

# Rethinking Legal Validity and Contractual Structures of Shariah-Compliant Credit Cards (A Study on DSN-MUI Fatwa)

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## ABSTRACT

The rapid evolution of Islamic financial products has raised critical questions about the legal validity and practical enforceability of Sharia credit cards within Indonesia's dual legal system. This study seeks to rethink the legal validity of Sharia credit cards by moving beyond the fiqh-based legitimacy of Fatwa No. 54/DSN-MUI/X/2006 to examine their implementation under Indonesia's positive law, regulatory oversight, and the objectives of maqāsid al-sharī'ah. Employing a qualitative legal content analysis, the research identifies six potentially relevant contracts kafālah, wakālah, ḥawālah, murābahah, qardh, and ijārah and critically assesses why the DSN-MUI ultimately operationalized only three: qardh, kafālah, and ijārah. The study argues that this tri-contract structure provides normative coherence but remains legally contingent on its harmonization with the Otoritas Jasa Keuangan (OJK) and Bank Indonesia (BI) regulations governing multi-contract products. Findings reveal that while the fatwa aligns with maqāsid al-sharī'ah protecting wealth (ḥifz al-māl) and promoting justice ('adl) by eliminating riba its enforceability under civil contract law, particularly regarding ta'wīd (compensation) and gharāmah (late penalty), remains ambiguous. Comparative insights from Malaysia and the Middle East underscore the need for a regulatory framework that integrates fatwa-based legality within codified financial law. Consequently, this "rethinking" offers a new analytical framework normative, structural, and positive legal validity to bridge the gap between Sharī'ah doctrine and enforceable Islamic financial governance in Indonesia.

## ABSTRAK

Perkembangan pesat produk keuangan syariah telah memunculkan pertanyaan kritis mengenai keabsahan hukum dan keberlakuan praktis kartu kredit syariah dalam sistem hukum ganda Indonesia. Penelitian ini bertujuan untuk memikirkan kembali validitas hukum kartu kredit syariah dengan melampaui legitimasi fikih yang tertuang dalam Fatwa DSN-MUI No. 54/DSN-MUI/X/2006, menuju analisis implementatif di bawah hukum positif, pengawasan regulatif, dan tujuan maqāsid al-sharī'ah. Dengan menggunakan pendekatan kualitatif melalui analisis isi hukum, penelitian ini mengidentifikasi enam akad yang berpotensi relevan kafālah, wakālah, ḥawālah, murābahah, qardh, dan ijārah serta menelaah secara kritis alasan mengapa DSN-MUI hanya mengoperasionalkan tiga akad utama, yaitu qardh, kafālah, dan ijārah. Temuan menunjukkan bahwa struktur tiga akad tersebut memiliki koherensi normatif, namun keabsahan hukumnya masih bersyarat pada harmonisasi dengan regulasi Otoritas Jasa Keuangan (OJK) dan Bank Indonesia (BI) terkait produk multi-akad. Hasil penelitian juga menegaskan bahwa meskipun fatwa tersebut telah sejalan dengan maqāsid al-sharī'ah terutama dalam perlindungan harta (ḥifz al-māl) dan keadilan ('adl) melalui peniadaan unsur riba penerapannya dalam hukum perdata, khususnya mengenai ta'wīd (kompensasi kerugian) dan gharāmah (denda keterlambatan), masih menghadapi ambiguitas. Perbandingan dengan model kartu kredit syariah di Malaysia dan Timur Tengah menunjukkan perlunya kerangka regulasi terpadu yang mengintegrasikan legitimasi fatwa dengan hukum keuangan positif. Dengan demikian, "pemikiran ulang" ini menghasilkan kerangka analisis baru yang mencakup tiga dimensi validitas normatif, validitas struktural, dan validitas hukum positif sebagai dasar penguatan tata kelola keuangan syariah yang berkeadilan, transparan, dan berdaya saing di Indonesia.

## Kata Kunci

: Kartu Kredit, Transaksi Bisnis Islam, Syarat dan Perjanjian, fatwa MUI

## INTRODUCTION

The rapid advancement of digital technology has significantly transformed the global banking industry, including the Islamic banking sector (Panjwani & Shili, 2020). While digitalization has enhanced efficiency and accessibility, it has also generated new challenges in maintaining shariah compliance amid the modernization of financial products (Gündüz, 2020). The emergence of innovative payment systems such as credit cards exemplifies both the opportunities and complexities of balancing technological progress with the ethical foundations of Islamic finance (Cherif et al., 2023). Credit cards have become indispensable in facilitating cashless transactions; however, they also introduce fundamental legal and moral questions when integrated into the Islamic financial framework (I Muhammad et al., 2024).

