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NAVIGATING FATWA-TO-REGULATION TRANSFORMATION IN ISLAMIC FINANCE: CHALLENGES AND INNOVATIONS POST-OMNIBUS LAW 2023

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Abstract

The transformation of fatwas into regulations in the financial sector has been widely studied, but there is a lack of analysis on the dynamics following the 2023 Omnibus Law, particularly regarding the implementation of DSN-MUI Fatwa No. 153/2022 on Early Settlement of Murabahah Debt. This study addresses this research gap by employing a normative legal approach, supplemented by empirical observations at two Islamic financing institutions. The findings reveal that, although the fatwa has been disseminated through three annual forums and incorporated into OJK (Financial Services Authority) guidelines, it has yet to attain legal finality as a binding regulation. The first institution continues to follow the earlier fatwa, citing insufficient legal certainty in the new regulation, and maintains a non-discounted early repayment model. In contrast, the second institution, which has long provided early settlement discounts, finds the OJK guideline's calculation formula commercially inequitable. As a result, they developed an alternative simulation model to remain Sharia-compliant while ensuring business competitiveness. The novelty of this research lies in its exploration of on-the-ground regulatory interactions and its proposal for a legal codification framework based on feedback from industry stakeholders. This study recommends a more flexible and adaptive model for the fatwa-to-regulation transformation, attuned to operational realities. A sustained tripartite dialogue between fatwa authorities, regulators, and industry players is crucial to navigating field complexities and ensuring that regulations uphold Sharia principles while fostering sustainable business practices.

Keywords: Fatwa Transformation; Sharia Finance; Regulatory Implementation; Omnibus Law 2023; Murabahah Financing.

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1. Introduction

Fatwa, as a type of Islamic legal product, interacts with state regulations,[1] which constitute a distinct category of legal products.[2] Thus, studying the transformation of fatwa into regulation is part of the broader framework of religion-state relations.[3] In Indonesia, this relationship is unique: both are distinguished but not separated. There is a differentiation between religion and state, yet

[1] Suaidi Suaidi et al., "Harmonisation Between DSN-MUI Fatwas and OJK Regulations: Towards an Innovative and Inclusive Sharia-Compliant Fintech Ecosystem in Indonesia," *Mazahib* 24, no. 1 (2025): 182–97, https://doi.org/10.21093/mj.v24i1.10032.
[2] Wael B Hallaq, "From Fatwās to Furū: Growth and Change in Islamic Substantive Law," *Islamic Law and Society* 1, no. 1 (1994): 29–65, https://doi.org/https://doi.org/10.2307/3399430.
[3] Omer Awass, *Fatwa: The Evolution of an Islamic Legal Practice and Its Influence on Muslim Society* (Temple University, 2014).

no strict separation.[4] Both religious legal authority and state legal authority coexist in Indonesia, enjoying legal recognition, mutual respect, and cooperation. This is characterized as a symbiotic relationship[5] model between religion and state, distinct from both theocratic-integralistic and secularistic approaches.

In the context of economic and financial policy, Indonesia adopts a dual economic system, where conventional and Islamic economies develop in parallel. Legally, the conventional economy primarily refers to state regulations, while the Islamic economy, in addition to state regulations, also adheres to Sharia principles, which are established through fatwa issued by "an institution authorized to issue fatwa in the Sharia field." [6] These fatwa are subsequently transformed into regulations to gain legal force and binding power.[7] This collaborative model between Sharia fatwa authorities and state regulators is central to Indonesia's Islamic economic legal system. The scheme of transforming fatwa into regulation serves as a key solution to address issues of fatwa's legality[8] and enforceability.[9]

Following the enactment of the 2023 Financial Sector Development and Strengthening Law (Law No. 4/2023), often referred to as the Financial Sector Omnibus Law,[10] two major institutional consolidations have occurred in the management of *sharia* financial governance. First, the consolidation of *fatwa*-issuing authorities;[11] second, the harmonization of *fatwa-to-regulation* transformation mechanisms across financial sectors.[12]

These developments mark significant progress in the architecture of *sharia* compliance governance. However, experience reveals that even when this transformation is executed through a well-coordinated collaboration between regulators and religious authorities, and even when the resulting regulatory guidance is technically detailed, such measures do not guarantee effective implementation. Complex realities at the operational level often pose challenges that require responsive feedback mechanisms from the financial industry.

This article examines such complexity by exploring the implementation of DSN-MUI Fatwa No. 153/2022 on the Early Settlement of Murabahah Financing Debt (*Pelunasan Utang Pembiayaan Murabahah Sebelum Jatuh Tempo* or PU-PMSJT).[13] Although this *fatwa* has been integrated into OJK (Financial Services Authority) guidelines with highly specific provisions, its application in the field remains problematic. Financial institutions continue to raise critical

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4 Yudi Latif, *Negara Paripurna: Historisitas, Rasionalitas, Dan Aktualitas Pancasila* (Gramedia Pustaka Utama, 2011).

5 M. Asrorun Ni'am Sholeh, "Menghidupkan Fatwa Dinamisasi Fatwa Untuk Kemaslahatan Bangsa," *Jakarta: Sekretariat Komisi Fatwa MUI, 2024*, n.d., https://fatwamui.com/storage/624/E-BOOK_MENGHIDUPKAN-FATWA-Dinamisasi-Fatwa-Untuk-Kemaslahatan-Bangsa.pdf.

6 Pemerintah Pusat, "Undang-Undang Nomor 4 Tahun 2023 Tentang Pengembangan Dan Penguatan Sektor Keuangan" (Indonesia, 2023).

7 Agus Fakhrina and Abdul Hamid, "Sacralizing the Market? The Role of DSN–MUI in the Legal-Economic Legitimacy of Islamic Banking in Indonesia," *AHKAM: Jurnal Ilmu Syariah* 25, no. 1 (2025): 125–42, https://doi.org/10.15408/ajis.v25i1.40879.

8 Ibn Qayyim Al-Jauziyyah, "Ath-Thuruq Al-Hukmiyyah Fi As-Siyasah Asy-Syar'iyyah (Beirut: Darul Jael, 1998), Diterjemahkan Oleh Muhammad Muchson Anasy," *Jakarta: Pustaka Al-Kautsar*, 2014.

9 Ja'far Baehaqi, "Paradoks Fatwa Dewan Syariah Majelis Ulama Indonesia Dalam Regulasi Hukum Perbankan Syariah," *Al-Ahkam*, 2017, 1–24, https://doi.org/https://doi.org/10.21580/ahkam.2017.27.1.1330.

10 Jimly Asshiddiqie, "Omnibus Law Dan Penerapannya Di Indonesia," *Jakarta: Konstitusi Press*, 2020, https://simpus.mkri.id/opac/detail-opac?id=10380.

