

APPLICATION OF ISLAMIC BUSINESS ETHICS IN THE FINTECH INDUSTRY: AN ANALYSIS OF THE FOUNDATION OF SHARIA MAQASHID

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Abstract

Based on the above background, the purpose of this study is to describe business ethics from the perspective of Maqashid Shari'ah, analyze the urgency of its application in the modern business context, identify the principles of Maqashid Shari'ah that can be adopted in business practices, and assess the positive impact of the application of Maqashid Shari'ah-based business ethics on business sustainability and general welfare. This research method will adopt a qualitative approach with descriptive analysis. Data will be obtained from text sources, articles, journals, and other related documents. Maqashid Shari'ah-based business ethics encompasses the integration of moral values and Islamic principles into business practices, becoming increasingly important in modern business. Maqashid Shari'ah provides a comprehensive framework with the primary objective of nurturing religion, life, property, reason, and posterity, guiding business practitioners to conduct business with justice, honesty, and social responsibility. By adhering to the principles of Maqashid Shari'ah, businesses can create a sustainable environment, build a strong reputation, avoid practices that are contrary to Islamic values, and have a positive impact on society, all in line with larger social and moral goals.

Keywords: Business Ethics, Sharia Muqashid, Modern Business.

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INTRODUCTION

In an era of globalization and the complexity of modern business, business ethics is becoming an increasingly relevant and important issue. Business is no longer just carrying out economic transactions, but also has deep social, environmental, and moral impacts. One interesting and value-rich point of view in studying business ethics is through the lens of Maqashid Shari'ah. Maqashid Shari'ah is a fundamental concept in Islamic law that refers to the main purpose and intent of Shari'ah or Islamic law itself (Kasdi, 2016).

In this context, business ethics is not only analyzed from the perspective of economic profit alone, but is also assessed based on the fulfillment of moral values, social justice, and general welfare which are the main objectives of Maqashid Shari'ah (Jaelani, 2012). Business ethics under the principles of Maqashid Shari'ah is considered an

important step in ensuring that business contributes positively to society and performs its functions as an integral part of the larger society (ROHMAH & Muharrami, 2023).

This research will explain the urgency of business ethics from the perspective of Maqashid Shari'ah and how this approach can have a positive impact on business practices in the contemporary era. The research will also detail the principles of business ethics in Islam that can guide business people to operate properly under the values of Shari'ah.

In its development, it is important to understand that the concept of business ethics in Maqashid Shari'ah is not only relevant for companies based on Islam or in countries with a majority Muslim population. The principles of Maqashid Shari'ah can be a universal foundation for promoting fair, sustainable, and moral business ethics that can benefit all stakeholders, not only in the economic sphere but also in social and environmental aspects.

Through a deep understanding of the urgency of business ethics from the perspective of Maqashid Shari'ah, we can bridge the gap between economic interests and moral values in today's business world. Thus, this research will discuss how business ethics based on Maqashid Shari'ah can play a role in shaping a more sustainable, fair, and dignified business future.

The novelty of this study lies in its focus on the rapidly growing Fintech industry, which is still rarely explored in the context of Islamic business ethics. This research is expected to fill knowledge gaps on how Islamic principles can be adapted and applied in innovative business models such as Fintech, as well as their implications and impacts on customers, entrepreneurs, and society as a whole.

Based on the above background, the purpose of this study is to describe business ethics from the perspective of Maqashid Shari'ah, analyze the urgency of its application in the modern business context, identify the principles of Maqashid Shari'ah that can be adopted in business practices, and assess the positive impact of the application of Maqashid Shari'ah-based business ethics on business sustainability and general welfare. Benefits include contributions to the understanding of the concept of business ethics in Islam, guidance for business practitioners to enhance integrity and social responsibility, the creation of a more just and socially sustainable business environment, as well as a positive contribution to sustainable economic growth.

RESEARCH METHODS

This research method will adopt a qualitative approach with descriptive analysis. The first step is to conduct a literature review that includes the definition of Islamic business ethics and the concept of Maqashid Shari'ah. Data will be obtained from text sources, articles, journals, and other related documents. The analysis will be carried out by summarizing and understanding the concepts related to Islamic business ethics and Maqashid Shari'ah. Furthermore, an investigation will be conducted on the principles of Maqashid Shari'ah that can be adopted in business practices, as well as the positive impact of the application of Maqashid Shari'ah-based business ethics on business sustainability and general welfare. Qualitative data will be interpreted to produce a deep understanding of the urgency, principles, and positive impact of Maqashid Shari'ah-based business ethics. This method will provide a comprehensive insight into the importance of applying business ethics from the perspective of Maqashid Shari'ah in the modern business context.

