

SHARIA ECONOMICS STUDENTS' UNDERSTANDING OF THE PROHIBITION OF RIBA IN CONVENTIONAL BANK INSTITUTIONS

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ABSTRACT

The aim of this research is to determine the understanding of sharia economics students regarding the prohibition of usury in conventional banking institutions. Where in Islamic teachings, usury is strictly prohibited according to the guidelines of the Al-Qurana and Al-Hadith. This research uses qualitative research with in-depth interview methods. Data taken from respondents from sharia economics students in the first semester of STAI Kuningan. The results of the research show that sharia economics students really understand about usury because they have often heard what usury is before. Students also understand the practice of usury which is the same as the interest system used by conventional banking institutions. Usury is very detrimental to one of the parties to the transaction. It is not mutually beneficial for the parties carrying out the transaction.

Keywords: Sharia Economics Students, Usury and Conventional Banks

Introduction

The last two decades have witnessed a tremendous growth of the Islamic financial industry. The statistics enumerate over seventy-five countries which operate Islamic financial institutions with total assets about USD1.6 trillion (Imam and Kpodar, 2015). These specifics reflect the significance and promise of the Muslim market. Nevertheless, the size of Muslims' potential market is still to be exploited since Muslims made up of about 28% of the total world population where most of them are in developed countries. (Al-aaidroos et al., 2019)

Islam is a religion that teaches faith in Allah SWT which is guided by the Al-Qur'an and Hadith. In worship, the legal rule that applies is that all things are prohibited, except those that are stipulated based on the Koran and al-Hadith. Meanwhile, in matters of

mu'amalah, everything is permitted unless there is an argument that prohibits it. This means that when a new transaction appears and is not previously known in Islamic law, then the transaction can be accepted, unless there are implications from the Qur'an and Hadith that prohibit it (Wasis Efendi et al., nd).

Usury is an addition of money or interest on a money loan transaction. Allah explains that people who consume usury, justify it out of love for wealth or indulge in lust, consume other people's wealth in a false way, and without effort and toil, they will always carry out their activities filled with anxiety, not at peace, always confused. and are always in uncertainty, because their minds are always focused on material things and increasing wealth.(Naufal, nd) Interest is a liability for borrowing money, which is usually expressed as a percentage of the

money lent. Another opinion states "interest is the amount of money paid or calculated for the use of capital. For example, this amount is expressed in terms of a level or percentage of the capital involved, which is now often known as the capital interest rate."(Ramdaniar Eka Syirfana et al., 2021)

In the Islamic economic aspect, the rules of fiqh "Al-ashl fi mu'amalah al-ibahah" apply, anything can be done as long as it does not conflict with Islamic law (Putra, 2019:83), one of the things prohibited in Islamic law is usury, the prohibition of usury in In essence, it is to prevent injustice and tyranny, which in the end is to achieve the welfare of society. (Aisyah et al., nd)

1. Riba qardh, is the taking of benefits/surplus value in returning a debt, and this is required at the beginning of the agreement (contract), without knowing what the excess will be used for.
2. Usury jahiliyyah, namely the return of a loan in excess of the original price due to the inability to pay at the specified time.
3. Riba nasi'ah, namely the added value that occurs when bartering ribawi goods, due to delivery at different times.
4. Riba al-fadl, namely the exchange between goods of the same type, but given in different sizes (Aisyah et al., nd).

Bank interest is usury and usury is clearly forbidden (by the MUI) but the fact is that in the field we still find many Muslims who use conventional banks as a place for transactions even though it

has been explained that conventional bank interest is usury and usury is haram.(Ahyani & Muharir, 2020).

The aim of this research is to evaluate the level of understanding of sharia economics students regarding the prohibition of usury in conventional banking. This research aims to find out the extent of sharia economics students' understanding of usury and how sharia economics students view practices in conventional banking that use interest or usury. Thus, this research can illustrate how effective sharia economic education is in providing an understanding of usury.

Prohibition Of Riba On Banking

Previous research discussed the problems caused by the interest system (riba), namely: injustice in economic practices. This was felt when Covid 19 hit. It is difficult for customers to get profits, while bank interest must be paid every month. Interest at conventional banks supports credit. Prohibition of usury in conventional banking, high and multiple credit rates result in difficulties for customers to pay, people's economic life is uncertain. This interest is one of the factors causing inflation and the emergence of economic inequality and wealth conglomeration. Because of this, DSN in its fatwa No. 1 of 2004 condemned interest as usury.(Aisyah et al., nd)

In an effort to prevent people from using the usury practices above, Islamic banks provide a solution by implementing a profit sharing system. The profit sharing system provides justice and welfare effects. The impact of

economic justice makes the economy equal, inflation will adjust because people's purchasing power increases, and with prosperity, people will avoid consumer debt.(Aisyah et al., nd)

Research Methods

This research uses qualitative methods with in-depth interviews. By using structured interviews. The

interview will focus on students' understanding of the prohibition of usury in conventional banking. The population of this study were students of the sharia economics study program at Kuningan Islamic High School. The sample was selected using a purposive sampling method to ensure that participants understood the topic of the research.

