

Article History

Received : 15 October 2025
Revised : 3 December 2025
Accepted : 7 Desember 2025
Published : 8 Desember 2025

TOWARD SUSTAINABLE ISLAMIC FINTECH: LEGAL CHALLENGES AND STRENGTHENING SHARIA GOVERNANCE IN INDONESIA

Lahfiz Safutra¹, Aziz Asyraf²

Uluslararası Kardeşlik Derneği/International Fraternity Association (IFA) İstanbul, Türkiye¹

Universitas Islam Negeri Syarif Hidayatullah Jakarta, Indonesia²

lahfizsafutra@gmail.com¹, azizasyrarf03@gmail.com²

ABSTRACT

The development of financial technology (fintech) has brought significant transformations to the financial services system, including in the Islamic finance sector in Indonesia. Sharia fintech has emerged as an alternative to digital financial services, with the expectation that it will remain grounded in the principles of Islamic economic law. However, technology-based product innovations also raise various legal issues related to Sharia compliance. This study aims to analyze the concept of sharia compliance, the legal regulation of sharia fintech in Indonesia, and its implementation in sharia fintech product innovation. The research employed normative legal methods, drawing on legislative, conceptual, and fatwa approaches. Data was obtained through a literature study of legislation, DSN-MUI fatwas, and Islamic economic law literature. The study's results indicate that the legal regulation of sharia fintech in Indonesia is normatively adequate, supported by the roles of the OJK, Bank Indonesia, and DSN-MUI. However, in practice, the implementation of Sharia compliance in fintech product innovation still faces various challenges, such as the risk of hidden usury, ambiguous contracts, the use of late fees, and weak substantive supervision. Therefore, it is necessary to strengthen adaptive regulations, enhance the competence of the Sharia Supervisory Board, and strengthen public Sharia financial literacy so that Sharia fintech can develop sustainably and in accordance with the principles of Sharia economic law.

KEYWORDS

Fintech; Sharia Compliance; Sharia Economic Law; DSN-MUI Fatwa; Digital Finance Regulation.

INTRODUCTION

The development of digital technology has brought significant changes to the global financial system, including in Indonesia. One rapidly growing innovation is financial technology (fintech), which provides a variety of digitally based financial services, such as payments, financing, investment, and fund management. (Arner dkk., 2017; Otoritas Jasa Keuangan, 2018). Amidst a Muslim majority population, the presence of Sharia fintech has become an alternative economic system that is expected to comply with Islamic law principles. (Ascarya, 2018; Karim, 2016).

Sharia fintech is normatively required to comply with the basic principles of Islamic muamalah, such as the prohibition of usury,

gharar, maysir, and the requirement for fairness and transparency in transactions. (Antonio, 2018; Zuhaily, 2011). Sharia compliance is the main spirit that distinguishes Sharia fintech from conventional fintech. However, in practice, complex, technology-based fintech product innovations often raise legal issues concerning contract suitability, transaction mechanisms, and potential deviations from Sharia principles. (Rahman, 2021; Rusydiana, 2020).

In Indonesia, sharia fintech has gained legitimacy through various regulations, including the Sharia Banking Law, Financial Services Authority (OJK) regulations, and fatwas issued by the Indonesian Ulema Council's National Sharia Board (DSN-MUI). However, the existence of these regulations does not fully ensure substantive compliance with Sharia in the ever-

evolving fintech landscape.

Given these conditions, an in-depth legal analysis of the concept of sharia compliance in sharia fintech innovation in Indonesia is warranted. This study is essential to ensure that the development of financial technology is not only legally valid but also aligned with the principles of Sharia economic law, which serve as its normative basis.

Several prior studies address this research. These are divided into five aspects. First, from the aspect of product analysis and Sharia fintech innovation, most studies still focus on partial studies of certain types of products, such as P2P lending, crowdfunding, digital wallets, wakalah, and blockchain separately. (Fauzi & Santoso, 2018; Iqbal, 2020; Nurhaliza, 2021; Rahman, 2022; R. Sari, 2019). However, no study has integrated these innovations into a comprehensive framework for analyzing Sharia compliance based on positive law and fatwas. This indicates that there remains a gap in studies that assess the Sharia compliance of fintech innovations in a systemic, cross-product manner.

Second, with respect to regulation and legal policy, existing research highlights the lack of harmonization between DSN-MUI fatwas and OJK regulations. (Fitriani, 2021; Sartika, 2017; Sutrisno, 2018). However, there has been no specific research examining the effectiveness of these regulations in ensuring sharia compliance with the latest technological innovations, such as smart contracts, artificial intelligence, and embedded sharia finance. Thus, there is a gap in the legal effectiveness of regulations in responding to disruptions in Sharia finance technology.