RESULT AND DISCUSSION

A. Definition of Islamic Business Ethics

The science of ethics is said to have existed since the time of Socrates (470-399 BC). Because the science of ethics has been around for a long time, it is certainly interesting to learn the meaning of the word ethics so that it can be understood correctly and precisely. Understanding of the understanding of Islamic business ethics is very important because it will be the basis for a comprehensive understanding, for the following explanation of the understanding of ethics, business, and Islam (Atikah et al., 2023). Ethics etymologically comes from the Greek poem ethos, the plural form is ta Etha which means custom or custom. The understanding of ethics in this language perspective is related to good life habits, in a person, community, and society, meaning that ethics relate to values, ways of life, good rules of life, and all habits that are adopted and passed from one person to another or from one generation to another. These habits are then revealed in patterned behaviors that keep repeating themselves as habits (Nursyamsu, 2017).

The concept of Maqashid Shari'ah posits that the main purpose of Islamic law is to preserve and protect five key aspects, namely religion, life, property, reason, and heredity. In the context of business ethics, Maqashid Shari'ah provides strong moral guidelines, directing business practitioners to ensure that their actions are aligned with Islamic ethical values. It emphasizes the need to avoid dishonest practices, harm consumers, or undermine morality and integrity (Iqbal et al., 2023).

In addition, Maqashid Shari'ah helps create the right balance between achieving economic profit and fulfilling social and moral goals. This means that businesses don't just focus on profitability, but also pay attention to their social and moral impact. Maqashid Shari'ah also encourages the protection of consumer health and safety, which is an important aspect of business ethics. Business practitioners are expected to ensure that their products and services do not harm consumers and society.

The very first ethic in Islam is sincere intention. With sincere intentions, all forms of worldly activity such as business turn into worship.

1. Fathanah (Professional)

Fathanah can be interpreted as intelligence, intellectual, ingenuity, or wisdom. A business person who is fathanah is a businessman who has the willingness to try to find and find new business opportunities, and prospects, and is future-minded, but does not ignore contemporary principles (Zahroh & Ryandono, 2015).

2. Amanah (Trusted)

The nature of trustworthiness (responsibility and credibility) is that this trait can form a credible person and have a responsible attitude. The nature of trustworthiness has an important position in business transactions, because there is no credibility and responsibility in multifaceted, business life becomes unbalanced and will be chaotic (Ruslang et al., 2020).

3. Siddiq (Jujur)

The word hidden in modern business ethics is often spoken through the word integrity. Integrity is one way to uphold values and ethics in doing business. Business people must make this integrity a core principle in running a business. A business person must run things with honesty, persistence, and tenacity and be able to compete healthily (Nafiuddin, 2019).

4. Tabligh (Transparent)

The nature of tabligh in business (Nafiuddin, 2019) is derived from the principles of business communication science (personal, interpersonal), such as sales, marketing, advertising, and mass opinion formation, which are done correctly and proportionally.

B. The Urgency of Applying Business Ethics in the Perspective of Maqashid Shari'ah

The urgency of applying business ethics from the perspective of Maqashid Shari'ah in the context of modern business is very important and relevant. This is because modern businesses are often faced with various challenges and complexities that require a broader and deeper view related to moral and ethical values. Here are some reasons why the application of business ethics based on Maqashid Shari'ah has become very urgent in modern business:

1. **Avoiding Economic Injustice:** In the context of modern business, economic and social inequality is often a serious problem. The implementation of Maqashid Shari'ah prioritizes social justice as one of the main goals. Thus, business ethics in this perspective demands the avoidance of practices that harm a large part of society for the benefit of a small group. This is essential to creating a society that is more just and equitable in the distribution of wealth and economic opportunity.
2. **Consumer Protection:** Modern businesses often face issues related to inadequate quality of products and services, as well as practices that harm consumers. Maqashid Shari'ah, through Hifz al-Nafs (preservation of life), encourages the protection of consumer health and safety. This means a business must ensure that its products and services are safe and comply with ethical standards.
3. **Environmental Sustainability,** environmental issues are one of the main challenges in modern business. The application of Maqashid Shari'ah, including the concept of Hifz al-Mal (maintenance of property), emphasizes the importance of preserving and preserving nature. Ethical businesses in this perspective are expected to take sustainable measures that do not damage the environment.
4. **Reputation and Trust:** In the age of information and transparency, a company's reputation is very important. Business ethics based on Maqashid Shari'ah can help build a strong reputation and trust of customers, investors, and business partners. This can support long-term business growth.
5. **Avoidance of Haram Practices:** From the perspective of Maqashid Shari'ah, modern businesses often potentially engage in practices that are contrary to Islamic values, such as *riba* (interest), *maysir* (gambling), and *gharar* (uncertainty). The application of business ethics under Maqashid Shari'ah is a way to ensure that businesses do not fall into practices that are haram.

