passage of time raises the central problem of riba. Legitimate commercial profit may arise from ownership, work, services, and risk borne under a permissible contract. Merely renaming interest as a "margin" does not establish that an underlying sale actually occurred.

2.2. Maqasid al-Shariah and protection of wealth

The maqasid perspective emphasizes hifz al-mal, or protection of wealth, alongside justice and public benefit. In the source manuscript, prohibitions are connected to exploitation, unequal information, manipulated prices, and

transfers of wealth disconnected from productive exchange. These harms can affect individual counterparties and market confidence. A product may satisfy a formal documentary requirement while still presenting substantive problems if its implementation conceals charges or reallocates risks unfairly.

The Qur'anic injunction on gambling states:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ رِجْسٌ مِنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ

Qur'an 5:90 (Arabic text); it identifies maysir among practices believers are instructed to avoid.

2.3. Institutional compliance

Sharia compliance is operational rather than purely rhetorical. It requires product approval, transparent disclosure, a clear allocation of ownership and risk, internal controls, audit trails, and effective Sharia supervision. The source paper refers to the roles of Indonesian financial authorities, the Sharia Supervisory Board, risk management, and consumer education. Their combined function is to prevent non-compliant structures before they reach customers, not merely to detect problems after a dispute.

Research Methodology

This article adopts a qualitative library-research design with normative-conceptual analysis. Its primary documentary basis is the supplied 2026 course paper on prohibited transactions in Islamic finance. The study follows that paper's categories and examples, while reorganizing them into a journal-article structure. Normative reference points include Qur'anic passages on trade, riba, unjust enrichment, and gambling; the Prophetic report prohibiting gharar sales; fiqh al-muamalat discussions; and institutional references cited in the source paper, including Indonesian Sharia accounting and regulatory guidance.

The analytical procedure consists of four stages. First, transaction categories are identified from the source manuscript. Second, each category is interpreted in terms of its contractual features and the potential harm it addresses. Third, the categories are compared across contemporary settings such as lending, capital markets, insurance, and online commerce. Fourth, the recurring features are synthesized into practical questions concerning contract substance, disclosure, risk allocation, market integrity, and governance.

This is a conceptual synthesis, not a systematic literature review. No database-wide search, predefined inclusion criteria, quality-scoring instrument, or meta-analysis was undertaken. Likewise, references to contemporary products are illustrative risk scenarios rather than findings about named firms. Legal determinations may differ by jurisdiction, school of jurisprudence, product design, and the applicable fatwa. Accordingly, the discussion avoids treating all uncertainty, every financial derivative, or all multi-contract arrangements as automatically forbidden.

3.1. Analytical dimensions

The first dimension is contractual substance: what asset, service, or obligation is actually exchanged? The second is informational

quality: can the customer understand price, timing, object, and material risks? The third is distributional fairness: how are gains, losses, and liabilities allocated? The fourth is market integrity: are prices and choices shaped by genuine demand or by deception, collusion, and artificial scarcity? The fifth is governance: what controls and remedies are available when a product deviates from its approved design?

3.2. Limitations

Because the evidence is textual and conceptual, the article cannot quantify financial losses, consumer harm, or compliance rates. References in the source manuscript that are incomplete or lack verifiable publication details should be checked against original records before journal submission. The proposed framework should be tested in future empirical research through contract audits, practitioner interviews, and customer comprehension studies.

The research design is a qualitative, normative-conceptual literature review. Its unit of analysis is the transaction structure rather than the individual consumer or financial institution. The study considers foundational textual norms, classical and modern discussions of Islamic commercial jurisprudence, academic treatments of Islamic financial contracts, and Indonesian institutional guidance relevant to Sharia governance. The source makalah, “Transaksi yang Dilarang dalam Keuangan Syariah,” serves as the thematic starting point. Its classification of riba, gharar, maysir, tadlis, najasy, ihtikar, risywah, prohibited objects, and problematic contractual engineering determines the initial coding categories. Additional scholarly literature is used to clarify conceptual boundaries and compare possible applications; it is not presented as original field evidence.