Third, with respect to legal challenges and risks, most studies focus on gharar, hidden usury, cybercrime, and litigation. (Dewi, 2017; Hartono, 2016; Santoso, 2022; M. Sari, 2020; Setiawan, 2019). However, these studies have not directly linked these legal risks to weaknesses in the institutional structure of Sharia compliance supervision at the OJK, DPS, or DSN-MUI levels. This indicates a research gap regarding the relationship between weaknesses in supervision

and potential violations of Sharia compliance.

Fourth, from a social and economic impact perspective, research generally highlights the strengthening of financial inclusion, MSMEs, and the reduction of social inequality. (Fauzi, 2019; Iqbal, 2021; Kartika, 2018; Nurhaliza, 2021; M. Sari, 2020). However, there has been little research examining the impact of Sharia compliance on legal certainty and consumer protection from a normative legal perspective. Thus, there is a research gap regarding the use of Sharia compliance as an instrument of legal protection in the fintech ecosystem.

Fifth, in case studies and international comparisons, research has emphasized the differences in oversight systems between Indonesia, Malaysia, and the United Arab Emirates. (Nurul, 2020; Rahman, 2017; Sartika, 2017). However, no studies have drawn normative implications for the renewal of Indonesia's sharia fintech regulations from the results of this comparison. This indicates that the aspect of comparative-based legal recommendations remains relatively weak. Thus, this study is strategically positioned to address this gap through a comprehensive legal analysis of Sharia compliance in Sharia fintech innovation in Indonesia, integrating product, regulatory, legal risk, and socio-economic implications into a single framework.

The primary focus of this study is to analyze, from a juristic perspective, how Sharia compliance is applied and guaranteed in Sharia fintech innovation in Indonesia. This study not only assesses the normative conformity of sharia fintech practices with sharia principles, but also examines the effectiveness of positive legal instruments and religious fatwas in regulating these innovations to ensure they remain within the sharia corridor.

METHODS

This study is a normative legal (doctrinal) study that examines Sharia compliance in Sharia fintech innovation in Indonesia from the perspectives of Sharia economic law and positive law. The approaches used include a statute approach by

examining various regulations related to sharia fintech, a conceptual approach through a study of the concepts of sharia compliance, contracts in muamalah, and the basic principles of Islamic economics, and a fatwa approach by analyzing the fatwas of the Indonesian Ulema Council's National Sharia Board (DSN-MUI), which are the primary reference in Islamic finance practices in Indonesia.

The types and sources of legal materials used in this study comprise primary legal materials, namely legislation, Financial Services Authority (OJK) regulations, the Compilation of Sharia Economic Law (KHES), and DSN-MUI fatwas relevant to sharia fintech. Secondary legal materials include textbooks, scientific journals, research findings, and literature on Islamic economic law and fintech. All of these legal materials were collected through library research and analyzed qualitatively using descriptive-analytical techniques, namely by interpreting legal norms, comparing concepts, and drawing logical and systematic conclusions.

RESULT AND DISCUSSION

The Concept of Sharia Compliance from the Perspective of Sharia Economic Law

Sharia compliance is a fundamental principle that distinguishes the Sharia financial system from the conventional financial system. From the perspective of Sharia economic law, Sharia compliance is defined as the adherence of all economic activities to the norms derived from the Qur'an, Sunnah, ijma', qiyas, and the principles of fiqh muamalah. All forms of transactions must avoid elements of *riba*, *gharar*, *maysir*, *zalim*, and prohibited objects. (Ascarya, 2018). Thus, sharia compliance is not only administrative but also substantive, encompassing the dimensions of ethics, morality, and justice in muamalah.

Conceptually, sharia compliance requires that contracts, transaction mechanisms, and economic objectives conform to sharia principles. Contracts in Sharia economic law are considered the primary foundation for the validity of a

transaction. Every financial product innovation, including in sharia fintech, must be based on contracts that are clear, transparent, and fulfill the pillars and requirements as stipulated in muamalah fiqh (Karim, 2016). Inaccuracy in determining the contract may give rise to sharia defects with implications for the transaction's legal validity.