11 Asrori S Karni, Ro'fah Setyowati, and Nabitatus Sa'adah, "Post-Omnibus Law Consolidation of Sharia Authority in Supporting Fatwa-Based Environmentally Friendly Finance," in *IOP Conference Series: Earth and Environmental Science*, vol. 1537 (IOP Publishing, 2025), 12033, https://doi.org/10.1088/1755-1315/1537/1/012033.

12 Sugeng Dwiono, A Kumedi Ja'far, and Slamet Haryadi, "An Analysis on the Omnibus Law and Its Challenges in Indonesia: The Perspectives of the Constitutional and the Islamic Law," *Samarah: Jurnal Hukum Keluarga Dan Hukum Islam* 8, no. 2 (2024): 706–25, https://doi.org/10.22373/sjhk.v8i2.22720.

13 Dewan Syariah Nasional (DSN) - MUI, "Fatwa DSN-MUI No. 153/2022 Tentang Pelunasan Utang Pembiayaan Murabahah Sebelum Jatuh Tempo (PU-PMSJT)," 2022, https://dsnmui.or.id/kategori/fatwa/.

questions, indicating gaps in practical clarity. Despite the *fatwa's* significance and its progressive character—intended to improve the credibility, competitiveness, and sustainability of *sharia* finance—its practical uptake remains limited.

From a consumer perspective, the *fatwa* is expected to enhance the sense of justice and satisfaction. In terms of *sharia* compliance, it was crafted with prudence and underpinned by sound *ushul fiqh* reasoning. This study employs a qualitative, participatory-observation approach to examine two Islamic financing institutions, each presenting distinctive case features and rationales for not yet implementing Fatwa 153/2022.

The first institution, anonymized here as *PT. Berkah Finance*, has a strong track record of strict *sharia* compliance, serving a consumer base that rejects conventional elements such as penalties and insurance due to religious convictions. Its non-implementation of the *fatwa* stems not from resistance to *sharia*, but from operational considerations.

The second, here referred to as *PT. Sakinah Finance*, is known for its regulatory compliance discipline. As part of a reputable East Asian corporate group, it has prioritized adherence to Indonesian law, particularly while expanding in Aceh, a province governed by *sharia* finance mandates. Its decision to delay implementation is thus not driven by noncompliance but rather by institutional judgment.

Understanding the views and reasoning behind these two cases is crucial for both *fatwa*-issuing bodies and state regulators. Though their identities are confidential due to corporate privacy, both institutions have expressed willingness to disclose information to authorized entities such as the Sharia Supervisory Board (DPS), the Indonesian Ulema Council (MUI), and the OJK.

Based on this context, the study is titled: **"** Post-Omnibus Law Transformation of Fatwa-to-Regulation in Financial Sector: Navigating Implementation Complexities**."** Prior research has extensively explored the interaction between MUI *fatwas* and positive law,[14] including key doctoral dissertations. Wahiduddin Adams (2002)[15] examined the legislative adoption of MUI legal *fatwas* between 1975 and 1997. Yeni Salma Barlinti (2010)[16] focused on the normative status of DSN-MUI *fatwas* within the national legal system. Ja'far Baehaqi (2013)[17] analyzed paradoxes in *fatwa*-based regulation of Islamic banking.

Ahmad Zuhdi's (2015)[18] dissertation at Gadjah Mada University discussed the positivization of MUI *fatwas* into the Indonesian legal system, while Andi Fariana (2017)[19] addressed the institutional role of *fatwas* in shaping Islamic economic law. While these studies enriched the theoretical foundations of the *fatwa-to-law* discourse, none examined the new regulatory dynamics and implementation complexity following the 2023 Omnibus Law.

Several studies on Fatwa 153/2022 have been published, though most do not explore the post-Omnibus Law context or the practical transformation process. Anas et al. (2024) [20] emphasize the *fatwa's* consumer protection role and its contribution to institutional sustainability, but they do not investigate its regulatory integration or implementation dynamics. Amanda et al.

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[14] Ahmad Nurozi, "Comparative Study of the Process of Islamic Law Legislation in Indonesia with Malaysia and Its Implementation into Legislation Regulations," *Jurnal Hukum Islam* 20, no. 1 (2022): 125–54, https://doi.org/https://doi.org/10.28918/jhi.v20i1.5906.

[15] Wahiduddin Adams, "Fatwa-Fatwa Hukum MUI (Pola Terserapnya Dalam Peraturan Perundang-Undangan 1975-1997)," *IAIN Syarif Hidayatullah*, 2002.

[16] Yeni Salma Barlinti, "Kedudukan Fatwa Dewan Syariah Nasional Dalam Sistem Hukum Nasional Di Indonesia," *Indonesia University*, 2010.

[17] Ja'far Baehaqi, "Dialektika Hukum Islam Dan Hukum Nasional Dalam Formulasi Hukum Perbankan Syariah Di Indonesia," *Diponegoro University*, 2013.

[18] Ahmad Zuhdi, "Positivisasi Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Dalam Sistem Hukum Indonesia," *Gadjah Mada University*, 2015.

[19] Andi Fariana, *Hukum Ekonomi Syariah Dalam Perspektif Penyelesaian Sengketa* (Jakarta: Raja Grafindo Persada, 2017).

[20] Irham Anas, A R Zulfikar Alfarouq, and Atiqoh Nasution, "The Role of DSN-MUI Fatwa No. 153/DSN-MUI/VI/2022 in Realizing Consumer Protection in The Islamic Banking Sector," *EKONOMIKA SYARIAH: Journal of Economic Studies* 8, no. 2 (2024): 206–18, https://doi.org/https://doi.org/10.30983/es.v8i2.8697.

(2025)[21] examine the *fatwa's* objectives through a normative lens, whereas this study extends the inquiry empirically within the broader fatwa-to-regulation transformation framework.

Other relevant contributions include Huda et al. (2025)[22] , who interpret the *fatwa* through a *maqashid sharia* lens; and Abd. Fatah (2024),[23] who provides an *ushul fiqh*-based justification using the principle of *istihsan bi al-mashlahah*. Yet these works do not address the transformation and practical obstacles involved in regulatory enforcement. Susandi and Al Hakim (2020)[24] offer insights into early repayment in Islamic banking, but predate the *fatwa's* 2022 revision and the 2023 Omnibus Law.

While existing studies extensively analyze the theoretical underpinnings and legal status of tjis topic, there is a notable void in empirical research exploring the practical complexities of fatwa implementation in sharia financial institutions post-Omnibus Law 2023, and how these dynamic shapes the broader regulatory landscape. This study aims to fill that gap.

Hence, this article offers a novel perspective and clearly fills a research gap. It aims to answer the following questions: What is the current model for transforming *fatwas* into *sharia* financial regulations in post-Omnibus Law Indonesia? How has DSN-MUI Fatwa No. 153/2022 been translated into regulatory form and implemented in financing institutions? What challenges and innovations have emerged in its application?