The analytical procedure consists of five stages. In the first stage, the research identifies normative propositions from Qur'anic passages on lawful exchange, property, riba, and gambling, together with the hadith-based prohibition of gharar sales. In the second stage, it defines each prohibition in terms of its underlying concern, such as an impermissible return on debt, material contractual indeterminacy, or deceptive price formation. In the third stage, the study compares these definitions with common financial structures, including asset sales, partnerships, service contracts, digital lending, investment interfaces, and cooperative risk protection. In the fourth stage, the analysis identifies indicators that a reviewer could reasonably inspect: legal ownership, fee disclosure, contractual dependencies, risk allocation, marketing claims, and conflict-of-interest controls. Finally, the themes are synthesized into an assessment framework.

The review follows a transparent conceptual logic but is not a systematic review or meta-analysis. No claim is made that every relevant database, jurisdiction, school of jurisprudence, or fatwa has been exhaustively searched. Inclusion is guided by conceptual relevance to the research questions and by the availability of established sources. Where jurisprudential interpretations differ, particularly regarding organized tawarruq,

contractual combinations, and certain risk-management instruments, the discussion notes the existence of disagreement rather than asserting universal consensus. The interpretation also separates normative judgment from empirical causality: identifying a theoretical risk of exploitation does not establish that every institution using a given structure has exploited its customers.

To strengthen analytical consistency, each transaction is examined across six dimensions: permissibility of the underlying activity; clarity of the object, price, and obligations; validity of ownership and contractual sequencing; source of remuneration; exposure to deception or artificial market signals; and institutional oversight. The dimensions function as interpretive questions, not as a validated numerical index. A product that appears problematic under one dimension requires deeper examination of its actual documents and operations. This avoids the false precision of declaring compliance solely on the basis of a product name or a single contractual clause.

The principal limitation is the absence of primary interviews, contract-level case files, supervisory findings, or transaction data. Consequently, the study cannot determine how frequently non-compliant conduct occurs in a given market, whether a particular platform violates applicable law, or how governance reforms affect measurable outcomes. Another limitation is the variation among national Sharia standards and scholarly opinions. Findings should therefore be understood as a conceptual synthesis that can guide product review and future research, rather than a substitute for competent institutional Sharia supervision or jurisdiction-specific legal analysis.

Results

Riba and the source of financial returns

Riba is a foundational concern in Islamic finance. In debt-based transactions, a stipulated increment over principal because of time is the paradigmatic issue. Classical jurisprudence also addresses particular rules governing exchanges of ribawi goods. The contemporary analytical task is to distinguish financing through an authentic sale, lease, or partnership from arrangements that replicate a prohibited debt increment while using different labels.

For example, murabahah involves a disclosed sale price and markup in a valid asset transaction. Its Sharia assessment requires attention to the seller's ownership or possession, sequence of sale, and actual contractual obligations. Ijarah concerns compensation for a permissible usufruct, while mudarabah and musharakah link returns to business activity under their respective rules. A comparison based only on the numerical size of returns cannot establish the contract's permissibility.

Gharar and material contractual uncertainty

Gharar refers to significant uncertainty or ambiguity that compromises the fairness or enforceability of an exchange. The Prophetic prohibition of gharar sales is commonly cited as a normative foundation. Relevant uncertainties may concern the existence or deliverability of the object, its specifications, quantity, price, or key performance

obligations. Ordinary business uncertainty differs from prohibited gharar: a legitimate enterprise can fail despite transparent contracts, whereas material ambiguity in the bargain itself can expose a party to an avoidable and unfair risk.

In digital commerce, gharar concerns may arise where an advertised product lacks reliable specifications, total charges appear only after commitment, or a customer cannot determine the timing and conditions of delivery. Mitigation therefore focuses on clear descriptions, intelligible contracts, disclosure of fees, and reliable dispute resolution.