Sharia compliance is also closely related to the main objectives of sharia (*maqasid al-sharia*), namely the protection of religion, life, intellect, lineage, and property. In an economic context, the safety of property (*hifz al-mal*) is the primary concern. Economic activities that do not comply with Sharia principles are considered to have the potential to undermine distributive justice, lead to exploitation, and create social inequality. (Al-Syatibi, 2014). Therefore, Sharia compliance not only functions as a legal instrument, but also as an instrument of social and economic protection for the people.

In the Indonesian legal system, the concept of sharia compliance is legitimized through various regulations governing sharia economic practices. Law No. 21 of 2008 on Sharia Banking stipulates that all sharia banking activities must comply with sharia principles. These sharia principles are further interpreted through fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), which serve as the primary reference for sharia financial institutions (Antonio, 2018). This shows that sharia compliance has a legally binding normative dimension.

In practice, sharia compliance is determined not only by formal regulatory requirements but also by the internal control mechanisms of Islamic financial institutions. The existence of the Sharia Supervisory Board (DPS) is an essential instrument for ensuring that all products and business activities comply with the DSN-MUI fatwa. The DPS acts as the guardian of Sharia values in the operations of financial institutions, including Islamic fintech. (Sutedi, 2019). Without adequate oversight, sharia compliance risks becoming merely a normative symbol without

substantive meaning.

In the context of Islamic fintech, the concept of Sharia compliance faces more complex challenges than conventional financial institutions. The digitization of transactions, the use of automated systems, artificial intelligence, and the speed of service often complicate the process of verifying contracts and monitoring transactions in detail. This has the potential to cause contract distortions, ambiguity in the object of the transaction, and even the concealment of usury in digital financing schemes (Rusydiana, 2020). Therefore, Sharia compliance in fintech requires a more adaptive and technology-based supervisory approach.

Furthermore, Sharia compliance is also closely related to the principles of transparency and fairness for all parties. Users of Sharia fintech services have the right to obtain clarity regarding the contracts used, profit-sharing schemes, potential losses, and dispute-resolution mechanisms. A lack of transparency in information may violate the principle of *antaradhin minkum* (mutual consent), a condition for the validity of transactions in Islam. (Zuhaily, 2011). Thus, sharia compliance must be realized not only in products but also in consumer protection.

From the perspective of Islamic economic law, Sharia compliance should not be narrowly understood as mere conformity with formal fatwas. Sharia compliance must reflect harmony among fiqh norms, the values of justice, and the objectives of the public interest. If a fintech product is formally declared to be in accordance with fatwas but, in substance, imposes an excessive burden on users, this contradicts the spirit of *maqasid al-sharia* (Huda & Nasution, 2019). Therefore, a normative approach must be combined with ethical and social analyses.

Thus, sharia compliance in sharia economic law is multidimensional, encompassing normative, philosophical, juridical, and sociological aspects. Sharia compliance is not only manifested in adherence to regulations and fatwas, but also in the internalization of the values of justice, transparency, and benefit in

every economic activity. A comprehensive understanding of this concept is an essential foundation for analyzing Sharia compliance in Sharia fintech innovations in Indonesia.

Fintech Legal Regulations in Indonesia

The development of financial technology (fintech) in Indonesia is part of the transformation of the national economic system toward digitalization. Fintech is a form of financial services innovation that leverages information technology to facilitate transactions for the public, across the payment, financing, investment, and fund management sectors. This phenomenon has prompted the government to establish a legal framework that accommodates technological developments while providing legal protection for the public as service users. (Arner dkk., 2017).

Legally, fintech regulation in Indonesia falls under the authority of two leading institutions, namely Bank Indonesia (BI) and the Financial Services Authority (OJK). Bank Indonesia has the authority to regulate fintech companies engaged in payment systems. In contrast, OJK regulates fintech companies involved in non-payment financial services, including financing, digital insurance, and investment. This division of authority aims to ensure that all fintech activities operate within the framework of national economic system stability (BI, 2019).

The initial regulations on fintech are generally set out in Bank Indonesia Regulation Number 19/12/PBI/2017 on the Implementation of Financial Technology. This regulation stipulates that every fintech operator must register with Bank Indonesia and comply with the principles of consumer protection, risk management, and prudence. This regulation serves as the primary gateway for state supervision of financial technology activities in the payment systems sector (BI, 2017).

Meanwhile, the OJK has begun to specifically regulate fintech through OJK Regulation Number 77/POJK.01/2016 concerning Information Technology-Based Money Lending Services. This regulation governs

aspects of licensing, corporate governance, risk management, user protection, and financing limits for fintech lending operators. This POJK serves as the primary legal basis for online lending platforms, which are growing rapidly in Indonesia (Otoritas Jasa Keuangan, 2016).