Ultimately, this research seeks to encourage both *fatwa* authorities and state regulators[25] not only to coordinate effectively but also to continuously learn from empirical insights in the field, so that legal instruments may better resolve real-world challenges and support sustainable Islamic financial practices

2. Method

This study employs a combination of normative [26] and empirical [27] legal research methodologies. On the normative side, four approaches are adopted: statutory, conceptual, historical, and comparative. The statutory approach is utilized to examine the transformation model of Islamic legal opinions (*fatwas*) into formal regulations. To clarify the essential nature of several key concepts newly introduced in the *fatwa* concerning accelerated repayment—such as *tsaman naqdy* (cash price), *qimah ismiyah* (nominal value), and *qimah halliyah* (present value)—a conceptual approach is applied. The historical approach provides insight into the unique characteristics of transformation models in the post-Omnibus Law era. Meanwhile, the comparative approach is employed to assess the alignment between normative content in *fatwas* and that in positive law, thereby evaluating the accuracy of the *fatwa*-to-regulation transformation process.

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[21] Irma Amanda, Sri Aulia, and Fakhriyyah Zulfa Hany, "Pelunasan Utang Pembiayaan Murabahah Sebelum Jatuh Tempo (Studi Fatwa No: 153/Dsn-Mui/Vi/2022)," *Indonesian Journal of Islamic Jurisprudence, Economic and Legal Theory* 3, no. 1 (2025): 617–32, https://doi.org/https://doi.org/10.62976/ijijel.v3i1.977.

[22] Nurul Huda, Achmad Nursobah, and Akhmad Muhaini, "Tafsir Maqashid Ayat-Ayat Al-Qur'an Dalam Fatwa DSN-MUI No. 153/DSN-MUI/VI/2022 Tentang Pelunasan Utang Pembiayaan Murabahah Sebelum Jatuh Tempo," *J-CEKI: Jurnal Cendekia Ilmiah* 4, no. 3 (2025): 3025–45, https://doi.org/https://doi.org/10.56799/jceki.v4i3.8467.

[23] Abd Fatah, "Analisis Istihsan Bi Al-Mashlahah Dalam Perubahan Fatwa DSN MUI No. 153 Tahun 2022 Tentang Pelunasan Utang Pembiayaan Murabahah Sebelum Jatuh Tempo." (UIN Sunan Gunung Djati Bandung, 2024).

[24] Adi Susandi and Sofian Al Hakim, "Accelerated Repayment of Murabahah Agreement in Sharia Banking," *Journal of Economicate Studies* 4, no. 2 (2020): 108–16, https://doi.org/https://doi.org/10.32506/joes.v4i2.663.

[25] Muhammad Taufiq, Muhammad Fauzinudin Faiz, and Ziyad Ravaşdeh, "Between Sharia and State: Fatwa Authority and Pandemic Responses in Indonesia, Turkey, and Morocco," *De Jure: Jurnal Hukum Dan Syar'iah* 17, no. 1 (2025): 377–94, https://doi.org/10.18860/j-fsh.v17i1.31433.

[26] Peter Mahmud Marzuki, "Penelitian Hukum,(Jakarta: Kencana, 2007), h. 56," n.d.

[27] Soerjono Soekanto, "Pengantar Penelitian Hukum," *(No Title)*, 2006.

From the empirical perspective,[28] participant observation[29] is conducted to explore the complexity of implementation in two Islamic finance institutions, whose identities are anonymized in this publication. These institutions are subject to compliance with regulations rather than positioned to critique them, which leads to a tendency to withhold critical opinions often delivered only *off the record*. Nonetheless, their perspectives are crucial for evaluating the practical efficacy of regulatory implementation. To sharpen the analytical framework, the study adopts the theory of *I'ādah an-Naẓar* (Re-examination) [30] and the principle of *Taqnīn al-Fatāwā* (Fatwa Codification).[31] aThese theoretical underpinnings serve not only as the basis for the *reformulation of fatwas*—particularly those related to accelerated repayment—but also as a normative foundation for the potential revision of regulations, in line with the evaluative criteria of *I'ādah an-Naẓar.*

In the empirical phase, primary data were collected via participant observation, wherein the author acted as a 'participant as observer'. In this capacity, the author served as a strategic partner (consultant), assisting both institutions in matters of Sharia compliance and product development. The observation was conducted longitudinally over a period exceeding three years (2022–2025), spanning from the pre-fatwa issuance era to the post-OJK guideline implementation. Data were gathered through the author's direct involvement in: (1) internal policy formulation meetings responding to Fatwa No. 153/2022; (2) financial modeling simulations comparing the OJK Guidelines against internal schemes; and (3) dispute resolution processes involving clients requesting early repayment. The author's position as an "insider" facilitated access to privileged ("off-the-record") data typically inaccessible through formal interviews or questionnaires.

The selection of two Islamic financing institutions (pseudonymized as PT. Berkah Finance and PT. Sakinah Finance) employed a purposive sampling technique based on "extreme case" criteria to demonstrate that implementation barriers were not caused by moral non-compliance (*sharia non-compliance behavior*). The justification for selecting these institutions rests on the following measurable parameters: PT. Berkah Finance (Representing Theological Compliance) was selected for its track record of "rigorous" Sharia compliance. Its measurable indicator is the corporate policy of waiving late payment penalties and rejecting the use of conventional insurance—even when permitted by emergency regulations—to maintain contract purity. Selecting this subject is pivotal to validating the hypothesis that if such an ideal institution delays fatwa implementation, the core issue lies in the aspect of regulatory legality (legal certainty), not bad faith.

PT. Sakinah Finance (Representing Regulatory Compliance & Professionalism) was selected as it is a subsidiary of an East Asian multinational group with strict legal compliance standards. Its measurable indicator is the institution's success in competing within Aceh Province (a mandatory Sharia jurisdiction) while maintaining high profitability performance. This subject was chosen to represent the perspective of economic rationality, serving to prove the hypothesis that barriers to fatwa implementation also stem from unviable business calculations resulting from the rigidity of regulatory guidelines.

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[28] Peter Cane and Herbert Kritzer, *The Oxford Handbook of Empirical Legal Research* (OUP Oxford, 2012).

[29] S H I Jonaedi Efendi, S H Johnny Ibrahim, and M M Se, *Metode Penelitian Hukum: Normatif Dan Empiris* (Prenada Media, 2018).

[30] Ma'ruf Amin, "Pembaharuan Hukum Ekonomi Syariah, Dalam Pengembangan Produk Keuangan Kontemporer, Transformasi Fikih Muamalat Dalam Pengembangan Ekonomi Syariah," *Pidato Ilmiah Pada Penganugerahan Gelar Doktor Kehormatan Transformasi Hukum Islam Dalam Hukum Perbankan Syariah Di Indonesia (Ja'far Baehaqi)*, 2013.

