

The Danger of Ribā in The Perspective of Thematic Interpretation Qur'ān: An Analysis of Online Lending in Indonesia

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ABSTRACT

This study explores the dangers of riba in the perspective of thematic Quranic interpretation (tafsir maudhu'i), especially in the context of online loans in Indonesia. The research employs a qualitative literature-based method, analyzing hadiths and Qur'anic verses on ribā alongside data from contemporary Islamic economic literature. The results of the study indicate that ribā has destructive impacts such as damaging honor, plunging into poverty, bringing famine, and inviting punishment to a region. In the contemporary financial system, ribā is often found in conventional banking, interest-bearing credit, and online lending platforms that use an interest system and late fines. The widespread use of online lending services (pinjol) in Indonesia has caused significant economic and social problems. Weak regulations mean that many illegal lending platforms continue to operate and are difficult to eradicate, leaving consumers without adequate protection. One serious impact of this phenomenon is the misuse of personal data, where borrower information is often used for intimidation and pressure in the collection process. In addition, high default rates are a major problem, triggered by suffocating interest rates, unreasonable late fees, and low financial literacy. The consequences of online lending not only impact the economic aspects of individuals but also cause severe psychological distress, even in some cases leading to extreme actions such as suicide. As a solution, the study recommends the development of a syarī'ah-based financial system, public education about the dangers of ribā, and collaboration between the government and financial institutions to create fair economic policies that are in accordance with Islamic law.

Keywords: Ribā, Hadith, Al-Qur'ān, Thematic Tafsīr, Islamic Economics, Online Lending

INTRODUCTION

Islam as a *syumūl* (comprehensive and all-encompassing) religion, regulates every aspect of human conduct, including economic activity. Within its economic framework, Muslims are instructed to avoid *mu'āmalāt bāṭilah* invalid transactions prohibited by the *sharī'ah*, foremost among them being *ribā* (Syauqi Dhaif, 2004). In its technical application, *ribā* refers to an increment over the principal amount stipulated in a financial transaction, claimed by the creditor from the debtor within a predetermined period (Arzam Arzam, 2022).

From a *fiqh* perspective, *ribā* is defined as any additional charge (*'iwaḍ*) imposed on a loan whether for consumptive or productive purposes over a specified deferment (Harun, 2015). Broadly, *ribā* may thus be understood as the taking of surplus often in the form of interest within sales or lending arrangements without a permissible equivalent in return.

When someone wants to understand the Al-Qur'ān, interpretation of its verses is required. However, a mufassir should not interpret the verses of the Al-Qur'ān based on personal will alone. The interpretation must be supported by strong dalīl Al-Qur'ān and valid scientific foundations. In the Al-Qur'ān, it has been explained that ribā is one of the seven major sins along with other sins such as syirk, sorcery, murder, eating the property of orphans, fleeing during war, and accusing women of adultery who maintain their honor (Nuruddin Mahmudi, 2021). The prohibition of ribā from Allah SWT is listed in the Al-Qur'ān surah Al-Baqarah verse 275. Another discussion of the prohibition of ribā is in the Al-Qur'ān Surah Āl-'Imrān verse 130:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُّضَاعَفَةً وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

The word adh'āf is the plural of dha'if which means “something together with something else that is the same (double)”, so adh'āfan mudhā'afah means multiple multiplication. The prohibition of riba was revealed by Allah SWT first, before Al-Baqarah verses 275, 276, and 278.

Until now, the progress of human civilization to the modern practice of financial exchange is still also prone to be between the abyss of ribā. The Al-Qur'ān has forbidden ribā absolutely, the prohibition described in His verses by Allah SWT is revealed in stages, starting from the command to avoid to forbid. In addition to the Al-Qur'ān, many hadiths explain the dangers of ribā behavior and the Prophet Muhammad SAW cursed those who run ribā. Strengthening faith and piety, which is the main foundation in the Al-Qur'ān, aims to prevent reprehensible behavior by building character and spiritual resilience in individuals (Dahlia Yeti, 2021). Therefore, understanding and being careful is the path that needs to be taken by everyone who deals with financial exchanges and even in the financial system.

