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TITLE: ISLAMIC BANKING: FIQH MUASARAH VIEW ON MODERN FINANCIAL TRANSACTION

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The hope is that the results of this assignment can provide good and can add knowledge to friends and the public about "Islamic Banking: Fiqh Muasarah View on Modern Financial Transaction ". May all this knowledge be beneficial to us and to all readers.

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ABSTRACT

This paper explores the implications of Shariah maxims on modern financial transactions, emphasizing key principles such as intentions and acts, doubt and certainty, rules of necessity, offering and obtaining, and limitations. The study delves into the foundational principle that "Acts are judged by the intention behind them," elucidating its relevance in various contexts, including financial dealings. It highlights the importance of disclosing banking policies and avoiding practices that contradict Islamic principles. The discussion on doubt and certainty underscores the rejection of doubt in favor of certainty in legal matters. The paper then delves into issues in modern financial transactions, particularly in the era of globalization and digital finance. Security and confidentiality of data emerge as critical challenges, necessitating the implementation of robust measures, including two-factor authentication and encryption, in compliance with Shariah principles. Infrastructure security is also addressed, emphasizing the need for protection against cyber threats while adhering to Shariah tenets related to data use and privacy. Furthermore, the study identifies Shariah law risks associated with the use of digital financial technology. It emphasizes the importance of valid signatures in digital contracts and proposes a comprehensive mechanism, guided by maqaṣid, to mitigate sharia law risks effectively. The role of sharia experts in planning and implementing digital financial technology is highlighted to ensure compliance with Islamic principles. In summary, this paper provides a comprehensive analysis of the implications of Shariah maxims on modern financial transactions, addressing contemporary challenges and proposing measures to ensure compliance with Islamic principles in the evolving landscape of global finance.

INTRODUCTION

Financial operations that comply with Shariah (Islamic law) are referred to as Islamic banking, also known as Islamic finance or Shariah-compliant finance. The sharing of profit and loss and the ban on interest collection and payment by lenders and investors are two of the core tenets of Islamic banking. The foundation of Islamic banking lies in the principles of Islam concerning business dealings. The primary religious text of Islam, the Quran, serves as the foundation for Islamic banking practices. All transactions in Islamic banking must abide by Shariah, the Islamic legal code, which is based on the Quran's teachings. In Islamic banking, the regulations that control business dealings are known as fiqh al-muamalat.

It is believed that personnel working for organizations adhering to Islamic banking practices will not stray from the core tenets of the Quran when conducting business. Islamic bankers consult knowledgeable academics when additional information or direction is required, or they use their own independent judgment based on knowledge and conventional wisdom.The ban on usury and speculation in Islamic banking is one of the main distinctions between it and traditional banking systems. Any kind of speculation or gambling, known as maisir, is outright forbidden by Shariah. Moreover, Shariah forbids charging interest on loans. Furthermore, it is forbidden to make any investments involving goods or substances that are forbidden by the Quran, such as gambling, alcohol, and pork. Thus, Islamic banking can be viewed as a kind of ethical investing that is culturally unique.

Islamic banks use equity participation systems as a means of generating revenue without the customary practice of charging interest. When a business receives a loan from a bank, equity participation refers to the business's agreement to repay the loan interest-free and to give the bank a cut of the business's profits. The bank also loses out if the company defaults or doesn't turn a profit. Generally speaking, Islamic banking institutions have more conservative investing strategies. They therefore usually steer clear of ventures that might be connected to economic bubbles. The origins of Islamic banking can typically be traced to Middle Eastern merchants who began conducting financial business with European counterparts in the Middle Ages.

They began by applying the same financial concepts as the Europeans. But as trading networks advanced and European nations began opening local branches of their banks in the Middle East, some of these banks adopted the regional traditions of their newfound home, chiefly profit-and-loss sharing systems and no-interest financial systems. These European