[31] Ansori Ansori, "Position of Fatwa in Islamic Law: The Effectiveness of MUI, NU, and Muhammadiyah Fatwas," *Ijtihad: Jurnal Wacana Hukum Islam Dan Kemanusiaan* 22, no. 1 (2022): 53–72, https://doi.org/10.18326/ijtihad.v22i1.53-71.

3. Results and Discussion

3.1. Consolidating the Transformation of Fatwas into Financial Regulations after the Omnibus Law

The transformation of *fatwas* into formal regulation serves as a crucial legal mechanism to resolve the issue of their non-binding character.[32] In principle, *fatwas* do not have the force of law and are equivalent to legal opinions (*non-binding legal advice*). To attain legal enforceability, one model adopted is to codify the fatwa into binding regulatory instruments.[33]

There are three general models of fatwa authority in relation to state law.[34] First, Codification Model: Fatwas are transformed into state regulations.[35] Second, State-Integrated Fatwa Authority: Fatwa-issuing institutions are formally part of the state apparatus (e.g., Iran, Saudi Arabia, Pakistan).[36] This model was once proposed in the 2007 Draft Bill on Islamic Banking in Indonesia but was rejected due to concerns over compromising the independence of religious bodies.[37]

Third, Independent Legal Recognition Model: Fatwa bodies operate independently outside the state structure but are granted formal legal authority. This is the case in Egypt[38] and Malaysia, and similarly in Indonesia[39] in the *halal product assurance* sector,[40] where *fatwas* issued by MUI are legally binding through legislative recognition.[41]

3.1.1. Two Types of Sharia Consolidation Post-Omnibus Law

Following the enactment of Law No. 4/2023 on Financial Sector Development and Strengthening (PPSK Law), two major types of sharia consolidation in the governance of *sharia* finance have emerged:

First, the consolidation of *fatwa authority institutions*. Prior to the Omnibus Law, regulatory references to fatwa authority were fragmented. The Islamic Banking Law No. 21/2008 recognized

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[32] Asrori S Karni, "Rekontruksi Asas Otoritas Syariah Dalam Hukum Perbankan: Studi Komparasi Beberapa Negara Muslim," *Jurnal Mahkamah: Kajian Ilmu Hukum Dan Hukum Islam* 4, no. 2 (2019): 137–62, https://doi.org/https://doi.org/10.25217/jm.v4i2.640.

[33] Yeni Salma Barlinti, "Urgensi Fatwa Dan Lembaga Fatwa Dalam Ekonomi Syariah," *Jurnal Hukum Dan Pembangunan*, no. 1 (2012), https://doi.org/doi:10.21143/jhp.vol42.no1.286.

[34] Abdul Mun'im Saleh, Rizqi Jauharotul Amalia, and Khoirul Fathoni, "The Authoritativeness of Fatwa: A Study of Sharia Banks' Compliance with the DSN-MUI Fatwa on Fund-Raising," *Justicia Islamica* 20, no. 1 (2023): 155–74, https://doi.org/10.21154/justicia.v20i1.5306.

[35] Imam Mustofa, "Text Authorization In The Development Of Sharia Economic Law In Indonesia: Study of the Fatwa of the National Sharia Council of the Indonesian Ulama Council," *Jurisdictie: Jurnal Hukum Dan Syariah* 13, no. 2 (2022): 210–36, https://doi.org/10.18860/j.v13i2.18935.

[36] State Bank of Pakistan, "Instructions for Shariah Compliance in Islamic Banking Institutions, Islamic Banking Department State Bank of Pakistan" (Pakistan, 2008), http://www.sbp.org.pk/ibd/2008/Annex-c2-1.pdf.

[37] Setjen DPR, "Naskah Akademik RUU Perbankan Syariah" (Jakarta, 2007), https://berkas.dpr.go.id/arsip/file/Lampiran/leg_1-20180409-125802-3854.pdf.

[38] Mohammad Fadel, "Judicial Institutions, the Legitimacy of Islamic State Law and Democratic Transition in Egypt: Can a Shift toward a Common Law Model of Adjudication Improve the Prospects of a Successful Democratic Transition?," *International Journal of Constitutional Law* 11, no. 3 (2013): 646–65, https://doi.org/10.1093/icon/mot022.

[39] Bambang Iswanto, "Job Creation Law and Consequences in Determining Halal Products: Analysis of the Halal Product Fatwa Committee," *Al-'Adalah* 20, no. 1 (2023): 179–210, https://doi.org/10.24042/adalah.v20i1.16379.

[40] Muhammad Kharrazi, Idzam Fautanu, and Atma Suganda, "Legal Analysis Of Mui's Authority In Providing Halal Label Guarantees After The Issuance Of Law Number 33 Of 2014 Concerning Guarantees For Halal Products," *Revista de Gestão Social e Ambiental* 18, no. 9 (2024): 1–13, https://doi.org/10.24857/rgsa.v18n9-057.

[41] Akhmad Khalimy et al., "The Intersection of the Progressive Law Theory and the Self-Declaration Concept of MSEs Halal Certification," *JILS* 8 (2023): 159, https://doi.org/10.15294/jils.v8i1.66087.

the MUI as the sole fatwa authority. The State Sharia Securities Law No. 19/2008[42] recognized both the MUI and other government-appointed institutions, although in practice only MUI exercised such authority. The Company Law No. 40/2007[43] only addressed the supervisory function of *sharia* boards without designating any specific fatwa authority. The Insurance Law No. 40/2014[44] omitted references to a fatwa-issuing body altogether. The 2023 Omnibus Law harmonizes this by assigning fatwa authority in all financial sectors —banking, insurance, capital markets, and others to the MUI.[45]

Second, the consolidation of the transformation mechanism by which fatwas become regulations across all financial sectors. Before the Omnibus Law, only the Islamic Banking Law (No. 21/2008) provided a detailed mechanism: MUI fatwas were to be codified into Bank Indonesia regulations through a specially formed *Sharia Banking Committee*. This model was not mirrored in laws governing Islamic securities, insurance, or corporate entities.

Under Article 26 of Law 21/2008, *sharia* banking activities must comply with MUI fatwas, which are operationalized through Bank Indonesia Regulations (PBI).[46] The explanatory note adds that a *Sharia Banking Committee* shall be established internally by the Central Bank to facilitate this transformation.[47]

The Omnibus Law institutionalizes and expands this model, introducing dedicated committees across sectors including banking, insurance, and fintech to transform fatwas into operational regulations. This coordinated transformation framework represents a core feature of the PPSK Law and is elaborated in the following provisions: Article 26 (Islamic Banking); Article 52 (Insurance Sector, Paragraph 2); and Article 214 (Fintech Sector, Paragraph 2 - explanatory clause).