Maysir and gambling-like transfers

Maysir denotes gambling and wagering-like mechanisms in which gains and losses are primarily determined by a stake on uncertain outcomes rather than a legitimate exchange or productive activity. It should not be conflated with every investment that carries risk. A business investment may lose value while remaining linked to ownership and real economic performance. By contrast, a betting mechanism can transfer wealth on the basis of a wager without a corresponding productive transaction.

For online financial products, assessment requires understanding the actual source of payoff, the presence or absence of an underlying economic interest, the contractual rights of participants, and whether the structure functions as a wager. Marketing that emphasizes instant winnings rather than investment fundamentals can be an additional warning signal, though marketing alone is not decisive.

Tadlis and taghrir

Tadlis concerns concealment of material information, such as undisclosed defects or losses. Taghrir concerns misleading representations that induce another party to transact on a false understanding. Both undermine meaningful consent. Their digital manifestations may include overstated investment performance, omitted fee schedules, deceptive product photographs, or promotional claims that present uncertain outcomes as guaranteed. Contractual disclosure must therefore be understandable, timely, and relevant, rather than merely buried in lengthy standard terms.

Najasy and ihtikar

Najasy describes artificial bidding or demand intended to induce others to pay an inflated price. Examples discussed in the source paper include false bids, fictitious demand, and forms of market activity designed to create misleading price signals. Ihtikar concerns harmful withholding or hoarding intended to exploit scarcity. In modern markets, analogous concerns arise from manipulative inventory restrictions or coordinated conduct that distorts access to essential goods. These categories illustrate how Sharia norms address market-wide fairness rather than only the terms of bilateral contracts.

Risywah and prohibited objects

Risywah involves improper inducements that distort decisions, including bribery in financing approvals or procurement. Such conduct may conceal credit risk and transfer losses to depositors or investors. Transactions involving prohibited goods or services raise a separate concern: even a clear, consensual

contract cannot render a prohibited underlying activity permissible. Screening must therefore assess both the transaction mechanism and the object or business financed.

Contractual engineering and multi-contract structures

The source paper discusses bai al-inah, tawarruq, hilah, and combinations of contracts. These arrangements require careful differentiation because scholarly opinions and regulatory treatments are not uniform. The relevant questions concern real ownership transfer, the sequence and independence of contracts, the economic purpose of each step, and whether the structure is a device for reproducing a prohibited result. It would be inaccurate to declare every tawarruq or every multi-contract arrangement impermissible without considering the applicable jurisprudential and regulatory framework.

Comparative synthesis

The synthesis reveals that the prohibitions can be organized by the type of defect they address. Riba concerns the legitimacy of a financial return; gharar concerns the determinacy of essential obligations; maysir concerns the economic character of a wager; tadlis and taghrir concern information integrity; najasy and ihtikar concern market-price integrity; and risywah concerns the integrity of institutional decisions. This classification is useful because the same product may trigger more than one concern. For instance, a digitally marketed financing arrangement might combine an impermissible debt-based increment with undisclosed fees and misleading advertising. Conversely, a transaction involving commercial uncertainty is not automatically a prohibited gamble when the parties own identifiable assets and undertake genuine productive risks.

A further result is the importance of distinguishing risk from uncertainty created by contractual design. In a legitimate partnership, the actual business outcome cannot be guaranteed, yet the parties can clearly agree on capital contributions, management authority, profit-sharing ratios, and treatment of losses. The uncertain outcome is commercially inherent, whereas the contract's principal terms are sufficiently defined. By contrast, a product whose object, fee structure, or delivery conditions remain materially ambiguous may raise gharar concerns even if the advertised return seems predictable. This distinction supports both innovation and consumer protection by directing scrutiny toward avoidable ambiguity rather than suppressing all entrepreneurial risk.

The analysis also identifies an institutional dimension of compliance. Formal contract approval is necessary but not sufficient where actual operations diverge from the approved design. A murabahah structure, for example, depends on a genuine purchase and resale sequence; a cooperative protection scheme depends on the stated treatment of participants' contributions and claims. Compliance assessment must therefore follow the transaction through marketing, onboarding, execution, accounting, collections, complaints, and audit. The result is a shift from document-only assessment toward continuous governance and verification.