To fulfill the main objectives of Maqashid Shari'ah, the application of business ethics under this perspective can help modern businesses become more sustainable, equitable, and moral. This is not only important for Islamic-based companies or in Muslim-majority countries, but is globally relevant in efforts to build businesses that support the well-being of people and the environment (Harriguna & Wahyuningsih, 2021).

C. Principles of Maqashid Shari'ah in Business Practice

The principles of Maqashid Shari'ah can be integrated into business practices concretely through:

1. Prioritizing fairness in all business transactions, including pricing, contracts, and profit sharing, so that no party is harmed or treated unfairly.
2. Ensure the welfare and rights of employees, including decent wages, a safe working environment, and fairness in human resource management.
3. Adopt environmentally friendly business practices, such as waste reduction, energy efficiency, and sustainable use of raw materials, to meet the principle of nature preservation (Hifz al-Mal).
4. Ensure that businesses operate under Islamic law and ethics, avoiding practices that are contrary to Shari'ah values, such as riba and injustice.
5. Invest in social and economic initiatives that empower communities, such as education, job training, or humanitarian assistance programs, under the principle of nurturing offspring (Hifz al-Nasl) (Hakim et al., 2022) (Aprianto et al., 2020).

The integration of Maqashid Shari'ah principles into business practices requires a strong commitment to Islamic values, a deep understanding of the concept of Maqashid Shari'ah, as well as transparency in business operations. Thus, businesses can be agents of positive change in society, support the main goals of Maqashid Shari'ah, and provide sustainable impact.

D. The Positive Impact of the Application of Maqashid Shari'ah-Based Business Ethics

The application of Maqashid Shari'ah-based business ethics has a positive impact on business sustainability and general welfare. This can create a more stable and trustworthy business environment, strengthen the company's reputation, and minimize legal and social risks. In addition, by paying attention to social justice, environment, and community empowerment, businesses can become agents of change that contribute to the general welfare, create a positive impact on society at large, and help achieve greater social goals (Alfina 2022).

Several previous studies illustrate the importance of the application of Islamic business ethics and Sharia Maqashid in maintaining business continuity and customer trust. Research by (Hairunisa & Yuningsih, 2023) Highlights the need for the fulfillment of moral needs and the protection of the five main elements of needs. In addition, research by (Ruslang et al., 2020) shows that the application of business ethics under Maqashid Syariah has a positive impact on customer trust and business continuity. (Rohmah, 2023) underlining the success of SMI Griya Pangan Batang in implementing the principles of Islamic business ethics, although there are still certain shortcomings. (Wahyuni, 2019) emphasizes the need to adapt the conception of business ethics to the times. Meanwhile, (Suminto, 2020) highlights the importance of Muslim producers adhering to the principles of production in halal circles and the protection of natural wealth. (Nafiah & Faih, 2019) shows that Sharia Fintech has a Maqashid Sharia foundation and a clear legal umbrella. Lastly, research by (Yusmayra et al., 2022) affirms that the application of Sharia business ethics can reduce the risk of fraud. Therefore, researchers concluded that the application of Islamic business ethics and Maqashid Sharia has a significant impact on maintaining business continuity, increasing customer trust, and reducing the risk of fraudulent crimes. Although there are several shortcomings and challenges in its implementation, such as the protection of property and the adaptation of the conception of business ethics to the times, the importance of adhering to these principles remains the focus in conducting business sustainably and under Islamic values.

CONCLUSION

Maqashid Shari'ah-based business ethics encompasses the integration of moral values and Islamic principles into business practices, becoming increasingly important in modern business. Maqashid Shari'ah provides a comprehensive framework with the primary objective of nurturing religion, life, property, reason, and posterity, guiding business practitioners to conduct business with justice, honesty, and social responsibility. By adhering to the principles of Maqashid Shari'ah, businesses can create a sustainable environment, build a strong reputation, avoid practices that are contrary to Islamic values, and have a positive impact on society, all in line with larger social and moral goals. Thus, to achieve business sustainability and general welfare, it is highly recommended to integrate the principles of Maqashid Shari'ah into business practices, involving the application of business ethics based on Islamic values such as justice, honesty, social responsibility, and environmental protection. By understanding and applying the concept of Maqashid Shari'ah, businesses can create a positive impact on society, build a strong reputation, and ensure that their operations conform to moral and social principles that promote economic sustainability and general welfare.

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First publication right:

AJEMB – American Journal of Economic and Management Business