3.1.2. Four Key Clauses Governing Fatwa-to-Regulation Transformation and Future Outlook

The above provisions of the PPSK Law institutionalize the transformation process through four major legal clauses: First, Mandatory Regulatory Response: Fatwas issued by MUI must be followed up by the relevant regulatory authority through formal regulations that govern business activities within each sector.

Second, Coordinated Drafting Requirement: The process of formulating such regulations must be carried out in coordination with the fatwa authority. Neither party may act unilaterally.

Third, Establishment of Special Committees: Regulatory authorities in each sector—banking, insurance, fintech—are authorized to form dedicated committees (e.g., *Sharia Banking Committee*, *Sharia Insurance Committee*) to assist in the transformation process.

Fourth, Contingency in Absence of Fatwa: In cases where a *fatwa* has not yet been issued, particularly in the insurance sector, regulators are required to consult with the fatwa authority and may proceed based on the recommendations provided.

Looking ahead, while banking and insurance sectors already have a history of fatwa-to-regulation transformation, the financial technology sector remains dynamic and requires special attention. This sector is still evolving, both in terms of normative frameworks and practical application.

Notably, recent DSN-MUI fatwas have demonstrated progressive adaptability to technological innovation. For instance, Fatwas No. 144–146 of 2021 address *sharia*-compliant

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[42] Pusat Pemerintah, "Undang-Undang Tentang No. 19 Tahun 2008 Tentang Surat Berharga Syariah Negara (SBSN)" (Indonesia, 2008).

[43] Pemerintah Pusat, "Undang-Undang No. 40 Tahun 2007 Tentang Perseroan Terbatas" (Indonesia, 2007).

[44] Pemerintah Pusat, "Undang-Undang Nomor 40 Tahun 2014 Tentang Perasuransian" (Indonesia, 2014).

[45] Asrori S. Karni, *Dinamika Otoritas Syariah Dalam Hukum Perbankan Indonesia: Studi Komparatif Beberapa Negara Muslim* (Tangerang Selatan: Haja Mandiri, 2025).

[46] Tuti Hasanah, "Transformasi Fatwa Dewan Syariah Nasional Ke Dalam Hukum Positif," *Syariah: Jurnal Hukum Dan Pemikiran* 16, no. 2 (2016): 161–76.

[47] Pemerintah Pusat, "Undang-Undang No. 21 Tahun 2008 Tentang Perbankan Syariah" (Indonesia, 2008).

marketplace platforms, dropshipping,[48] cand online commerce. These developments reflect the increasing need for creative and collaborative mechanisms—especially in the fintech domain—to ensure that *sharia* principles are effectively embedded in regulatory instruments, even where fatwas are not yet available.

3.2. "Revisiting" Fatwa: The Need for a Dedicated Transformation Model

Fatwa No. 153/2022 on the Accelerated Repayment of Murabahah Financing (PU-PMSJT) is a significant and groundbreaking legal opinion. It is considered progressive and was expected to elevate the reputation, competitiveness, and sustainability of the Islamic finance industry. From the consumer perspective, it seeks to enhance fairness and satisfaction.[49] From a Sharia compliance standpoint, the fatwa was carefully formulated with strong *uṣūl al-fiqh* (Islamic legal theory) reasoning.

Under this fatwa, discounts for early repayment—which were previously discretionary and left to the policies of financial institutions are now mandatory. In the context of renewing Sharia economic law, Fatwa 153/2022 serves as a bold legal experiment aimed at breaking stagnation.[50]

Philosophically, the fatwa represents the application of the legal principle of *iʿādat al-naẓar* (re-evaluation). Two major *maqāṣidī* (teleological) legal doctrines underpin this and other progressive DSN-MUI fatwas: (1) *iʿādat al-naẓar*, and (2) *tafrīq al-ḥalāl min al-ḥarām* (distinction between lawful and unlawful assets).[51]

The objective of this fatwa is to respond to consumer complaints that Murabahah financing is often more expensive than conventional financing.[52] In particular, early repayment under Murabahah still requires paying the full sale price, regardless of when payment is made. Conversely, in conventional financing, early settlement typically only requires repayment of the remaining principal plus penalties, which is seen as more equitable.

3.2.1. A Landmark Fatwa: The Need for Intensive Dissemination Across Three Annual Forums

Due to its importance, this fatwa has been uniquely presented at three consecutive *Annual Meetings of Sharia Supervisory Board (DPS)* members in 2022, 2023, and 2024—each attended by approximately 300 DPS delegates. This demonstrates the fatwa's complexity and urgency, requiring phased explanation to those directly responsible for Sharia compliance governance.[53]

The first presentation, in September 2022, focused on the underlying rationale, context, and intended objectives—particularly enhancing justice for Murabahah customers repaying ahead of schedule.[54] sInterestingly, during this initial session, the fatwa's formal numbering, issuance date, and effective date were not yet disclosed; it was not yet publicly available on the DSN website.

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[48] Lutfi Chakim, Nur Hidayah, and Hasanudin Hasanudin, "Fatwa, Authority, and Digital Trade: A Critical Legal-Discursive Analysis of Dropshipping Rulings in Indonesia and Egypt," *Jurisdictie: Jurnal Hukum Dan Syariah* 16, no. 1 (2025): 124–65, https://doi.org/10.18860/j.v16i1.31882.

[49] Erie Hariyanto et al., "In Search of Ummah Welfare Model: The Revitalisation of Sharia Economic Law in Indonesia," *Sriwijaya Law Review*, 2023, 244–61, https://doi.org/10.28946/slrev.Vol7.Iss2.

[50] Heni Noviarita et al., "Optimizing Working Capital Financing In Indonesia: An Islamic Economic Law Perspective," *Malaysian Journal of Syariah and Law* 13, no. 2 (2025): 538–56, https://doi.org/10.33102/mjsl.vol13no2.1374.

[51] Ma'ruf Amin, *Makharij Fiqhiyah: Penopang Arus Baru Ekonomi Indonesia* (Serang: STIF SYETRA, 2018).

[52] Mohammad Ghozali et al., "The Law Concept of Sharia Banking Compliance on Murabaha Financing in Indonesia," *Samarah: Jurnal Hukum Keluarga Dan Hukum Islam* 8, no. 3 (2024): 1391–1408, https://doi.org/10.22373/sjhk.v8i3.11313.

[53] Nur Sania Dasopang, "Sharia Banking Supervision in Indonesia: Legal Mechanisms and Implications," *Jurnal Ilmiah Mizani: Wacana Hukum, Ekonomi Dan Keagamaan* 12, no. 1 (2025): 227–40, https://doi.org/10.29300/mzn.v12i1.6937.