Discussion

Islamic banking and financing

The banking context illustrates why form and substance must be assessed together. A financing contract can use an accepted Islamic nomenclature but still require scrutiny of asset ownership, purchase documentation, pricing, fees, collateral, and default provisions. In an authentic sale-based facility, the economic return is associated with a valid sale and the parties' rights are specified. In a partnership-based facility, profit allocation must follow the relevant agreement while business losses are treated according to the applicable contractual rules.

Late-payment charges deserve separate analysis. The source manuscript notes that disciplinary measures and compensation must be distinguished from an increment treated as profit merely because payment is delayed. Applicable fatwas and regulatory rules govern how penalties and charitable allocations are handled. Product documentation should therefore disclose the rationale, calculation, recipient, and treatment of each charge.

Fintech and digital lending

Fintech may widen access to finance while also making obligations difficult to interpret. Customers can accept an electronic agreement rapidly, without recognizing the combined effect of service fees, repayment dates, collection practices, and penalties. From a Sharia perspective, the provider should establish whether the arrangement is a loan, sale, lease, agency, or partnership, and whether its actual cash flows are consistent with that structure.

Transparency is not achieved solely by making a contract available. Important costs and risks must be communicated in a form users can reasonably understand before commitment. This concern links gharar and tadlis to consumer protection and responsible digital design. Algorithmic pricing or automated approvals may require additional governance to detect unfair treatment, undisclosed conflicts, and inconsistent contract execution.

E-commerce and digital marketplaces

Online marketplaces combine advertising, pricing, fulfillment, payment, and review systems. Misleading reviews may resemble fabricated demand, while undisclosed product defects can constitute deception. Sellers and platforms can mitigate these risks through verified product information, transparent return policies, genuine reviews, auditable transaction records, and timely complaint handling. The principle is not to prohibit technology, but to ensure that technology supports informed consent and fair exchange.

Capital markets and digital assets

Islamic capital-market screening assesses both the issuer's business activities and relevant financial characteristics under applicable rules. Market conduct must also avoid manipulation and prohibited speculation. The source paper connects najasy to fabricated demand and notes the importance of examining investment claims that promise implausibly certain gains. For digital assets, neither the label "digital" nor price volatility alone provides a complete ruling. Evaluation requires attention to legal status, underlying rights, market practices,

custody, settlement, and applicable Sharia guidance.

The conceptual distinction between investment risk and maysir is especially important here. Ownership of a permissible productive asset entails exposure to market changes; a pure wager on a price event may have a different economic character. Any specific classification requires a review of the actual instrument rather than an inference from the product category alone.

Takaful and cooperative risk protection

The source manuscript discusses takaful as an institutional response to concerns surrounding uncertainty and gambling-like structures in conventional risk transfer. Takaful typically emphasizes mutual assistance and risk sharing among participants, with arrangements such as tabarru and wakalah bil ujrah subject to applicable standards. Its compliance nonetheless depends on actual fund separation, investment screening, disclosure of fees, treatment of surpluses, and governance of claims.

This example demonstrates a broader principle: changing the institutional relationship can alter the legal and ethical character of risk. Yet no product becomes compliant merely because it is described as cooperative; operational execution remains decisive.

A governance-oriented compliance framework

A robust institution should embed Sharia review across the product lifecycle. At design stage, legal and Sharia specialists verify the transaction structure. Before launch, compliance and risk teams test fee calculations, customer communications, ownership flows, and edge cases. During operation, audit and data monitoring identify deviations, misleading promotions, unusual market behavior, and unresolved complaints. When problems are found, institutions need a documented mechanism for remediation and consumer redress.

The Sharia Supervisory Board is central but cannot substitute for the responsibilities of management, information technology, legal teams, internal audit, and regulators. The maqasid-oriented objective is to ensure that products protect wealth and preserve trust in practice, rather than simply passing a one-time formal approval.