Based on this explanation, this study examines the traditions about ribā and its dangers with the aim of studying the dangers of the traditions about ribā can be implemented in the economic practices of the community and its implications can be applied in the contemporary financial system. The difference is that in the study of hadith in this study the contextualization emphasizes more on the dangers that will arise if ribā is still practiced. In addition, this study offers more general implementation and implications for the contemporary financial system.

In an effort to parse and describe the study to answer the main problem, researchers use a literature study approach or literature study. Literature study is a research technique by collecting and discussing by reviewing books, literature, reports, and notes related to the problem to be solved. The primary data in this study are the hadiths about ribā, and the secondary data are books, articles, and research results about ribā and its relationship with the contemporary financial system.

RESEARCH METHOD

This study employs a qualitative research design with a thematic interpretation (tafsīr maudhū'ī) approach. The primary data sources are verses of the Qur'an concerning ribā and relevant hadiths from the Prophet Muhammad

(peace be upon him). Secondary data include classical and contemporary exegetical works (tafsīr), Islamic economics literature, academic journals, and regulatory reports on online lending in Indonesia.

The analysis is conducted in three stages:

1. Textual Compilation: Collecting and identifying all Qur'anic verses and hadiths related to ribā, focusing on those describing its nature, dangers, and consequences.
2. Thematic Analysis: Systematically categorizing the textual evidence into thematic clusters (e.g., spiritual, social, and economic dangers) using the tafsīr maudhūī framework to derive a comprehensive understanding.
3. Contextual Application: Applying the derived themes to analyze the contemporary phenomenon of online lending in Indonesia, examining how modern practices align with or deviate from Islamic principles.

This method allows for a deep, integrative understanding of divine injunctions and their relevance to current financial challenges.

RESULT AND DISCUSSION

HADITH STUDY ON THE DANGERS OF RIBA

Hadith is the prime source in Islam after the Al-Qur'ān (Muhammd Sabir,2010). Hadith is often equated with sunnah, some scholars state that the two are synonymous, some state that they are different. Basically both are have similarities, namely everything that is attributed to the Prophet Muhammad SAW in the form of actions, decrees, and words (Shofil Fikri et al,2024). Hadiths with the Al-Qur'ān have in common that both are Qaṭ'ī al-Dalālah and some are Ḍannī al-Dalālah. However, the Al-Qur'ān is more global, while the hadith is detailed, one of whose functions is bayān al-Tafsīr or bayān al-Tafsīl. The Al-Qur'ān has no problems in its narration because in the history of its codification all verses collected in the Mushaf have never undergone the slightest shift or change. What is conveyed by the Al-Qur'ān is not necessarily interpreted in a textual way. Whereas the hadith needs to be studied and scrutinized not only its content and application but also its narration.

Based on the above explanation, the researcher carefully and in detail describes the text and *takhrij* of the hadith about ribā. The researcher searched for the text and takhrij using the Hadith Tadzkiah application (<https://hadits.tazkia.ac.id>) with the keyword آية الربا and found five traditions as follows:

Sunan Ad-Dārimī 129



“... verily the last to be revealed from the Al-Qur'ān was the verse (about) riba. And the Messenger of Allah (peace and blessings of Allaah be upon him) did not explain it to us until after his death, so leave whatever you are in doubt about and hold on to that in which you have no doubt.”

Musnad Ahmad 238



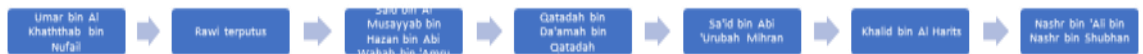
“Verily, the last verse of the Al-Qur’ān that was revealed was the verse on riba, and the Messenger of Allah (blessings and peace of Allah be upon him) died and he did not interpret it, so you should give up riba.”

Musnad Ahmad 331



“Verily, one of the last verses revealed was about riba, and the Messenger of Allah passed away but he did not interpret this verse, so leave ribā and doubt.”

Sunan Ibnu Mājah 2267



“Indeed, the last verse to be revealed was the verse on riba, and when the Messenger of Allah (blessings and peace of Allah be upon him) died he had not yet explained it to us. So give up riba and doubt.”

Shahīh Al-Bukhārī 4180



“The last verse that was revealed to the Prophet (blessings and peace of Allah be upon him) was the verse about riba.”