[54] DSN-MUI, "Sosialisasi Fatwa Terbaru: Pelunasan Utang Pembiayaan Murabahah Sebelum Jatuh Tempo," *"Pra-Ijtima' Sanawi*, 2022.

The second session, held in September 2023, included joint presentations by DSN-MUI[55] and the Financial Services Authority (OJK).[56] The focus shifted toward implementation, emphasizing repayment *simulation*. OJK's contribution took the form of a *guideline*, rich in technical and accounting interpretations. At this point, the fatwa's number and date were announced, but the official document still had not been uploaded to the DSN website, signaling the cautious approach taken in its publication.

The third session, in September 2024,[57] featured detailed simulations from DSN-MUI and a legal clarification from OJK concerning the status of their "Murabahah Financing Product Guideline"[58]—issued in response to expectations of a more formal regulation. OJK clarified that this *guideline* serves as an operational reference bridging regulations, fatwas, and real-world practice. It aims to foster shared understanding between regulators and Islamic financial institutions.[59]

OJK further explained that the guideline was the result of a multi-stakeholder process involving DSN-MUI, the Sharia Accounting Standards Board (DSAS), and industry actors.[60] This collaborative drafting aligns with the core message of this article: that both fatwa authorities and regulators must remain attentive to the complexities of implementation.

Some DPS members viewed this fatwa as a substantive revision of a prior one, given its shift from permissibility to obligation regarding discount provision. However, in MUI's tradition, the term *"fatwa revision"* is seldom used. Instead, DSN-MUI refers to this fatwa as the outcome of *iʿādat al-naẓar*—a reconsideration due to changes in *ʿillah* (legal cause). Such nuanced jurisprudential reasoning underscores the need for sustained, intensive literacy programs across multiple stakeholder forums.

3.2.2. Collaboration Between Fatwa and Regulation is Not Sufficient: Listening to Industry Perspectives is Essential

The complexity of this fatwa's substance requires focused and layered interpretation. Under the previous Fatwa No. 23/2002,[61] three core components of Murabahah pricing were emphasized: (1) Purchase Price, (2) Margin, and (3) Sale Price (purchase price + margin).In this earlier framework, any discount upon early repayment was deducted from the remaining debt balance at the discretion of the financial institution. The calculation was relatively straightforward.

However, Fatwa 153/2022 introduces three new pricing terms under the Murabahah framework: (1) *Thaman Naqdī* – Spot sale price agreed for cash payment, (2) *Qīmah Ismiyyah* – Deferred sale price for a defined payment period, (3) *Qīmah Ḥālliyyah* – Adjusted price for early repayment.

These are grounded in the principle: *lizzamān ḥiṣṣah min ath-thaman* (time carries a share of the price). For example, a good sold on a 12-month installment plan will have a different price if repaid in the 5th month—the consumer only pays the agreed *cash price* plus the value accumulated for the five elapsed months.

Given such jurisprudential and financial complexity, the translation of this fatwa into regulation requires a distinct and carefully structured transformation model. In the dynamic

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55 Tim DSN-MUI, "Simulasi Pelunasan Utang Pembiayaan Murabahah Sebelum Jatuh Tempo/Fatwa DSN-MUI No. 153," *Pra-Ijtima' Sanawi*, 2023.

56 Tim OJK, "Sosialisasi Pedoman Produk Murabahah Perbankan Syariah," *Pra-Ijtima' Sanawi DPS*, 2023.

57 Tim DSN-MUI, "Praktik Pelunasan Utang Pembiayaan Murabahah Sebelum Jatuh Tempo," *Pra-Ijtima' Sanawi DPS*, 2024.

58 Otoritas Jasa Keuangan (OJK), "Pedoman Produk Murabahah Perbankan Syariah," 2023, https://ojk.go.id/id/kanal/syariah/berita-dan-kegiatan/publikasi/Documents/Pages/Pedoman-Produk-Pembiayaan-Murabahah/OJK Pedoman Produk Murabahah.pdf.

59 Tim OJK, "Kedudukan 'Pedoman Produk' Dari OJK," *Pra-Ijtima' Sanawi DPS*, 2024.

60 Jonathan Ercanbrack, "The Standardization of Islamic Financial Law: Lawmaking in Modern Financial Markets," *The American Journal of Comparative Law* 67, no. 4 (2019): 825–60, https://doi.org/10.1093/ajcl/avz010.

61 DSN-MUI, "Fatwa Dewan Syari'ah Nasional No. 23/DSN-MUI/III/2002 Tentang Potongan Pelunasan Dalam Murabahah," 2022, https://dsnmui.or.id/kategori/fatwa/page/14.

development of Islamic economic law, following the issuance of progressive fatwas[62] via *iʿādat al-naẓar*, scholars like Ma'ruf Amin and Atho Mudzhar[63] advocate for the next step: *taqnīn al-fatwā* (legal codification), ensuring the fatwa becomes both empirically functional and legally binding.[64]

In the case of Fatwa 153/2022, the process of *taqnīn* has progressed well: OJK issued a comprehensive guideline, and the DSN-MUI and OJK have conducted coordinated outreach through three consecutive DPS Annual Meetings. However, this coordination—though commendable—is not enough.

A pressing concern remains: the need to incorporate industry feedback.[65] This is particularly critical given the fatwa's stated aim of fostering a more competitive and sustainable Islamic finance sector.[66] Feedback extracted from the empirical realities of industry actors is vital in refining the practical implementation of the regulatory instruments derived from this fatwa.

3.3. Industry Voices: Regulatory Commitment, Sharia Literacy, and Business Realities

The voices of the Islamic finance industry in this study were derived from participatory observations of two financing institutions with distinctive characteristics, making them suitable for comparative analysis. Both institutions have an excellent reputation for their commitment to Sharia compliance and regulatory adherence. Interestingly, however, neither has implemented Fatwa No. 153/2022 due to specific internal considerations.

The identities of these Islamic financing companies are anonymized in this publication to protect proprietary corporate information. Nevertheless, their concerns and challenges are of considerable importance for Sharia authorities and regulators to consider, in order to ensure that the implementation of fatwas and their corresponding regulations is effective and goal-oriented. For the purposes of this article, these two institutions are referred to by the pseudonyms *PT. Berkah Finance* and *PT. Sakinah Finance*.

3.3.1. PT. Berkah Finance: High Sharia Compliance, Awaiting Legal Certainty

As of early 2025, in handling customers who repay their murabahah financing before maturity, PT. Berkah Finance continues to refer to Fatwa No. 20/2002, wherein early settlement discounts are deemed optional. Based on this provision, the company has opted not to offer any discounts. From the standpoint of fatwa, regulatory compliance, and business operation, PT. Berkah Finance maintains that this decision is grounded in several key considerations.