The implications for Islamic banks are particularly significant. Institutions should be able to demonstrate that returns arise from permitted sale, lease, partnership, or service arrangements and that the contractual sequence reflects actual transactions. Documentation should clarify the roles of agents, sellers, purchasers, and financiers; distinguish acquisition costs from financing obligations; and explain treatment of late payment. When multiple contracts are combined, the question is not merely whether each named contract is familiar, but whether their dependencies create a prohibited outcome. A substance-oriented review is therefore more informative than counting Arabic contractual labels (Iqbal & Mirakhor, 2011; Usmani, 2002).

For fintech providers, effective compliance requires accessible disclosure at the point of decision. A customer should be able to

identify the total payment obligation, fee calculation, repayment schedule, relevant asset or service, and complaint procedure without navigating obscure terms. Algorithmic scoring and automated offers should be governed to prevent discriminatory or misleading representations, although algorithmic complexity alone does not establish a Sharia violation. The same principle applies to e-commerce: truthful product descriptions, authentic demand indicators, reliable delivery commitments, and clear refund procedures support informed consent and reduce the risk of tadlis and gharar.

Capital-market applications require more careful differentiation than a simple division between safe investment and risky speculation. Ownership of a permissible enterprise entails business risk, and price changes are part of market exchange. Nevertheless, fictitious trading volume, coordinated bids, and misleading claims can distort price discovery. Products based predominantly on wagering rather than asset ownership or legitimate hedging raise separate concerns. Reviewers should inspect the legal and economic rights conveyed by an instrument, the underlying asset, settlement method, and purpose of exposure. This is especially important for digital assets, whose economic substance varies substantially across structures.

The broader governance implication is that maqasid al-Shariah can operate as an interpretive discipline without replacing detailed contractual rules. Protection of wealth, justice, transparency, and prevention of harm help explain why the prohibitions matter, but they should not be used as an unrestricted justification for declaring an otherwise impermissible arrangement acceptable. Equally, procedural compliance should not obscure obvious exploitation or deception. A credible governance model connects contract design, Sharia supervisory review, internal audit, consumer communication, operational monitoring, and corrective action. These mechanisms can make the normative commitments of Islamic finance more visible in everyday institutional practice.

An integrated assessment may ask whether the underlying activity is lawful, whether the object and obligations are clear, whether ownership and contract sequencing are genuine, whether returns arise from a permissible source, whether marketing and price signals are truthful, and whether independent oversight is effective. These questions are diagnostic rather than a substitute for case-specific Sharia rulings.

Conclusion

This study concludes that prohibited transactions in Islamic finance form an interconnected ethical and legal framework rather than an isolated catalogue of forbidden terms. Riba, gharar, and maysir address different defects in financial exchange, while tadlis, taghrir, najasy, ihtikar, risywah, prohibited objects, and problematic contractual engineering extend the analysis to information integrity, market fairness, and institutional accountability. Qur'anic principles of lawful trade, mutual consent, and protection against unjust enrichment provide

a normative foundation for these distinctions. The conceptual synthesis indicates that evaluating contemporary transactions requires examining the source of returns, clarity of obligations, ownership and risk allocation, and actual market conduct. These are interpretive findings from the literature, not empirical estimates of misconduct.

For contemporary practice, Sharia compliance should be embedded throughout the product life cycle, from initial design and approval to disclosure, execution, monitoring, and dispute resolution. Islamic banks, fintech providers, investment platforms, and takaful operators can strengthen substantive compliance by making costs and contractual roles transparent, verifying the underlying economic activity, preventing manipulation and conflicts of interest, and maintaining effective Sharia supervision. The proposed six-dimensional assessment offers a starting framework for such reviews, but it does not replace applicable fatwas, regulatory standards, or case-specific legal judgment. Future research should test the framework against real contracts and consumer experiences across jurisdictions to determine its practical usefulness and identify areas of jurisprudential disagreement.

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