Table 1. Informant Data

No	Name	Information
1	H.G	Female, first semester student of STAI Kuningan sharia economics study program
2	MFF	Male, first semester student of STAI Kuningan sharia economics study program
3	IR	Female, first semester student of STAI Kuningan sharia economics study program
4	Kindergarten	Female, first semester student of STAI Kuningan sharia economics study program
5	C.A	Male, first semester student of STAI Kuningan sharia economics study program

This research was carried out by transferring data about sharia economics students' understanding of the prohibition of usury in conventional banking institutions which was obtained through in-depth interview techniques. Researchers conducted interviews with informants. Then, to check the truth of the interview results, researchers used documentation to obtain valid data sources.

Research Findings

Understanding Of The Prohibition Of Riba

In the understanding of Islam, usury is strictly prohibited. Because usury is detrimental to one party, instead of helping each other, the parties are actually burdened because there are

additional transactions from the principal of the loan that has been given. “QS. Al-Imran: 130”.

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

Meaning: O you who believe, do not consume usury in doubles and fear Allah so that you will be successful.

Usury in this paragraph is meant as debts which, when they cannot be paid when they are due, the debtor is given additional time, but in exchange for an additional amount that must be paid. According to the ulama, usury nasiah is haram, even if the additional amount is not doubled.

All types of usury are prohibited based on texts from the Koran and Sunnah. The Qur'an highlights the

practice of usury not only in a micro context, but also in a macro context which has become systemic and has had far-reaching impacts and endangered the economy in general. Therefore, the verses that talk about usury do not come down all at once, but gradually through four stages, as if this indicates that eliminating systemic usury cannot be done all at once but requires planned stages and strategies.(Naufal, nd)

Impact Of The Prohibition Of Riba In The Conventional Banking System

Muslim communities that adhere to the religion they profess will always follow and obey the rules that have been set by the guidelines of the Al-Quran and Al-Hadith, therefore if there is a prohibition order from this source, Islamic Muslims will avoid or will not be involved in these activities. In terms of the prohibition of usury in the conventional banking system, people who adhere to sources will abandon these activities. In this case, the impact felt by conventional banking which applies the interest rate system will be abandoned by devout Muslim communities who do not use conventional banking.

The wisdom behind the prohibition of usury in Islam is as follows:

1. Humans are protected from taking property in a good way or in a way that is prohibited by religion. Interest provides injustice to one of the parties. If the bank makes a lot of profit, then the customer will be at a disadvantage because he will bear large interest rates. Likewise, if the customer is unable to provide income from the money borrowed, it will be

even more burdensome for the customer. In conditions like now, with the Covid-19 pandemic, many people's businesses are under pressure, so with profit sharing, customers' business comfort is maintained.

2. Directions for investing wealth owned in clean, halal business fields, businesses permitted by religion, avoiding fraudulent attitudes so that solutions to life's difficulties can be found.
3. Can save yourself from misery. Large amounts of wealth obtained through wrong means do not bring blessings to their owners. Blessings on the wealth you own have an impact on ease of life, smooth worship, and healthy offspring.
4. Eliminate the mentality of being wasteful and accumulating wealth in one hand, namely the attitude of being extravagant when other people are having difficulties. Transactions in sharia banking give customers the opportunity to play an active role in encouraging other people to utilize funds by placing their trust in sharia banks.
5. Making people more active at work, patient at work during Covid 19, so they remain productive. Profits calculated from business results will further increase a person's business activity.(Aisyah et al., nd)

Views On Conventional Banking Institutions

Conventional banking is a commercial bank that implements its activities in general, referring to the

country's formal legal regulations and using an interest mechanism system. Conventional banks have fund storage, fund distribution and deposit services. According to economic experts, the humanitarian problem lies in an economic system that does not care about the principles of equality, equity, lack of prioritizing humanity and religious values. (Ahyani & Muharir, 2020) In recent years, banks have begun to understand the importance of risk management to maintain business stability and continuity. This can be seen from the existence of regulations from the Financial Services Authority (OJK) which regulate risk exposure management and effective corporate governance (Kulinska-Sadtocha, 2022). (Revelation & Budianto, nd) Given the distinctive approaches to business transactions in Islamic and conventional financial systems, the Islamic financial sector requires complementary standards to govern its operations. These standards are derived from the Fiqh Muamalat, which outlines financial transaction rules [21]. Consequently, the development and acceptance of Islamic financial standards involve careful consideration of international standards to ensure compatibility and consistency. (Fayyad, 2023)

Conclusion

All Islamic economics students know the term Riba as interest. In Islam, usury is very popular among Muslims. Because usury is strictly prohibited by Islamic teachings guided by the Koran and Al-Hadith. Therefore, according to

the understanding of Riba among Sharia economics students, it is very popular. Riba or Bung is very popular in the conventional banking system. Because conventional banks apply an interest system. In the Islamic view, bank interest is the same as Riba because in the transaction there is an additional loan that must be charged on top of the principal loan, in simple terms the principal loan plus interest on the loan. Conventional banking is strictly avoided by Muslims who adhere to Islamic teachings which are guided by the Koran and Al-Hadith. So, Muslims will not choose conventional banking. Conventional banking generally carries out its activities using interest.

Suggestion

For further research, it is hoped that respondents, namely final semester students, will measure how deep their knowledge is about the interest system and interest practices in conventional banking, which in Islam is strictly prohibited. Therefore, it is important as to whether the learning system provided by the lecturer can be understood by students in observing and understanding usury.

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