First, in terms of Sharia literacy,[67] the institution perceives that the essence of the *murabahah* contract—as a sale-based transaction—does not distinguish between principal (cost price) and margin (*ribhun*). These two elements are merged into a unified selling price, which the buyer agrees to repay in installments. Whether the customer repays at the end of the tenor or opts for early settlement, the total agreed price must still be paid. This contrasts with conventional

[62] Qosim Arsadani et al., "The Progressiveness of Sharia Economic Fatwas: Direction of Islamic Legal Thoughts within NU and Muhammadiyah," *AHKAM: Jurnal Ilmu Syariah* 24, no. 1 (2024): 153–70, https://doi.org/10.15408/ajis.v24i1.37775.

[63] Atho Mudzar, "Ulama Cemerlang Hukum Dalam Ekonomi Syariah Dan Motor Penggerak Ekonomi Syariah Di Indonesia," *Pembaruan Hukum Ekonomi Syariah* (Serang, 2013).

[64] Hasanudin Hasanudin, Jaih Mubarok, and Muhammad Al-Fayyad Maulana, "Progressiveness of Islamic Economic Law in Indonesia: The Murā 'at Al-'Ilal Wa Al-Maṣāliḥ Approach," *Samarah: Jurnal Hukum Keluarga Dan Hukum Islam* 7, no. 2 (2023): 1267–92, https://doi.org/10.22373/sjhk.v7i2.17601.

[65] Umar A Oseni, Abu Umar Faruq Ahmad, and M Kabir Hassan, "The Legal Implications of 'Fatwā Shopping'in the Islamic Finance Industry: Problems, Perceptions and Prospects," *Arab Law Quarterly* 30, no. 2 (2016): 107–37, https://doi.org/10.1163/15730255-12341319.

[66] Fadli Daud Abdullah et al., "Contemporary Challenges for Sharia Financial Institutions to Increase Competitiveness and Product Innovation Perspective of Sharia Economic Law: Evidence in Indonesia," *MILRev: Metro Islamic Law Review* 3, no. 2 (2024): 141–73, https://doi.org/10.32332/milrev.v3i2.9202.

[67] Abbas Arfan et al., "The Implementation of Maqashid Sharia: Heterogeneity of Scholars' Fatwas towards Islamic Banking Contracts," *Legality: Jurnal Ilmiah Hukum* 32, no. 1 (2024): 105–28, https://doi.org/https://doi.org/10.22219/ljih.v32i1.32170.

credit models, where the principal and interest are treated separately, and early repayment is calculated based on the remaining principal while interest is terminated.

Berkah Finance has long been recognized for its stringent adherence to Sharia principles, often favoring more conservative legal opinions. For example, it avoids imposing penalties and routinely accommodates customers who reject insurance on religious grounds. Thus, with regard to this new fatwa, Berkah Finance presently holds a cautious interpretation: that the revised *murabahah* model proposed in Fatwa No. 153/2022 may blur the lines between Islamic and conventional financing. This underscores the need for deeper engagement and mutual understanding between fatwa authorities, regulators, and industry actors.

Second, from a regulatory perspective, Fatwa No. 153/2022 has not yet been formally codified into an OJK regulation. The regulator has issued only a "Guidance on Murabahah Financing Products in Islamic Banking" (2023),[68] which Berkah Finance considers insufficient to provide legal certainty. The institution distinguishes between guidance and regulation in terms of their legal standing. Hence, it is still awaiting formal regulatory transformation while continuing with its existing business model.

Third, from a business standpoint, the policy of not offering early settlement discounts has not presented significant operational challenges. In fact, it has proven beneficial in terms of company revenue. The number of customers opting for early repayment is relatively small, and the firm's competitiveness remains unaffected. Its consumer segment typically adheres strictly to Sharia principles and may adhere to the older understanding of *murabahah* that does not differentiate between profit margin and purchase cost—thus, not receiving a discount poses no issue.[69]

There has been an isolated case in East Java in which a customer sought early settlement and demanded that Fatwa No. 153/2022 be applied to recalculate their dues—contrary to the contractual clause signed at the time of transaction. This case was resolved by referencing the existing contract, which aligns with Fatwa No. 23/2022, indicating that early settlement discounts remain at the discretion of the financing institution. The company also clarified that Fatwa No. 153/2022 has yet to be formally integrated into an OJK regulation.

Nonetheless, Berkah Finance is actively exploring ways to implement Fatwa No. 153/2022 properly from the standpoints of Sharia compliance, legal certainty, and business viability. Ongoing dialogue and consistent supervision from both regulatory authorities and fatwa institutions are crucial in this case to achieve a harmonized understanding—especially considering Berkah Finance's well-established reputation for Sharia compliance.[70]

3.3.2. PT. Sakinah Finance: Legally Compliant, Yet the OJK Guideline Misaligns with Business Calculations

Whereas PT. Berkah Finance is recognized for its strong adherence to Sharia principles, PT. Sakinah Finance stands out for its regulatory compliance discipline. Owned by a well-established East Asian conglomerate with a solid reputation for legal conformity, Sakinah Finance has demonstrated a serious commitment to Islamic finance by actively developing its Sharia Business Unit in Aceh since 2021—an area where all conventional financial institutions must convert to Islamic models. The institution's performance in Aceh is noteworthy, owing to its excellent customer service and its ability to maintain a robust reputation in both Sharia and regulatory compliance.

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[68] Zainul Arif Andalusi, "Future Package Financing Products with Akad Murabahah in the Perspective of Sharia Economic Law," *AHKAM: Jurnal Ilmu Syariah* 19, no. 2 (2019), https://doi.org/10.15408/ajis.v19i2.11991.

[69] Bismi Khalidin, Armiadi Musa, and Andri Kiawan, "Murabaha Financing of the Indonesian Islamic Banks Under an Islamic Economic Law and the Fatwa Dsn Mui," *PETITA* 8 (2023): 203, https://doi.org/10.22373/petita.v8i2.238.

[70] Teng Berlianty et al., "Reassessing Islamic Banking Supervision in Indonesia: A Contemporary Islamic and Socio-Legal Perspective on OJK's Integrated Model," *MILRev: Metro Islamic Law Review* 4, no. 1 (2025): 619–44, https://doi.org/10.32332/milrev.v4i1.10851.

Unlike Berkah Finance, Sakinah Finance consistently offers discounts to clients who settle Murabahah financing ahead of schedule—even though Fatwa 23/2022 permits institutions not to do so. It employs its own internal formula for calculating such discounts, in part by benchmarking against early settlement schemes used in its conventional products.

From a business perspective, automatic discounts pose no issues. The institution bases its calculations on standard practices in conventional credit, where early repayment typically exempts customers from paying the full interest for the original term but may involve a penalty.