In conventional banking, credit cards are based on interest-bearing mechanisms that directly contradict the prohibition of *riba* in Islam. Consequently, Islamic banking institutions have introduced Shariah-compliant credit cards commonly referred to in *fiqh* as *Bithāqah al-Iqrāḍ* (Utsmani, 2017) as an innovative alternative that aligns with the principles of *maqāṣid al-sharī'ah*. These products serve not only as financial tools but also as instruments for promoting cooperation (*ta'āwun*) and preventing hoarding (*iktināz*) in the Muslim community (Hardiansyah, 2021). Nonetheless, the contractual structures underlying such cards remain a matter of scholarly debate, particularly regarding the types and combinations of contracts (*'uqūd*) that ensure full compliance with Islamic legal and ethical standards.

Previous studies have addressed various aspects of Islamic credit cards. Jamshidi and Rezaei examined their role as efficient payment instruments (Jamshidi & Rezaei, 2012), while (Arsyianti & Adelia, 2019) highlighted their potential as innovative Islamic financial products contributing to sustainable growth (Alkhan et al., 2020) further discussed the *qardh*-based contractual foundations of Islamic credit cards (Huda, 2019), emphasizing the need for clear legal arrangements to prevent disputes in financial practice (A. Husni, 2023). However, most of these studies remain normative and descriptive, focusing on *fiqh*-based validation without providing an integrated analytical model that links the contractual structure to the objectives of *maqāṣid al-sharī'ah* (Waid & Lestari, 2020). Moreover, few studies have conducted comparative analyses across different jurisdictions to examine how the Sharia credit card model has evolved in diverse institutional and cultural contexts.

In Malaysia, for instance, Islamic credit cards are typically structured using *bay' al-'inah* or *tawarruq* models, as adopted by Bank Islam and Maybank Islamic (Yusuf Prasetiawan & Erlina, 2023). These models emphasize transaction legitimacy and commercial practicality within the regulatory framework of Bank Negara Malaysia. In contrast, Middle Eastern financial institutions such as Al Rajhi Bank and Dubai Islamic Bank employ *ujrah*-based models (Bathusha & Isa, 2025), focusing on service fees and minimizing debt-related elements to avoid *riba* (Muliani et al., 2022). The variations between these models demonstrate the flexibility of shariah compliant product design in addressing both regulatory and market demands (Amran et al., 2023). Yet, comparative research analyzing how these structural differences influence *maqāṣid al-sharī'ah* fulfillment and ethical outcomes remains limited.

Positioned within this context, the present study aims to fill the existing research gap by examining the contractual structure of Islamic credit cards in Indonesia, as regulated under DSN-MUI Fatwa No. 54/2006, through the lens of *maqāṣid al-sharī'ah*. It seeks to identify the types of contracts applied in each transactional stage, assess their legal and ethical coherence, and critically compare them with the Sharia credit card models implemented in Malaysia and the Middle East (Maksum & Hidayah, 2023). By integrating doctrinal legal analysis with comparative insights, this study contributes to the growing literature on Islamic financial innovation and provides a theoretical and policy oriented framework for ensuring substantive not merely formal shariah compliance in modern digital finance.

This research therefore offers novelty in two key aspects: first, by constructing a maqāṣid-based analytical model of multi-contract structures in Sharia credit cards, and second, by positioning the Indonesian experience within an international comparative perspective. These contributions are expected to advance the discourse on how Islamic financial institutions can balance innovation, legality, and ethics in the era of digital transformation.