Then the search was conducted with another keyword **كُلُّ الرِّبَا** and the following six traditions were found:

Shahīh Muslim 129



“What are the seven sins, O Messenger of Allah?” He replied: “Ascribing partners to Allah, sorcery, killing a soul that Allah has forbidden except with justice, eating the property of orphans, riba, running away from the battlefield, and accusing a good believing woman of adultery.”

Al-Mustadrak 197

Sanad : Not detected

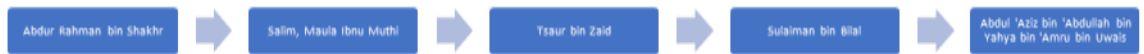
“A man then asked him, “O Messenger of Allah, what are the major sins?” He replied: “There are nine major sins: associating partners with Allah, killing a believer without just cause, fleeing from the battlefield, consuming the property of orphans, consuming riba, accusing a good woman of adultery, disobeying your Muslim parents, and making Al Bait Al Haram, which is your Qibla, legal for the living and the dead.

Sunan Abu Dawud 2490



“Avoid the seven things that destroy!” He was asked: “O Messenger of Allah, what are these things?” He said: “Associating partners with Allah, sorcery, killing a soul that Allah has forbidden except with right, consuming riba, consuming the property of orphans, fleeing from war, accusing a pure and good believing woman of adultery.”

Shahīh Al-Bukhārī 2560



The Prophet Muhammad (peace and blessings of Allah be upon him) said: “Avoid the seven things that destroy!” The companions asked: “O Messenger of Allah, what are they?” He said: “Syirk in Allah, sorcery, killing a soul that Allah has forbidden except with right, consuming riba, eating the wealth of orphans, fleeing from the battlefield and accusing a chaste mu'min woman of adultery.”

Sunan Nasa'i 3611



The Messenger of Allah (blessings and peace of Allah be upon him) said: “Avoid the seven things that destroy.” It was said, “O Messenger of Allah, what are these things that destroy?” He replied: “Committing polytheism against Allah, miserliness, killing a soul that Allah has forbidden except with right, eating riba, eating the property of orphans, fleeing from war and accusing a chaste and good believing woman of adultery.”

Shahīh Bukhārī 6351



“The Prophet (peace and blessings of Allah be upon him) said: “Avoid the seven major sins that destroy.” The Companions asked: 'O Messenger of Allah, what are the seven deadly sins? ' The Prophet replied: “associating partners with Allah, sorcery, killing a soul that Allah has forbidden without a just cause, eating riba, eating the wealth of orphans, fleeing from the battlefield, and accusing a good believing woman of adultery.”

According to Adly and Firmansyah (2020), there are five important traditions about riba from their search. The traditions are as follows:

Shahīh Muslim 2995



“The Messenger of Allah (SAW) cursed the usurer, the one who feeds riba, the scribe and the two witnesses.” And he said: “They are all the same.”

Sunan At-Tirmidhī 1127



“The Messenger of Allah (blessings and peace of Allah be upon him) cursed the usurer, the one who gives riba, the two witnesses and the writer. He said: There are similar hadiths from ‘Umar, ‘Alī, Jābir, wa Abū Juḥayfah. Abū Isa said: ‘Abdullāh’s hadith Hasan ṣaḥīḥ.”

Sunan Abi Daud 2895



“The Messenger of Allah (blessings and peace of Allah be upon him) cursed the one who takes riba, the one who gives riba, the witnesses and the scribe.”

Musnad Ahmad 13744



“Narrated to us [Ḥusaym] from [Abī az-Zubayr] from [Jābir]: The Messenger of Allah (blessings and peace of Allah be upon him) cursed the one who takes riba, the one who feeds on riba, the two witnesses and the writer.”

Sunan Ad-Dārimī 2423



“Abu Nu'aim reported to us from Sufyan reported from Abū Qais reported from Huzayl reported from Abdullah reported that the Messenger of Allah (blessings and peace of Allah be upon him) cursed the usurer and the one who feeds on riba.”

There are hadits found on the dangers of riba are as follows:

Musnad Ahmad 17155

Sanad: Not detected

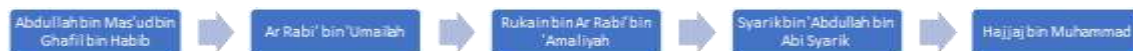
“Riba is not rampant among a people except that famine will befall them. And the culture of bribery is not prevalent among a people except that fear will fall upon them.”