In the context of Islamic fintech, legal regulations are not only derived from state regulations but must also conform to the Islamic principles established by the National Sharia Council of the Indonesian Ulema Council. (Dewan Syariah Nasional Majelis Ulama Indonesia, 2018). Sharia fintech must comply with DSN-MUI fatwas governing contracts, financing mechanisms, and prohibitions on usury, gharar, maysir, and zalim. Thus, the regulation of sharia fintech is dualistic, subject to both positive law and sharia law. (Antonio, 2018).

The strengthening of Sharia fintech regulations is evident in OJK Regulation Number 13/POJK.02/2018 on Digital Financial Innovation in the Financial Services Sector. This regulation stipulates that providers of sharia-based digital financial innovation must obtain a recommendation from the DSN-MUI before obtaining a full operating license. This demonstrates the state's recognition of the fatwa authority in ensuring Sharia compliance. (Otoritas Jasa Keuangan, 2018).

In addition to the OJK, the Sharia Supervisory Board (DPS) also plays a vital role in ensuring sharia compliance. Every Sharia financial institution, including Sharia fintech companies, is required to have a DPS. The DPS is tasked with supervising all business activities to ensure they comply with DSN-MUI fatwas and the principles of Sharia economic law. The position of the DPS is legally recognized in Law Number 21 of 2008 concerning Sharia Banking. (Republik Indonesia, 2008).

The DSN-MUI fatwas directly related to sharia fintech include DSN-MUI Fatwa Number 117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on

Sharia Principles. This fatwa regulates the types of contracts that may be used in sharia-compliant fintech, including qardh, murabahah, ijarah, wakalah, and musyarakah. This fatwa serves as the primary normative basis for the operation of sharia-compliant fintech in Indonesia. (Dewan Syariah Nasional Majelis Ulama Indonesia, 2018).

Despite the availability of regulations and fatwas, the implementation of Sharia fintech regulations in Indonesia remains challenging. One limitation is the technical and operational regulations that constrain the complexity of digital transactions. Many fintech innovations are developing faster than the formation of legal norms, thus potentially creating a legal vacuum in certain practices. (Isnaini & Sugara, 2024).

Permasalahan lain yang muncul adalah masih rendahnya tingkat literasi hukum dan literasi keuangan syariah masyarakat terhadap produk fintech syariah. Banyak pengguna yang belum memahami perbedaan substantif antara fintech konvensional dan fintech syariah, khususnya terkait akad, mekanisme margin, dan pengelolaan risiko. Kondisi ini berpotensi melemahkan efektivitas pengaturan hukum karena perlindungan konsumen tidak berjalan optimal (Otoritas Jasa Keuangan, 2018).

Another issue that has arisen is the low level of legal literacy and Islamic financial literacy among the public regarding Islamic fintech products. Many users do not yet understand the substantive differences between conventional fintech and Islamic fintech, particularly in relation to contracts, margin mechanisms, and risk management. This situation has the potential to weaken the effectiveness of legal regulations because consumer protection is not functioning optimally. (Nurul, 2019).

The legal regulation of Sharia fintech cannot be separated from the principle of consumer protection as stipulated in Law Number 8 of 1999 concerning Consumer Protection. The principles of transparency, fairness, and user data security are crucial aspects of fintech transactions. From a Sharia economic law perspective, consumer protection aligns with the principles of fairness (al-'adl) and benefit (maslahah) (Zulham, 2016).

In practice, there are still several fintech companies that claim to be sharia-based, but do not yet fully substantively comply with sharia principles. Some platforms still employ financing schemes that resemble interest-based systems or impose late fees that may contain elements of usury. This indicates that existing legal regulations still require strengthening in terms of supervision and enforcement. (Rusydiana, 2020).

Strengthening Sharia-compliant fintech regulations is also essential to address emerging technologies, including artificial intelligence, big data, and smart contracts. These technologies can improve service efficiency but also pose new risks, both from a legal and a Sharia compliance perspective. Therefore, fintech regulations must be adaptive, responsive, and sustainable. (Arner dkk., 2017).

Thus, the legal framework for fintech in Indonesia, particularly sharia fintech, has a relatively comprehensive legal basis, both in legislation and in fatwas issued by the Indonesian Ulema Council (DSN-MUI). However, the rapid pace of technological innovation requires

continuous regulatory updates to ensure that the law keeps pace with developments in practice. Strengthening sharia compliance, consumer protection, and technology-based supervision are essential agendas in the future development of sharia fintech.