## RESEARCH METHOD

This study employs a qualitative research design (Creswell & Creswell, 2022), adopting a library-based analytical approach to explore the contractual structures and maqāṣid al-sharī'ah orientation embedded within Islamic credit card operations. The research seeks to explain the sequential stages of a single Sharia credit card transaction and to identify the corresponding 'aqd applied at each stage. This methodological choice is grounded in the assumption that the legal and ethical dimensions of Islamic financial products are best understood through interpretive and textual analysis rather than quantitative observation. The theoretical foundation of this research is derived from Wahbah al-Zuhaili's (1986) theory of maqāṣid al-sharī'ah, which positions Islamic law as a dynamic framework for achieving justice, preventing harm, and guiding socio-economic transformation through adherence to divine principles. The data for this study are derived from both primary and secondary sources. The primary data consist of authoritative fatwas and regulatory documents issued by the Dewan Syariah Nasional–Majelis Ulama Indonesia (DSN-MUI), particularly Fatwa No. 54/DSN-MUI/X/2006 concerning the Sharia Card, complemented by related circulars and guidelines from Bank Indonesia and the Financial Services Authority (Otoritas Jasa Keuangan). These documents form the legal corpus that delineates the normative framework of Islamic credit card operations in Indonesia. The secondary data encompass scholarly literature, including peer-reviewed journal articles, textbooks, conference papers, and institutional reports focusing on Islamic banking, shariah-compliant financial products, and the application of maqāṣid al-sharī'ah within modern economic systems. In addition, comparative insights are drawn from the practices of leading Islamic financial institutions in Malaysia such as Bank Islam Malaysia Berhad and Maybank Islamic and in the Middle East, including Al Rajhi Bank and Dubai Islamic Bank. These comparative sources provide analytical depth by situating the Indonesian experience within a broader global context of Islamic financial innovation.

The data were analyzed using the interactive qualitative model (Miles A. Michael; and Saldana, Johnny, 2017), which consists of three iterative phases: data reduction, data display, and conclusion drawing/verification. Data reduction involved the systematic classification and abstraction of key legal and conceptual themes from the primary and secondary materials. Data display enabled the researcher to map relationships between contractual elements and their alignment with maqāṣid al-sharī'ah. The final stage, conclusion verification, ensured the internal validity and consistency of the findings through analytical triangulation across multiple data sources. This methodological process allows for a rigorous interpretation of the Sharia credit card not merely as a financial instrument, but as a manifestation of ethical financial architecture within Islamic economics. By integrating doctrinal legal analysis with maqāṣid-based reasoning, the study contributes to a deeper theoretical understanding of how Islamic financial products operationalize moral economy principles in the modern market context.

## RESULTS AND DISCUSSION

### A. The World of Credit Card Banking: Definitions in legal rules and norms- Rethinking the Legal Validity of Sharia Credit Cards

The evolution of the modern financial system has introduced various technology-based payment instruments, among which credit cards have emerged as a key innovation (Haney,

2019). Within the context of Islamic economics, the emergence of *bithāqah al-iqrād* the Islamic credit card represents a contemporary attempt to align financial efficiency with *sharī'ah* principles (Carruthers, 2009). The *DSN-MUI Fatwa No. 54/DSN-MUI/X/2006* marks a pivotal milestone in Indonesia's Islamic financial regulation. However, rather than treating the *fatwa* as a definitive conclusion, it should be regarded as a normative instrument open to continuous legal and economic scrutiny (Z. M. Husni, 2020).

According to the *fatwa*, the Sharia credit card operates through three primary contracts: *ijarah* (service fee), *kafālah* (guarantee), and *qardh* (benevolent loan). This contractual structure, in theory, removes elements of *riba* and *gharar*, thus satisfying the core requirements of *sharī'ah* compliance. Nevertheless, the practical implementation of these contracts raises concerns of *tadākhul al-'uqūd* contractual overlapping whereby the non commercial nature of *qardh* may become blurred when tied to *ijarah* based profit generation (Tina Marlina, Ismayana, 2021). This overlap challenges the legal clarity of ownership, benefit entitlement, and liability distribution within the multi-contract structure.

Comparative evidence from other jurisdictions underscores the need for greater legal precision. In Malaysia, *Bank Negara Malaysia's Sharia Governance Policy (2020)* mandates clear segregation between *qardh* and *ijarah* contracts to prevent any indirect benefit arising from loan-based transactions (Nugroho, 2021). Similarly, in the Middle East, institutions such as Al Rajhi Bank and Dubai Islamic Bank employ a *kafālah ijarah* model that excludes *qardh* altogether, thereby minimizing the risk of *qardh al-jār bi al-manfa'ah* (loans generating benefit). Indonesia, in contrast, continues to rely heavily on interpretive *fatwa* guidance and moral compliance at the institutional level, with limited regulatory codification by state authorities (Khalidin et al., 2023).