Sunan Abū Sawud 4233



“Verily, the worst kind of riba is corrupting the honor of others in an unjustified way.”

Musnad Ahmad 3567



“Riba wealth, even if it is much, will eventually become little.”

Musnad Ahmad 3618



“There does not appear in a people riba and adultery but they have made it lawful for them to receive the punishment of Allah, the Exalted.”

HADITH MATAN REVIEW (THE DANGER OF RIBA)

The matan analysis of the hadith about riba that appears with the keyword آية الرِّبَا is to explain the verse about riba being the last verse revealed. In addition, the Prophet Muhammad SAW ordered to leave doubts. Something that is doubtful that indicates riba should be abandoned as a form of prudence. The Hadiths also explain that the Prophet has not explained the verse on riba. The command to avoid even the slightest indication of riba indicates how bad riba behavior is.

Then, the textual analysis of the six traditions encountered with the keyword مَلِ الرِّبَا is that riba is one of the seven major sins that Allah describes in the Al-Qur'ān. One hadith has a different wording from the other five, namely from Al-Mustadrak 197, classifying riba as one of the nine (9) major sins. In the Al-Qur'ān Surah Al-Baqarah verse 275 reads “Those who eat riba (on the Day of Resurrection) will not be able to stand up, except for staggering like a man possessed by a demon”. This description indicates the condition of the riba perpetrators on the Day of Judgment (when they are resurrected before the court of Allah) cannot stand balanced because they are overwhelmed by feelings of fear and anxiety because of the great sin (riba) that was previously committed. In addition, the word in the hadith states that riba is destructive. This indicates that the usurer can be destroyed in the world. According to al-Muhallab the word destroys shows the viciousness of riba behavior that can cause destruction. Destruction in the world can be in the form of not running a business until it goes bankrupt and his soul is not calm. While in the afterlife, it is awaited with such severe punishment.

IMPLICATIONS OF THE DANGERS OF RIBA ON CONTEMPORARY FINANCIAL SYSTEM

Along with technological developments, the contemporary financial system is also significantly transformed (Wiwin Fauziyah, 2024). The financial system is the economic order in a country, serving as the course of economic activity organized by financial institutions (Enceng Iip Syaripudin, 2020). The financial system itself includes markets, institutions, and various rules covering trade papers, the determination of interest rates, and what services are offered. The development of the contemporary financial system requires adaptation and innovation in its application. This adaptation and innovation is necessary because of the weaknesses of the contemporary financial system such as the unequal distribution of wealth and

opportunities in the economy which makes social injustice and the economy unstable. In addition, there are some contexts in the contemporary financial system that are not in line with the moral ethical principles upheld by various religions including Islam.

Countries like Indonesia, are increasingly looking to Islamic economic principles to address issues within the modern financial system. As Islam evolves, it significantly enriches economic thought. The contemporary financial system comprises two main components: financial institutions such as banks, non-bank institutions, insurance companies, and pension funds and capital markets, where financial instruments like stocks and bonds are traded by investors. The approach taken by Islamic economic principles in overcoming the problem of the contemporary financial system is to manage an economy that emphasizes the value of justice and prohibits *riba* because of its dangers.

In economic activities *riba* can occur in buying and selling and debt and credit. *Riba* in buying and selling is called *buyu'* *riba*, which is *riba* that occurs due to the exchange of similar goods but different quality, quantity, or delivery time is not cash. The rules of *riba buyu'* practice are three, namely:

1. If the sale is of the same type of goods (for example, rupiah for rupiah), then the conditions must be the same quality and quantity, and it must be done in cash.
2. If it is a sale of two different types of goods (for example, gold and silver), then the terms must be in cash and it is permissible to set a margin.
3. If money is traded for goods/commodities, it does not have to be in cash and it does not have to be of the same value. However, there must be agreement from both parties.

Here are some everyday examples of *buyu'* *riba* practices in the modern financial system:

1. Exchanging rupiah for rupiah with differing quantities and qualities, like trading 100,000 rupiahs for 95,000 and 75,000 due to special editions on e-commerce sites such as Facebook or Tokopedia. This falls under *ribā buyu' fadhli*, *yad*, and *nasī'ah* due to the imbalances in quality and quantity.
2. Engaging in foreign exchange transactions such as forwards, swaps, and options. These involve time-dependent price changes and include elements of *maisir* (speculation).