Table 1.
Mapping of Regulations and Fatwas Related to Sharia Fintech in Indonesia

N o	Regulations / Fatwas	Year	Institution	Scope / Substance of Regulation	Relevance to Sharia Fintech
1	Law No. 21 on Islamic Banking	2008	Government of Indonesia	Regulating sharia principles, the role of the DPS, financing agreements, and sharia banking activities.	Forming the legal basis for the contract model and Sharia supervision adopted by Sharia fintech.
2	Law No. 11 on Electronic Information and Transactions (ITE)	2008 changed 2016, 2024)	Government of Indonesia	The legality of electronic transactions, electronic signatures, and electronic documents.	Legal basis for the operation of platform-based digital fintech.
3	POJK No. 77/POJK.01/2016 concerning IT-Based	2016	OJK	P2P lending platform setup, licensing, reporting, risk mitigation,	Basic operational guidelines for P2P lending-based

	Lending and Borrowing Services			and funding limits.	sharia fintech.		Institutions				
4	POJK 13/POJK.02/2018 concerning Digital Financial	2018	OJK	Regulatory sandbox, IKD classification, business conduct supervision, and consumer protection.	Regulating fintech product innovation, including sharia fintech, in the OJK sandbox.	7	DSN-MUI Fatwa No. 117 concerning Information Technology-Based Financing Services	2018	DSN-MUI	Sharia guidelines for Sharia P2P lending, contract structure, fees, penalties, representation, and transaction flow.	The primary Sharia foundation of Sharia P2P lending fintech.
5	SEOJK 18/SEOJK.02/2022 concerning the Provision of Digital Financial Services	2022	OJK	Technical guidelines for digital innovation, cybersecurity, aggregators, and open finance.	Providing digital operational technical standards for fintech platforms, including Sharia platforms.	8	DSN-MUI Fatwa No. 112 concerning Urban Contracts	2017	DSN-MUI	DSN-MUI Fatwa No. 112 concerning Urban Contracts.	Used in Sharia fintech schemes for fund managers /non-P2P.
6	POJK No. 4/POJK.05/2021 concerning Licensing and Supervision of Non-Bank Financial	2021	OJK	Licensing and regulation of LKM/LKBB, including fintech aggregators.	Relevant to the IKNB sector of Islamic fintech.	9	DSN-MUI Fatwa No. 113 concerning Tabarru' and Tijarah	2017	DSN-MUI	Guarantee agreements, grants, and Islamic insurance.	Relevant for Islamic fintech insurtech.
						10	DSN-MUI Fatwa No. 116 concerning	2017	DSN-MUI	The use of electronic money in accordance with Sharia law, including	Sharia principles for e-wallets and Sharia fintech

	Sharia Electronic Money			the prohibition of usury, gharar, and maysir.	payments
11	DSN-MUI Fatwa No. 140 concerning Guidelines for the Application of Sharia in Financial Technology	2021	DSN-MUI	General principles of Sharia in financial technology, AI, big data, and digital contracts.	More comprehensive, becoming the primary reference for modern fintech sharia compliance.
12	DSN-MUI Fatwa No. 141 concerning Trading Applications/Platforms	2021	DSN-MUI	Marketplace terms, escrow, and digital services as middlemen.	Relevant if fintech provides payment services or sharia escrow marketplaces.
13	Bank Indonesia Regulation (PBI) No. 22/2019 concerning Payment	2019	Bank Indonesia	Standardization of QRIS, payment gateways, and digital wallets.	This is important for sharia-compliant fintech payments (sharia QRIS).

	nt Systems				
14	Indonesian Payment System Blueprint (BSPI) 2025	2020	Bank Indonesia	Economic digitization, open banking, and payment system interoperability.	Digital innovation umbrella, including Sharia fintech payments & e-money.
15	BI Circular Letter No. 20/2018 on the Implementation of Financial Technology	2018	Bank Indonesia	BI regulatory sandbox, security, and implementation provisions.	Sharia fintech payments and remittances enter BI regulation.
16	DPS (Sharia Supervisory Board) Standards for Sharia Financial Institutions	—	OJK & DSN-MUI	Sharia supervision structure, DPS duties, and internal compliance.	Becoming a Sharia governance tool for Sharia fintech.