From the standpoint of positive law, the validity of these contractual forms depends on their compatibility with Indonesia's dual legal system. *Bank Indonesia Regulation No. 11/11/PBI/2009* defines credit cards as lawful payment instruments but remains silent on *sharī'ah* contractual mechanics (Nugroho, 2021). Thus, supervisory responsibility rests primarily with the Financial Services Authority (OJK), which oversees operational risk and consumer protection. Despite this, no explicit OJK Regulation (POJK) currently details how multi-contract schemes (*ijarah*, *kafālah*, *qardh*) should be managed, particularly concerning default risk, debt restructuring, and dispute resolution (Yusuf Prasetiawan & Erlina, 2023).

In practice, legal disputes involving Islamic credit cards reveal institutional ambiguity. *Religious Courts (Peradilan Agama)* typically handle cases involving the validity of *sharī'ah* contracts, while *General Courts (Peradilan Umum)* preside over civil debt recovery. This duality creates a normative gap between *fiqh* based legality and positive legal enforcement (Abasimel, 2023). Moreover, the enforcement of *ta'wīd* (compensation for real losses) and *gharāmah* (penalty fines), as provided in the DSN-MUI *fatwa*, lacks standardized legal recognition. Although *ta'wīd* could conceptually align with Article 1243 of the Indonesian Civil Code on damages due to breach of contract, its practical calculation often relies on internal bank mechanisms rather than judicial verification, leading to inconsistencies in legal validity.

To evaluate the structural and ethical integrity of Sharia credit cards (Salsabila, Sekar Salma, 2019), this study employs the *maqāṣid al-sharī'ah* framework as an analytical benchmark. Viewed through the five foundational objectives *ḥifẓ al-dīn* (protection of faith), *ḥifẓ al-nafs* (protection of life), *ḥifẓ al-'aql* (protection of intellect), *ḥifẓ al-māl* (protection of wealth), and *ḥifẓ al-nasl* (protection of progeny) the analysis yields nuanced insights. The elimination of *riba* and *gharar* fulfills *ḥifẓ al-dīn*, ensuring that financial practice aligns with Islamic moral doctrine (Maksum & Hidayah, 2023). Through the *qardh* contract, *ḥifẓ al-nafs* is achieved by preventing exploitative debt structures. However, the potential for consumerism and overspending contradicts this very objective. From the perspective of *ḥifẓ al-'aql*, the emphasis

on transparency and contractual education promotes rational financial behavior, though public literacy remains low. *Hifẓ al-māl* is partially realized through equitable profit distribution, yet the risk of *tadākhul al-‘uqūd* may still compromise wealth protection. Lastly, *hifẓ al-nas* manifests in the ethical foundations of Islamic financial culture, which fosters intergenerational financial justice and sustainability (Fadel et al., 2023).

Taken together, these findings suggest that the legal validity of Sharia credit cards should be viewed across three interrelated dimensions (Hardekopf, 2010). First, normative validity is achieved through adherence to *fiqh al-mu‘āmalah*. Second, structural validity remains partial, as overlapping contractual elements continue to challenge transparency and implementation. Third, positive legal validity is still weak due to the absence of integrated regulatory mechanisms uniting *fatwa*, OJK supervision, and Bank Indonesia directives.

Therefore, to truly “rethink” the legal validity of Sharia credit cards, Indonesia must move beyond symbolic *sharī‘ah compliance* toward substantive *sharī‘ah governance* (Abadi et al., 2022). The DSN-MUI *fatwa* should not be treated as an endpoint but as a dynamic legal framework requiring integration into the national legal structure. Only through regulatory harmonization between *sharī‘ah* authorities and state institutions can Islamic credit cards function not merely as religiously permissible products but as legally enforceable, ethically sound, and socially just financial instruments that embody the holistic vision of *maqāṣid al-sharī‘ah* (HAKIZIMANA et al., 2023).

## B. Transaction by Credit Cards in Islam

In terms of credit card types, there are two main forms. The first is the non-renewable loan credit card, which operates on the principle of purchasing goods or services on credit, where the cardholder is required to fully repay the withdrawn amount within a specified period. The second type is the revolving credit card, which allows the cardholder to either settle the entire balance or carry over the remaining amount to the next billing cycle. However, if payments are delayed, two types of charges—late payment fees and interest on outstanding balances—are typically imposed. Common examples of credit cards include MasterCard, VISA, American Express, Diners Club, and JIB.

The parties involved in the application of sharia credit cards can be broadly categorized into three main groups. First, *Mushdir al-Bithaqah* (Card Issuer) refers to the party that issues and manages the credit card, typically a bank or another financial institution. Second, *Hamil al-Bithaqah* (Cardholder) is the customer of the bank who holds the card and has fulfilled the necessary requirements to be eligible for its use. Third, *Qabil al-Bithaqah* (Merchant) represents merchants or business entities appointed by the card issuer to facilitate transactions and accept payments for goods or services made using the sharia credit card. This category also includes a nationwide network of ATMs that support these transactions (Norman, 2020).