Additionally, *ribā qardh* refers to any extra amount, agreed upon, that must be returned with a loan at the specified time. *Ribā qardh* occurs in transactions of debts and receivables that do not meet the criteria for profit and arise with risk (*al ghuṣṣa bil ghurmi*) and business results appear with costs (*al kharāj bi dhamān*). *Ribā qardh* often occurs in the system of credit-based loan transactions that occur between individuals or in financial institutions with names and products. The examples of *qardh riba* practices in the contemporary financial system are as follows:

1. Payment of loan interest and deposit interest in conventional banking.
2. Vehicle financing loans in conventional finance institutions.

3. Interest penalties on credit cards that are not paid in full when the bill is due, such as on loan sharks.
4. Conventional insurance, funds are managed by conventional financial institutions with interest-bearing loan facilities

The previous discussion on ribā traditions has explained that ribā is a behavior that is absolutely forbidden. Ribā becomes an unfair money practice because the profit is obtained without any involvement of productive economic activities. The real impacts of the dangers of ribā that have been explained in the hadith are as follows:

1. Damaging the honor of others
2. Leads to poverty
3. Bringing about famine, which is a condition of shortage in the form of drought, food shortages, and severe economic conditions in an area
4. Bringing doom to a region or country

The negative impact of ribā should be the basis that the development of contemporary financial systems needs to be careful and look for alternatives to ribā practices that have occurred before. This needs to be internalized so that it has implications for economic practices that run well, so that the economic welfare of the community can be achieved.

The alternatives that can be done are as follows:

Sale and purchase of currencies can still be done with the provisions (MUI fatwa No. 28/DSN-MUI/III/2002):

1. Not for profit or speculative purposes
2. For precaution or saving
3. Transactions in similar currencies must be equal in value and cash
4. If the type of currency is different, the exchange rate that applies when the transaction is carried out can be made
5. Sale and purchase in the form of forward agreements can be done for unavoidable needs.

The fatwa is based on the hadith narrated by al-Baihaqi and Ibn Majah, that buying and selling can be done on the basis of willingness between the two parties. In addition, there are also other traditions contained in the Fatwa of the National Syari'ah Council on the Sale and Purchase of Currencies (Al-Sharf).

The sale and purchase of gold without cash according to DSN fatwa No. 77/DSN-MUI/v/2010 may be carried out with the following provisions

1. The selling price does not increase within the term of the agreement even though there is an extension of time
2. Gold can be used as collateral even though it is not purchased with cash payment
3. Gold that is used as collateral as in point 2 above, may not be traded or entered into another contract that causes a transfer of ownership.

The basis of this fatwa is the Word of Allah SWT in Surah Al-Baqarah verse 2, traditions (one of which was narrated by Ibn Majah and Al-Baihaqi), fiqh rules, and the opinions of scholars (one of them is Shaykh 'Alī Jum'ah, Muftī al-Diyār al-Miṣriyah, al-Kalīm al-Ṭayyib Fatāwā 'Ashriyah, al-Qāhirah: Dār al-Salām, 2006, p. 136).

To address the dangers of ribā effectively, it's essential to raise public awareness about healthy economic practices. We can implement hadith studies on ribā through education and social campaigns, targeting both the community and the collaboration of government with financial institutions. Together, we can foster a healthier and more prosperous economic policy.

DALIL AL-QUR'ĀN AND THEMATIC TAFSĪR ON THE DANGERS OF RIBA

There are six verses in the Al-Qur'ān that explain about ribā (Alfian Dani,2022). The evidence on ribā consists of three verses in Surah Al-Baqarah, namely verses 275, 276, and 278, then in Surah Al-'Imrān verse 130, An-Nisā verse 160, and Ar-Rūm verse 39. Apart from verse 39 in Surah Ar-Rūm, the verses that explain ribā are included in the group of Makkiyah letters. The results of the interpretations of other mufassirs, then found several points of view that vary from one another (Mashfiyyah.,2023). According to the mufassirs, Surah Ar-Rūm verse 39 marks the first phase of the explanation of the elements of ribā.