Analysis of Sharia Compliance in Sharia Fintech Product Innovation

Product innovation in Islamic fintech is a logical consequence of the development of digital technology in the financial sector. Sharia fintech not only provides technology-based financial

services but is also required to remain consistent with the basic principles of Sharia economic law. Sharia compliance in fintech cannot, therefore, be understood merely as administrative compliance with regulations; it also entails substantial adherence to the values of muamalah fiqh. (Ascarya, 2018).

Sharia fintech products developing in Indonesia include technology-based financing (sharia peer-to-peer lending), sharia digital payments, digital sharia investments, and Islamic social fund management, such as digital zakat and waqf. Each of these products has distinct contract characteristics and requires specific Sharia-compliant testing. The accuracy of contract selection is the key determinant of whether a transaction is Sharia-compliant. (Karim, 2016).

In the practice of Sharia fintech financing, the most commonly used contracts are qardh, murabahah, wakalah bil ujah, musyarakah, and mudharabah. DSN-MUI Fatwa Number 117/DSN-MUI/II/2018 serves as the normative basis for the use of these contracts in information technology-based financing services. This fatwa emphasizes that the Sharia fintech business model must be based on cooperation and mutual assistance, not on exploitation through an interest-based system. (DSN-MUI, 2018).

However, the implementation of contracts in Islamic fintech does not always proceed as in classical fiqh. In several practices, there is a tendency to simplify contracts, which may lead to inconsistencies with Sharia principles. For example, wakalah agreements are often used, but in practice they resemble fixed-interest contracts, which is contrary to the characteristics of service-based contracts (Rusydiana, 2020).

One of the leading indicators of Sharia compliance is the avoidance of transactions involving usury. In conventional fintech, interest rates are the main instrument for generating profits. Conversely, in Sharia fintech, profits must be obtained through mechanisms such as buying and selling, profit sharing, or fees for services. If a

Sharia fintech platform sets fixed earnings without considering the realities of the business, it may involve hidden usury. (Antonio, 2018).

In addition to usury, gharar is a crucial issue in Sharia fintech innovation. Gharar can arise from ambiguity in contract terms, transaction objects, risks, and dispute-resolution mechanisms. The fast-paced nature of digital transactions often prevents users from carefully reading the terms of the agreement, thereby undermining the principle of clarity (al-wudhuh) in muamalah. (Zuhaily, 2011)

The element of maysir also warrants analysis within the context of sharia-compliant fintech products, particularly in speculation-based digital investment services. If an investment is not based on rational business analysis but rather on extreme speculation about fluctuations in value, it can be categorized as maysir, which is prohibited under sharia. The principle of prudence is a key pillar in maintaining Sharia compliance in this sector. (Huda & Nasution, 2019).

From the perspective of maqashid syariah, sharia fintech innovation must be oriented towards the protection of property (hifz al-mal) and the welfare of the people. Sharia fintech should serve as an instrument of financial inclusion, helping small communities gain equitable access to financing. If fintech innovation instead leads to debt traps and economic injustice, then it contradicts the main objectives of sharia. (Al-Syatibi, 2014).

Sharia compliance in fintech is also related to consumer protection. The principles of transparency, honesty, and fairness must underpin the provision of information to users. Users have the right to clearly understand the agreements used, profit schemes, risks of loss, and the parties' rights and obligations. A lack of transparency in information constitutes a violation of the principle of antaradhin minkum (Zulham, 2016).

The role of the Sharia Supervisory Board (DPS) is very strategic in ensuring that fintech product innovations remain within the Sharia corridor. The DPS has the authority to conduct ex ante and ex post supervision of products launched by Sharia fintech providers. However, in practice, the effectiveness of the DPS is often constrained by limited resources and the complexity of the underlying technology (Sutedi, 2019).

In addition to the DPS, the Financial Services Authority (OJK) also plays a vital role in ensuring sharia compliance. Through the regulatory sandbox mechanism, the OJK tests the feasibility of fintech products before granting full operational licenses. In the context of Sharia fintech, the sandbox not only tests the system's security but also the compliance of products with Sharia principles. (Arifin, 2020).

However, there is a tendency for sharia compliance testing to continue to emphasize the formal aspects of fatwas rather than the substance of transactions. As long as a product has received a recommendation from the DSN-MUI, it is considered sharia-compliant, even though, in practice, it may still cause injustice to users. This condition shows a gap between formal compliance and substantive compliance.

In financing practices, one serious issue is the application of late fees (ta'zir) in sharia fintech. Although fines can be imposed as a disciplinary measure, the funds should not be used as profit for the organizer; they must be channeled to social activities. If fines become a source of profit, this may constitute usury (DSN-MUI, 2018).