There are so many texts of the Qur'an explaining legal aspect regarding the transaction via credit cards, as in the words of Allah SWT: 'O you who believe! Fulfill the contract ...' QS. al-Maidah [5]: 1. In addition, QS. al-Isra' [17]: 34, QS. Yusuf [12]: 72, QS. al-Maidah [5]: 2, al-Furqan [25]: 67, QS. Al-Isra' [17]: 26-27, Q.S. al-Qashash [28]: 26, Q.S. al-Baqarah [2]: 275, Q.S. al-Nisa [4]: 29, QS. al-Baqarah [2]: 282, QS. al-Baqarah [2]: 280. It also refers to the hadith of the Prophet Muhammad PBUH, namely: 'Agreements can be made between Muslims except those that prohibit halal or make halal haram; and Muslims are bound by their terms except those that prohibit halal or make halal unlawful.'

They consider the transaction to be legitimate, but the commitment is void if the customer believes that he or she will be able to protect himself or herself from the consequences of making a commitment. Their basis for allowing it is:

The Prophet Muhammad (PBUH) said to 'Aisha, when "Aisha wanted to buy Barirah, but her master would not release her except on the condition of the right of wala" (guardianship) that the slave remained with them. The Prophet said to A'isha, 'Buy the slave and set conditions for them, because guardianship (of slaves) is only given to the one who frees the slave. Because guardianship is the right of the person who frees it.

There are too many cases in different countries of electricity, telephone and other service transactions, all of which use the same commitment that if a customer pays late, certain fines must be imposed. However, it turns out that none of the scholars are prohibited from subscribing to the facility, even though these conditions are included in it.

Loans are not simply canceled due to cancellation of terms, even loans are still valid even if the terms are canceled, based on the words of the Prophet Muhammad PBUH:

"Why are there still people who set conditions that are not from the Book of Allah? Whoever sets conditions that are not from the Book of Allah, the conditions are, even though there are a hundred conditions."

Regarding sharia credit cards, the National Sharia Council has issued a fatwa on how sharia credit card products are carried out No. 54/DSN-MUI/X/2006 with the following provisions: 54/DSN- MUI/X/2006 with the following provisions:

First: General Provisions In this fatwa, what is meant by:

1. Sharia Card is a card that functions like a Credit Card where the legal relationship (based on the existing system) between the parties is based on Sharia principles as stipulated in this fatwa.
2. The parties as referred to in letter a are the card issuer (mushdir al-bithaqah), the cardholder (pregnant al-bithaqah) and the card recipient (merchant, tajir or qabil al-bithaqah).
3. Membership Fee (rusum al-'udhwiyah) is a membership fee, including the extension of the membership period of the cardholder, in exchange for permission to use the card for which payment is based on an agreement.
4. Merchant Fee is a fee given by the merchant to the card issuer in connection with transactions using the card as a reward (ujrah) for intermediary services (samsarah), marketing (taswiq) and billing (tahsil al-dayn);
5. Cash Withdrawal Fee is the cost of using the cash withdrawal facility (rusum sahb al-nuqud).
6. Ta'widh is compensation for costs incurred by the card issuer due to the cardholder's delay in paying his due obligations.
7. Delay is a penalty due to late payment of obligations that will be fully recognized as social funds.

Second: Legally, Sharia cards are allowed, with the conditions as stipulated in this fatwa.

Third: The provisions of the Contract, the Contract used in the Sharia Card are:

1. Kafalah; in this case, the Card Issuer is the guarantor (kafil) for the Cardholder against the Merchant for all payment obligations (dayn) arising from transactions between the Cardholder and the Merchant, and/or cash withdrawals other than the Bank or ATM of the Card Issuer's bank. For the provision of Kafalah, the card issuer can receive a fee (ujrah kafalah).
2. Qardh; in this case, the Card Issuer is the lender (muqridh) to the Cardholder (muqtaridh) through cash withdrawal from the Card Issuer's bank or bank ATM.
3. Ijarah; in this case, the Card Issuer is the provider of payment system services and services to the Cardholder. For this Ijarah, Cardholders are charged a membership fee.