The majority of mufassirs such as Ibn Jubayr, Thāwūs, Ikrimah, Ibn 'Abbās, and Mujahid argue that Surah Ar-Rūm verse 39 explains about riba that is still allowed. However, there are other opinions stating that ribā in the verse is forbidden ribā which is well known in the term syar', required by Al-Ḥasan al-Baṣrī and As-Suddī then selected and sharpened mufassir such as Al-Alūsī, Ibn 'Āshūr, and Ath-Thantawī. This verse does not clearly explain that ribā behavior is absolutely forbidden. The behavior described about ribā is that Allah dislikes. According to some mufassirs this is a subtle warning that ribā behavior is avoided.

The second phase is about the sign of its prohibition in Surah An-Nisā verse 160. This verse is the initial period of the revelation of the verse of ribā in Medina. An-Nisā verse 160 explains the prohibition of ribā for the yahudis. The ribā behavior is included in the great sinful behavior. Those who commit these sins including riba will be given a painful punishment. The interpretation of the verse explains that it has been hinted that ribā is included in the forbidden act. However, it is not yet implicitly the prohibition of ribā for Muslims, but is still hinted at in the Yahudis. The descent of the verse about ribā with different explanations is a sign that the verse about the prohibition of ribā descends gradually.

As for the third phase of the revelation of Surah Al-'Imrān verse 130, it has been explained that riba is forbidden, but in one of its forms only. It is explained by the mufassir al-Marāghī that the verse explains the strict prohibition on the practice of ribā. Some argue about this verse that ribā is forbidden only on the multiplied. That is, if it is not doubled or a little then it is allowed. This opinion contradicts the ijma' of ulama who state that ribā, whether little or much, is still forbidden. The

verse gives the view that Allah condemned the practice of ribā that multiplied in the environment at that time. It does not mean that only ribā that is multiplied is prohibited.

The Ijma' of ulama is based on the revelation of verses about ribā afterwards, namely surah Al-Baqarah verses 275-279, which marks the fourth phase. These verses contain the absolute prohibition of riba regardless of its form. Allah confirms in the verse the prohibition of ribā accompanied by threats for the perpetrators. The threat to the perpetrators of ribā is explained to be wretched and will not be lucky in this world or in the hereafter (Muhammad Sayyid Thanthawi, 1998). The interpretation of the threat shows that ribā behavior is a severe evil even for the perpetrator while still in the world until the hereafter.

ANALYSIS OF ONLINE LENDING IN INDONESIA

The emergence of online loans or fintech lending has made it easier for people to access funds without the need to face complicated bureaucratic procedures. Online lending platforms offer convenience that tantalizes the public such as fast disbursement, light requirements, flexible tenors, loan limits that are quite large. This convenience encourages people to rely on online loans when they are in a financial emergency. However, this also increases the risk of involvement in the ribā system, which is prohibited in Islam.

The increasing use of online lending services in Indonesia has led to various problems, mainly due to weak regulations that allow many illegal platforms to operate without adequate supervision. Studies show that until 2016, there was no specific regulation governing online lending in a comprehensive manner, resulting in limited legal protection for users. Financial exploitation by illegal online lenders is a serious issue. They impose exorbitant interest rates and hidden fees that ensnare borrowers in a vicious cycle of debt. Many start with small loans, only to find themselves unable to escape rising financial burdens.

This cycle results in high default rates, reduced purchasing power, and greater dependency on loans, risking long-term economic instability as more people face bankruptcy. A lack of financial literacy exacerbates this issue, leaving many unaware of the risks of high-interest loans. Additionally, the misuse of personal data by lenders is concerning, as they often pressure borrowers and use unethical tactics to obtain sensitive information like contacts and location. This not only leads to intimidation but also heightens the risk of data theft and digital fraud. In some cases, personal data is even traded to third parties for commercial purposes or other fraudulent activities (Dwi Sartika, K., & Larasati, D. 2023).