Sharia compliance is also tested through data management and user privacy mechanisms. From a Sharia economic law perspective, user data is a form of right that must be protected. Misuse of data for commercial purposes without user consent is contrary to the principles of justice and trust in Islam. (Rahardjo, 2019).

Artificial intelligence-based innovations in Sharia fintech also raise new issues in Sharia compliance. Automatic decision-making by algorithmic systems has the potential to eliminate deliberation and human moral judgment. This requires the development of a technology-based sharia oversight concept (sharia tech governance) to ensure that sharia values remain internalized in the system. (Arner dkk., 2017).

In the context of national law, strengthening sharia compliance still requires more solid integration between state regulations and DSN-MUI fatwas. So far, DSN-MUI fatwas have been recognized as authoritative references, but not all of them carry the same binding force as legislation. This has implications for the weakness of sanctions against substantive violations of Sharia compliance. (Antonio, 2018).

In addition, the low level of Islamic financial literacy among the public weakens social control over fintech's compliance with Islamic principles. Many users prioritize ease of access and speed of service, without considering Islamic considerations. This condition opens up space for practices that deviate from Islamic principles. (OJK, 2021).

From the business perspective, market competition often pushes fintech operators to compromise on Sharia principles. In pursuit of profits and market share, many platforms adopt conventional schemes and then formally "sharia-ize" them. This phenomenon shows that the main challenge of Sharia compliance lies not only in regulation but also in business ethics. (Ascarya, 2018).

Thus, the analysis of Sharia compliance in Sharia fintech product innovation indicates that the challenges are multidimensional, encompassing contracts, technology systems, consumer protection, supervision, and the integration of national law with Sharia law. Sharia compliance cannot be measured solely by the existence of fatwas and OJK licenses; it must be

continuously tested through actual transaction practices.

Therefore, it is necessary to strengthen technology-based monitoring systems, enhance DPS's digital competence, and harmonize regulations among OJK, BI, and DSN-MUI. Substantive strengthening of sharia compliance is essential to ensuring that sharia fintech is not only legally valid but also truly reflects the values of justice, benefit, and blessing within the digital economic system.

CONCLUSION

Based on the study results, it can be concluded that sharia compliance in sharia fintech product innovation in Indonesia has not been fully optimized, despite the normative legal basis provided by OJK regulations, Bank Indonesia regulations, and DSN-MUI fatwas. The main challenges to sharia compliance lie in the implementation of contracts, the potential for hidden usury, unclear transaction information (gharar), and the application of late fees that risk deviating from sharia principles. In addition, the complexity of digital technology, limited substantive supervision, and low levels of sharia financial literacy among the public also weaken the effectiveness of sharia compliance in the practice of sharia fintech. This study makes a conceptual contribution by reinforcing the understanding that sharia compliance is not only formal and administrative in nature but must also be realized ethically and substantively in accordance with the principles of maqashid sharia.

The key recommendation is to strengthen Sharia fintech regulations that are more specific, adaptive, and responsive to developments in digital technology, particularly in contract standards, technology-based supervision mechanisms, and Sharia consumer protection. The Financial Services Authority, Bank Indonesia, and DSN-MUI need to improve coordination to ensure harmony between regulations and fatwas, thereby eliminating any gap between formal and substantive compliance. In addition, enhancing

the Sharia Supervisory Board's competence in information technology and strengthening the community's Sharia financial literacy are strategic steps to ensure that Sharia fintech in Indonesia can develop sustainably and fairly, in accordance with the values of Sharia economic law.

REFERENCE

- Al-Syatibi, A. I. (2014). *Al-Muwafaqat fi Ushul al-Syari'ah*. Dar Al-Kutub Al-Ilmiyah.
- Antonio, M. S. (2018). *Bank Syariah: Dari Teori ke Praktik*. Gema Insani.
- Arner, D. W., Barberis, J., & Buckley, R. P. (2017). FinTech and regtech in a nutshell, and the future in a sandbox. *Columbia Journal of Transnational Law*, 57(2), 371–413.
- Ascarya. (2018). *Akad dan Produk Bank Syariah*. Rajawali Pers.
- Dewan Syariah Nasional Majelis Ulama Indonesia. (2018). *Himpunan Fatwa DSN-MUI Tentang Keuangan Syariah*.
- Dewi, S. (2017). Tantangan hukum dalam inovasi fintech syariah: Kasus peer-to-peer lending. *Universitas Padjadjaran*.
- Fauzi, A. (2019). Analisis yuridis sosial ekonomi inovasi fintech syariah di Indonesia. *Universitas Airlangga*.
- Fauzi, A., & Santoso, B. (2018). Analisis yuridis produk peer-to-peer lending syariah di Indonesia. *Jurnal Hukum Ekonomi Syariah*, 3(1), 25–40.
- Fitriani. (2021). Evaluasi yuridis fatwa DSN-MUI dalam inovasi fintech syariah. *Jurnal Syariah dan Hukum*, 9(2), 201–220.
- Hartono, R. (2016). Risiko yuridis kepatuhan syariah dalam fintech syariah Indonesia. *Jurnal Risiko dan Asuransi*, 4(1), 33–49.
- Huda, N., & Nasution, M. E. (2019). *Investasi pada Pasar Modal Syariah*. Kencana Prenadamedia Group.