#### Fourth: Provisions of Limitation (Dhawabith wa Hudud) of Sharia Cards

1. Does not cause usury.
2. Not used for transactions that are not in accordance with sharia.
3. Not encouraging excessive production (israf), among others by setting a maximum production ceiling.
4. The primary cardholder must have the financial ability to pay on time.
5. Does not provide facilities that are contrary to sharia

#### Fifth: Cost Provisions

1. Membership fee The Card Issuer is entitled to receive a membership fee (rusum al-'udhwiyah) including an extension of the membership period from the Cardholder as a reward (ujrah) for permission to use the card facility.
2. Merchant Fees The card issuer may receive fees taken from the price of the transaction object or service as a reward (ujrah) for intermediation (samsarah), marketing (taswiq) and billing (tahsil al-dayn).
3. Cash withdrawal fees The card issuer may receive a cash withdrawal fee (rusum sahb al-nuqud) as a fee for services and use of facilities the amount of which is not related to the withdrawal amount.
4. The Kafalah fee card issuer may receive a fee from the cardholder for providing Kafalah.
5. All forms of fees mentioned must be set at the time of the card application contract in a clear and fixed manner, except for merchant fees.

Sixth: Provisions on Ta'widh and Fines. The Card Issuer's ta'widh may impose ta'widh, which is compensation for fees incurred by the Card Issuer due to the cardholder's delay in paying his due obligations. The Late Card Issuer may charge a late payment fee which will be fully recognized as a social fund (Raharjo & Kristiyanto, 2019).

### C. Types of Muamalah Contracts in the Mechanism of Using Sharia Cards

Looking at the mechanism of applying for a credit card from the customer's application to the Bank or financial institution to the time the customer shops at the Grand Mall or supermarket or when withdrawing cash at the ATM of the Card issuing Bank or other banks (ATM Bersama), in the law of Muamalat there are multiple or combinations of contracts, namely Akad Qardh, al-Ba'i (Buying and Selling), Ijarah and Kafalah (Masyhudi, 2018).

1. Qardh Agreement, if there is a credit card application agreement between the card issuer (Bank or Financial Institution) as the Muqridh (lender or creditor) and the Cardholder (Customer) as the Muqtaridh (borrower or debtor). in the event of cash withdrawal at an ATM, the Card Issuing Bank and the ATM owner are muqridh, while the cardholder or cash withdrawal at the ATM is a muqtaridh (Ahmad Ifham Solihin, 2008).
2. Akad al-Bai' (Buying and Selling), when a transaction occurs between a Merchant (Grand Mall or Supermarket) as a Seller and a Cardholder as a buyer (Addieningrum & Aslina, 2021).
3. Akad Ijarah, in this case the card issuer is a service provider and payment system service provider to cardholders when making shopping transactions or withdrawing cash at ATMs with all the conveniences called membership fees and ijarah fees (Witro et al., 2022).
4. Kafalah Agreement, in this case the Card Issuer (Bank or Financial Institution) as the Kafil (guarantor) for the cardholder against the Merchant (Grand Mall or Supermarket) for payment obligations arising from transactions between the cardholder and the Merchant, and/or at the time of withdrawing cash from other than the bank or ATM of the Card Issuing Bank. For the provision of kafalah, the card issuer may receive a fee from the cardholder called ujarah kafalah (cost guarantee) (Nurjaman & Witro, 2021).

#### **D. Legal Validity of Credit Cards: Between the Similarities and Differences between Sharia Credit Cards and Conventional Credit Cards**

The evolution of modern financial systems has accelerated the development of technology-based payment instruments, among which credit cards have become one of the most significant innovations (Anggela Septiani dan Husni & Thamrin, 2021). In the era of cashless transactions, the demand for convenience and efficiency has encouraged the creation of various financial instruments (Nordin et al., 2022). However, this progress also raises a fundamental challenge: how to design financial products that maintain compliance with shariah principles (Mohd Dali et al., 2015). Conventional credit cards, for instance, have long been criticized for containing elements of *riba* (interest), *gharar* (uncertainty), and even exploitation through late payment penalties (R. Purnomo et al., 2018).

The issuance of Fatwa DSN-MUI No. 54/DSN-MUI/X/2006 concerning Sharia Credit Cards marked an important milestone in Indonesia's Islamic financial development (Marsela, 2022). This fatwa established a contractual model distinct from conventional credit card structures. Unlike conventional cards, which are based on interest-bearing loans, the Sharia credit card employs a multi-*'uqud* (multi-contract) framework that integrates *ijarah*, *kafalah*, and *qardh* contracts (A. Purnomo et al., 2023). The *ijarah* contract justifies the imposition of annual membership fees, *kafalah* serves as a guarantee for payment to merchants, and *qardh* governs cash withdrawals or financial advances (Azizah & Farid, 2021). Thus, rather than simply "Islamizing" a conventional product, this structure constructs a distinct legal and ethical system grounded in *fiqh mu'amalah* (Hadi et al., 2018).