Customer satisfaction has improved due to this discount policy. Moreover, even when compared to early repayment procedures in conventional loans, the business impact remains manageable for Sakinah Finance.

In response to the issuance of Fatwa 153/2022 and the OJK's "Guidelines on Murabahah Financing Products," Sakinah Finance initiated rigorous follow-up by simulating three pricing scenarios: First, a calculation model closely aligned with current practices for both Islamic and conventional products; Second, a model strictly adhering to the OJK guideline; dan third, a model with no discount applied.

The simulation results revealed that the second model, which follows the OJK guideline, was economically disadvantageous to financial institutions, benefitting the customer at the institution's expense. For an institution like Sakinah Finance, accustomed to offering discounts, the OJK calculation method was seen as relatively unfavorable—more so for institutions that had never applied discounts previously.

The resulting values from the OJK-guided model were significantly lower than those under existing calculations for both Sharia and conventional schemes. While the consumer gained substantially, the institution perceived the discount as overly generous compared to industry norms. Consequently, Sakinah Finance proposed continuing with the first scenario, as it ensures business competitiveness while meeting Sharia compliance standards.

While the essence of Fatwa 153/2022 seeks to achieve fairness, Sakinah Finance argues that the OJK guideline lacks fairness for financing institutions. For consumers, the guideline clearly offers a windfall. The critical question remains: does this reflect the spirit of justice intended by the fatwa? A balanced framework that considers both consumer and institutional equity is needed. This calls for sustained discourse among regulators, the fatwa authority, and industry stakeholders.

An additional concern lies in the OJK guideline being specifically framed for "Islamic Banking." Questions thus arise: What guidelines apply to "Islamic Financing" institutions? Are banking regulations universally applicable across financing sectors? These questions demand interactive dialogue with policymakers. For instance, the penalty structure for early settlement in conventional banks differs from that of conventional financing companies.

The current OJK guideline is deemed insufficient in offering legal certainty—an opinion shared by both Sakinah and Berkah Finance. Therefore, Sakinah Finance advocates for differentiated guidelines tailored to the distinct regulatory ecosystems of the banking and financing industries to enhance the competitiveness of Islamic finance vis-à-vis conventional finance.

3.3.3. Clear Fatwa, Complex Regulation: Regulatory Rigidities in the Implementation of Fatwa

Looking forward, there is a need for deeper and continuous dialogue between Islamic financing institutions, the DSN-MUI, and the OJK to improve the field-level implementation of Fatwa 153/2022. Based on the principle of *i'adah al-nadhar*—which underpins the fatwa—the complexities of practical application must be recognized as central to the formulation of Islamic legal norms.

This complexity is often articulated using terms such as *ta'assur* (difficulty), *ta'adzdzur* (impediment), and *shu'bah al-'amal* (practical burden). A key rationale for invoking the *i'adah al-nadhar* principle is that older juristic opinions may no longer be practicable or contextually adequate, especially when implementation is significantly constrained by contemporary realities.

In this case, Fatwa No. 153/2022, as perceived by the two Sharia financing institutions under study, presents problems in implementation. Uniquely, these implementation problems do not stem from the substance of the fatwa itself, but rather from the seemingly rigid model of its elaboration in the OJK Guidelines, which tends to narrow the scope for innovation. This fatwa introduces a relatively simple framework distinguishing between: *Tsaman Naqdy* (cash sale price), *Qiimah Ismiyah* (agreed installment price), and *Qimah Halliyah* (early settlement price).

A close reading of the fatwa reveals that it fundamentally proposes a fairer approach: consumers are only charged a profit margin up to the time of settlement. The unearned portion is not imposed. However, when this principle is translated into the OJK's overly detailed regulatory framework, it becomes cumbersome.

Other fatwas have been smoothly translated into regulation and implemented without issue. Yet, in this case, the codification seems unnecessarily complicated.

The translation of Fatwa 153/2022 into regulations referencing accounting standards should allow each financing institution the freedom to innovate in implementation, so long as the essential principles—particularly the obligation to offer discounts—are upheld. The current OJK guideline, however, is excessively detailed and limits innovation, diminishing its appeal for Sharia-compliant finance businesses.

4. Conclusion

This study concludes that the enactment of the 2023 Omnibus Law (Law No. 4 of 2023) has brought significant institutional stability to the transformation of fatwas into regulations within the financial sector. The consolidation of fatwa authority under the Indonesian Ulema Council (MUI) and the establishment of dedicated committees for the transformation of fatwas within each financial sub-sector mark key steps in formalizing the relationship between religious and state regulatory authorities. However, the operationalization of this transformation, particularly in the case of DSN-MUI Fatwa No. 153/2022 concerning the Early Settlement of *Murabahah* Debt, reveals a noticeable gap between legal norms and business practices. Despite the formalization of fatwas into regulations, the flexible nature of the fatwa has not been effectively aligned with the rigid and highly detailed technical regulations set forth in the OJK (Financial Services Authority) Guidelines.

While extensive collaboration between fatwa authorities and regulators has taken place, the inflexible nature of these regulations has unintentionally caused resistance in their implementation at the operational level. This resistance is not rooted in Sharia non-compliance but in two critical factors. First, legal-formal barriers have emerged, as industry players with strong Sharia compliance standards have delayed the implementation of Fatwa No. 153/2022. They perceive the OJK "Guidelines" as lacking binding legal certainty comparable to that of OJK regulations. Second, economic rationality barriers have been observed, where the financial models proposed by the OJK Guidelines have been seen as commercially unfeasible, significantly affecting profit margins in comparison to conventional products. As a result, financial institutions have resorted to creating alternative "shadow scenarios" to remain competitive while striving to comply with Sharia principles.

The novelty of this research lies in its insight that the success of fatwa positivization, or the transformation of fatwas into binding regulations, is not solely dependent on the collaboration between fatwa authorities and regulators. Rather, it is also contingent upon the regulatory system's ability to absorb and respond to empirical feedback from the field. This study demonstrates that fatwa transformation cannot simply rely on formal state legalization but requires a more flexible, adaptive regulatory approach. The principle of *I'adah an-Nadhar* (re-evaluation) should be applied not only to the fatwa itself but also to the regulations derived from it. Regulators must be open to revising technical guidelines to provide flexibility that supports both consumer protection (justice) and the economic viability of the industry. This would ensure that regulations serve as facilitators, rather than inhibitors, of Sharia-compliant financial innovation.

The research suggests that effective transformation from fatwa to regulation requires a bottom-up approach, with industry actors providing pivotal feedback to shape future regulations. A continuous dialogue among fatwa authorities, regulators, and financial industry players is

essential to overcome the operational challenges observed in this study. Such an approach will help ensure that Sharia-compliant financial practices are not only legally sound but also operationally feasible and economically competitive.

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