- Iqbal, M. (2020). Evaluasi hukum digital wallet syariah. *Jurnal Asy-Syirkah*, 5(2), 141–160.
- Iqbal, M. (2021). Dampak hukum pada masyarakat marginal dalam fintech syariah. 66–82.
- Isnaini, I., & Sugara, B. (2024). The Significance and Application of Maqashid Sharia in Contemporary Economic Practices: A Qualitative Analysis. *Saqifah: Jurnal Hukum Ekonomi Syariah*, 9(1), 64–71. <https://doi.org/10.15548/sqf.v9i1.439>
- Karim, A. A. (2016). *Bank Islam: Analisis Fiqih dan Keuangan*. Rajawali Pers.
- Kartika, N. (2018). Dampak yuridis kepatuhan syariah pada inklusi keuangan fintech. *Jurnal Pembangunan Ekonomi*, 6(2), 145–160.
- Nurhaliza, S. (2021). Inovasi fintech syariah: Kajian yuridis atas akad wakalah. 87–98.
- Nurul, L. (2019). Analisis yuridis POJK No. 13/POJK.02/2018 dalam fintech syariah. *Jurnal Ekonomi Syariah*, 6(1), 61–78.
- Nurul, L. (2020). Perbandingan fintech syariah Indonesia dan Uni Emirat Arab. *Jurnal Hukum Komparatif*, 8(2), 133–152.
- Otoritas Jasa Keuangan. (2016). Peraturan OJK Nomor 77/POJK.01/2016 tentang Layanan Pinjam Meminjam Uang Berbasis Teknologi Informasi.
- Otoritas Jasa Keuangan. (2018). Peraturan OJK Nomor 13/POJK.02/2018 tentang Inovasi Keuangan Digital.
- Rahman, A. (2017). Studi kasus yuridis fintech syariah di Jakarta. *Jurnal Kasus Hukum*, 2(1), 14–30.
- Rahman, A. (2021). Sharia compliance dalam praktik financial technology syariah di Indonesia. *Jurnal Hukum Ekonomi Syariah*, 4(2), 145–162.
- Rahman, A. (2022). Analisis yuridis blockchain dalam fintech syariah Indonesia. *Jurnal Teknologi dan Hukum*, 7(1), 44–60.
- Rusydiana, A. S. (2020). Fintech Syariah: Teori dan Implementasi di Indonesia. *Journal of Islamic Economics and Finance Studies*, 1(2), 45–60.
- Santoso, B. (2022). Risiko hukum internasional dalam fintech syariah Indonesia. *Jurnal Hukum Internasional*, 14(1), 77–96.
- Sari, M. (2020). Ketidaksesuaian syariah dalam inovasi fintech: Studi yuridis. 95–110.
- Sari, R. (2019). Kepatuhan syariah dalam inovasi crowdfunding syariah. Universitas Indonesia.
- Sartika, D. (2017). Regulasi yuridis fintech syariah di Indonesia: Tantangan dan solusi. *Jurnal Hukum Bisnis*, 12(2), 155–172.
- Setiawan, A. (2019). Analisis yuridis cybercrime dalam fintech syariah. *Jurnal Keamanan Siber*, 5(1), 55–72.
- Sutedi, A. (2019). *Perbankan Syariah: Tinjauan Yuridis*. Sinar Grafika.
- Sutrisno, B. (2018). Kebijakan hukum terhadap inovasi fintech syariah pasca UU No. 21 Tahun 2011. Universitas Gadjah Mada.
- Undang-Undang Republik Indonesia Nomor 21 Tahun 2008 tentang Perbankan Syariah (2008).
- Zuhaily, W. (2011). *Al-Fiqh Al-Islami wa Adillatuhu*. Dar Al-Fikr.