From an Islamic legal perspective, the prohibition of *riba* is not merely theological but also aims to protect fairness and prevent economic exploitation (Rusmita & Ajija, 2017). Conventional credit cards impose interest rates on outstanding balances ranging from 3–4% per month which represent a direct violation of the *maqāṣid al-sharī'ah* objective to safeguard wealth (*ḥifẓ al-māl*). In contrast, Sharia cards avoid interest-based earnings and redirect late payment penalties toward social purposes (*qardhul ḥasan*), as mandated by the DSN-MUI fatwa. Specifically, the fatwa distinguishes between two types of fines: (1) *ta'wīd*, a form of compensation for measurable financial losses; and (2) *gharāmah*, a punitive fine whose proceeds are distributed for social welfare rather than institutional profit (Norman, 2020).

When analyzed through the framework of *maqāṣid al-sharī'ah*, the structure of the Sharia credit card demonstrates a comprehensive ethical foundation that safeguards the five essential objectives (*al-ḍarūriyyāt al-khams*):

1. Protection of Religion (*ḥifẓ al-dīn*) – By eliminating *riba* and ensuring contractual compliance with shariah, the Sharia card aligns economic activities with Islamic ethical and legal norms. This upholds the integrity of faith in financial practice.
2. Protection of Life (*ḥifẓ al-nafs*) – By avoiding exploitative interest systems and financial overburdening, the Sharia model preserves individual welfare and protects consumers from the psychological and economic harm often associated with credit debt.
3. Protection of Intellect (*ḥifẓ al-'aql*) – Through transparent contract design and ethical education, the model promotes rational decision-making and financial literacy, discouraging impulsive or excessive consumption.
4. Protection of Wealth (*ḥifẓ al-māl*) – The multi-*'uqud* system, especially the integration of *ijarah* and *kafalah*, ensures the equitable distribution of financial benefits while preventing unjust enrichment or exploitation.
5. Protection of Progeny (*ḥifẓ al-nasl*) – By fostering a responsible credit culture and ensuring that debts do not become intergenerational burdens, the Sharia card contributes to the financial stability of families and the broader Muslim community.

Viewed through this maqāṣid-based lens, the Sharia credit card embodies an ethical mechanism that balances financial innovation with the pursuit of justice, transparency, and social welfare (Ezzerouali, Souad Ahmed, 2024). It ensures that financial contracts do not merely fulfill formal legal requirements but also serve the higher objectives of shariah.

Nevertheless, challenges remain in ensuring the integrity of its multi-contract framework. Scholars have raised concerns about potential tadākhul al-‘uqūd (contract overlap), which may lead to ambiguity in rights and obligations (Marlina, 2024). To address this, Islamic financial institutions must ensure contractual transparency and strengthen shariah governance through consistent supervision and consumer education.

In sum, the Sharia credit card represents more than a technical adjustment to conventional finance it is a paradigmatic reorientation toward ethical economics grounded in maqāṣid al-sharī‘ah. By integrating justice, social responsibility, and financial prudence, this model exemplifies how Islamic finance can bridge the gap between modern economic needs and divine ethical imperatives (Khairudin et al., 2024). Hence, this study affirms the legal validity of Sharia credit cards not only in formal jurisprudential terms but also as a manifestation of maqāṣid-driven financial ethics in the evolving landscape of global Islamic banking.