Another study revealed that many borrowers experience psychological distress due to unethical collection methods, including threats and harassment (Santi, M. (2019). The psychological toll of illegal online loans is significant. Many borrowers face immense stress, anxiety, and depression due to relentless debt collection efforts. Tragically, some individuals have taken their own lives, unable to handle the financial strain. Moreover, these loans create economic instability within

households. Particularly among low-income individuals, the cycle of borrowing from multiple *pinjol* apps to settle previous debts exacerbates their financial hardships. Economic pressure due to debt bondage often triggers conflict in the family, and in some cases, even ends in divorce (Arvante, J. Z. Y. (2022))

Many borrowers suffer stress from illegal online loans, greatly impacting their work due to constant debt collector threats. This pressure can cause concentration issues and absenteeism, leading to job losses when debt details are shared with coworkers. High default rates from excessive interest and late fees, combined with low financial literacy, trap individuals in a cycle of debt with serious social and economic repercussions. There is an urgent need for better regulations, enhanced financial literacy, and safer lending options. Additionally, many online lending platforms (*pinjol*) utilize interest systems that incorporate elements of *riba*, like *qardh riba*, which adds extra charges to the principal loan.

For example, in the *Adapundi* application, borrowers are charged daily interest of 0.03% to 0.3% of the loan principal. This contradicts Islamic principles that prohibit any additions in debt transactions. Meanwhile, *riba jahiliyah* occurs when the borrower is unable to repay the loan at the specified time, so a late fee is charged. In the case of *Shopee paylater*, this fine can reach around 1-5% per-month of the loan principal. This practice further burdens the borrower and is considered a form of exploitation.

Alternatively, some *syār'iah*-based online lending platforms offer solutions that comply with Islamic principles. PT Ammana Fintech *Syār'iah*, for example, uses contracts such as *Murābahah* and *Muḍārabah* (Annisa Elvina et al., 2024). *Murābahah* is a sale and purchase transaction where the service provider buys the goods desired by the borrower and resells them with an agreed profit margin. Payments are made in stages without additional interest. Or *murābahah*, which is a type of buying and selling that is trustworthy in Islamic law, is the most dominant agreement scheme used in Islamic banking practices in Indonesia. However, in practice, *murābahah* has undergone many modifications compared to the basic concepts contained in classical *mu'amalat fiqh* (Iksan. (2022)). Whereas in the *muḍārabah* scheme, the capital provider (*shāhibul māl*) provides funds to the business manager (*mudhārib*). The profit from the business is shared according to the agreement, without any element of interest or *ribā*.

While offering a range of benefits, online loans also come with significant risks as daily interest and late fees can quickly escalate, burdening borrowers beyond their means. The ideal moral referred to by the *Al-Qur'ān* is more appropriate than specific legal provisions. Many online lending platforms can access borrowers' personal data, including contacts and important documents, which can potentially be misused in the event of late payments. Furthermore, debt collectors' collection methods often use intimidation, causing psychological and physical distress to borrowers.

The efforts that can be made to overcome the rise of online loans (*pinjol*) are:

1. The public needs to be educated about the risks and implications of online lending, as well as the importance of understanding Islamic financial principles.
2. Encouraging the development of syariah-based platforms with fair and riba-free schemes can be a good alternative.
3. The government and the Financial Services Authority (*OJK*) need to tighten supervision of online lending platforms to ensure transparency and protect consumers.

CONCLUSION

This research confirms that ribā is a practice that is absolutely prohibited in Islam based on the Al-Qur'ān and hadith. To avoid these negative impacts, concrete steps are needed such as the implementation of Islamic economic principles through the Islamic banking system and public education on the dangers of ribā. Online lending in Indonesia has had a huge impact, both economically and socially, mainly due to weak regulations that still struggle to control illegal platforms. One of the main problems is the misuse of personal data, where borrowers' information is often disseminated or used as an intimidation tool in the collection process. In addition, the high default rate shows that many people are trapped in a cycle of debt due to extremely high interest rates and non-transparent penalties, exacerbated by a lack of understanding about financial literacy. Therefore, more decisive steps are needed from the government in strengthening regulations, improving supervision of online lending services, and providing broader financial education so that people can be wiser in managing loans and avoiding adverse risks. In the context of online lending, the development of sharia-based platforms with contracts such as murābahah and muḍārabah can be a suitable alternative. This research also encourages the strengthening of government regulations and the supervision of the Financial Services Authority (*OJK*) to minimize ribā practices in the contemporary financial system.

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