



اَوْبُو سَيِّدِي تَكُونُ لَوْ كُنِي فَبَارَا
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ONLINE TRADING: ISSUES AND SYARIAH PERSPECTIVE (FOREX)

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STUDENT DECLARATION

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

We hereby acknowledge that in fact all of the work in the preparation of this academic work is the result of our own efforts and works except as expressly stated.

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1.0 INTRODUCTION

The forex (foreign exchange) business, or better known as foreign exchange, is currently a business that has quite large and significant influence on society. This is demonstrated by the rise in circulation and activity in the capital market, where daily transaction can reach billions of dollars. Since this business activities can lead their investors became wealthy in short period and generate huge amount of profit, it has become a visually appealing and alluring business model for the majority of people to participate in their business. The forex trading business is included in the category of contemporary Islamic legal issues. As a result, it has the legal status of ijthadiyyah, which falls under the category of law fi ma la nasha fih (legal concerns lack a clear legal text reference).

Users of forex trading are not the only ones who participate in this trade with large capital; individuals with less capital can also do so. either with your own money or money borrowed from the capital market or the owner of the funds that is actually being used for Forex trading. Forex itself is the largest trading in the world. For that, if people want to involved in forex, then skills and knowledge are needed. This forex trading brings the bad effects to the forex users when there is a lost, because not only harmful in terms of money but time is also the main loss in entering the forex market. (AMRI, 2021)

In Islam, making money through trading is permissible, as long as the trading is conducted in accordance with Islamic principles. The Quran states that "Allah has allowed trading and has forbidden usury" (2:275). Usury, or riba, refers to the charging of interest and is to be unfair. On the other hand, interest payments are not a part of forex trading. Islamic scholars claim that the legality of forex trading relies on the particulars of the trade. Forex in the Islamic view has two laws, which is that it can become obligatory and it can fall into haram. if he wants to exchange different currencies, the delivery must happen immediately, otherwise (there is a delay) he will go to the law of usury and this makes forex illegal, but forex is also allowed if it has some conditions that remove it from illegal law.

These guidelines include:

1-Forex trading should not involve any interest-based transactions, such as charging or paying interest on a position held overnight. This is because Islamic law forbids usurious transactions, which are what interest-based transactions are.

2- No speculative trading, forex trading should not involve speculative trading which is essentially gambling. Trading on the open market without a foundation or basic analysis is known as speculative trading this type of trading is prohibited in Islam.

3-Trading with specific purpose, forex trading should be conducted with a specific purpose in mind, such as hedging against currency risk, or promoting international trade and investment. Islam forbids engaging in trading for financial gain without engaging in any underlying economic activity.

4-No taking of excessive risks, excessive risk-taking in forex trading shouldn't be practiced, such as margin trading or taking positions that are larger than one's financial means. This is due to the fact that taking excessive risks is regarded as gambling, which is forbidden in Islam.

This study aims to explain the meaning and issues that occur in forex from an Islamic perspective. Finally, forex trading needs to be carried out in the right way to avoid it falling out of Islamic Sharia.