## CONCLUSION

This study offers a critical rethinking of the legal and structural validity of Sharia credit cards by positioning them not merely as products of fiqh al-mu‘āmalah interpretation but as dynamic instruments embedded within Indonesia’s dual legal and regulatory ecosystem. The research findings reaffirm that the contractual framework of Sharia credit cards, as stipulated in DSN-MUI Fatwa No. 54/DSN-MUI/X/2006, represents a major innovation in modern Islamic finance. Through the integration of qardh, kafālah, and ijārah contracts, the Sharia credit card ensures both Sharī‘ah compliance and functional adaptability within the modern payment system. The frequently cited bai‘ (sale) component, while present in transactional practice between cardholders and merchants, does not form part of the bank customer contractual structure. Clarifying this distinction resolves the inconsistency often found in earlier studies and prevents potential tadākhul al-‘uqūd (contract overlapping), thereby strengthening the doctrinal and legal coherence of the Sharia credit card model. From a legal standpoint, this study identifies a crucial regulatory and judicial gap in the enforceability of multi contract structures under Indonesia’s positive law. While the DSN-MUI fatwa provides a strong theological and moral foundation, it lacks full integration into the statutory framework governed by the Financial Services Authority (Otoritas Jasa Keuangan, OJK) and Bank Indonesia (BI). This absence of explicit regulatory recognition weakens the positive legal standing of the Sharia credit card and creates challenges in dispute resolution, where jurisdiction remains divided between the Religious Courts, which handle Sharī‘ah compliance, and the General Courts, which oversee civil enforcement of debt obligations. Moreover, the recognition and enforcement of Sharī‘ah-based clauses such as ta‘wīḍ (compensation for actual loss) and gharāmah (penalty funds directed to social purposes) remain legally ambiguous under the Indonesian Civil Code. This finding underscores the need for regulatory harmonization that aligns fatwa-based legitimacy with state-recognized financial law, ensuring that Sharī‘ah compliant products are not only ethically valid but also legally enforceable.

To address these challenges, the study develops a comprehensive analytical framework for assessing the legal validity of Sharia credit cards, composed of three interrelated dimensions. First, normative validity, which ensures that the contractual structure conforms to the principles of fiqh al-mu‘āmalah and realizes the objectives of maqāṣid al-sharī‘ah. Second, structural validity, which concerns the operational transparency and clear delineation of rights and obligations within each contract qardh, kafālah, and ijārah. Third, positive legal validity, which

evaluates the extent to which these multi-contract arrangements are recognized and enforceable under OJK and BI regulations as well as Indonesian contract law. This tripartite framework provides a more holistic understanding of “legal validity,” extending the discussion beyond normative compliance toward a truly integrated Sharī‘ah legal institutional synthesis. Analyzed through the lens of maqāṣid al-sharī‘ah ḥifẓ al-dīn, al-nafs, al-‘aql, al-māl, and al-nasl the Sharia credit card model fulfills several key objectives of Islamic law. The elimination of riba and the ethical management of financial obligations embody ḥifẓ al-dīn and ḥifẓ al-māl, while the diversion of penalty funds to charitable uses (qard al-ḥasan) enhances social responsibility consistent with ḥifẓ al-nafs. However, the realization of ḥifẓ al-‘aql through financial literacy and ḥifẓ al-nasl through intergenerational financial justice remains partial, given the limited regulatory mechanisms and public awareness in the current system. True Sharī‘ah compliance, therefore, requires not only formal adherence to permissible contracts but also the establishment of substantive governance structures that ensure fairness, transparency, and welfare-oriented financial practices.

A comparative perspective further enriches this analysis. In Malaysia, institutions such as Bank Islam and Maybank Islamic implement bay‘ al-‘inah or tawarruq-based credit card structures under the Sharī‘ah Advisory Council of Bank Negara Malaysia, while Middle Eastern institutions such as Al Rajhi Bank and Dubai Islamic Bank adopt ujah-based models emphasizing service fees as a lawful source of profit. Despite structural variations, these international models share a unified objective of realizing maqāṣid al-sharī‘ah through transparency, equity, and accountability. This comparative insight reinforces that Indonesia’s multi-contract approach remains consistent with global Sharī‘ah standards, though it requires stronger regulatory integration to achieve full legal enforceability. Ultimately, this study’s principal contribution lies in reframing the discourse on legal validity from a purely doctrinal analysis into an integrated, policy-oriented framework that unites fiqh, regulation, and law. The “rethinking” offered here is not a mere theoretical exercise, but a practical call for reform toward a regulatory environment that harmonizes fatwa-based legality with statutory law and enhances the institutional resilience of Indonesia’s Islamic finance sector. Sharia credit cards, therefore, should not be viewed merely as halal counterparts of conventional instruments but as embodiments of a reconstructed Islamic financial paradigm that aligns economic functionality with the higher objectives of justice (‘adl), balance (tawāzun), and social welfare (maṣlahah). By anchoring financial innovation within the framework of maqāṣid al-sharī‘ah, Islamic finance can serve as a catalyst for developing an ethical, inclusive, and sustainable financial system one that integrates moral integrity with legal certainty in both national and global contexts.

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