

The Progressiveness of Sharia Economic Fatwas: Direction of Islamic Legal Thoughts within NU and Muhammadiyah

doi 10.15408/ajis.v24i1.37775

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Abstract

This research aims to analyze the Islamic legal thoughts of Nahdlatul Ulama (NU) and Muhammadiyah concerning Islamic economics in Indonesia. The research is based on fatwa documents from Lembaga Bahtsul Masail NU and Majelis Tarjih Muhammadiyah from 2000 to 2019. This study found that the method of *ijtihad* used by NU has shifted from a textual-conservative (*qawli*) approach to a contextual-progressive and methodological (*manhaj*) approach. Meanwhile, the method of *ijtihad* used by Muhammadiyah is characterized as progressive-dynamic, employing three approaches: *bayani*, *tahlili*, and *istislahi*. The decisions of LBM NU in Islamic economics predominantly use the *qawli* method, followed by the *ilhāq* method, and subsequently, the *manhaj* method. The *qawli* method is most frequently used because it adheres to the procedural stages of NU's traditionalist pattern, where every legal issue is ideally referenced to authoritative madhhab books. If the issue cannot be resolved using the *qawli* method, the *ilhāq* and *manhaj* methods are employed. This indicates that the *manhaj* method is used when the *qawli* and *ilhāq* methods cannot provide a legal answer. On the other hand, Muhammadiyah's MT method in Islamic economics has evolved. Initially, the *tarjih* methodology was monodisciplinary, referring issues back to the Quran and the Sunnah. Subsequently, the *tarjih* methodology became monodisciplinary-pretexual by employing various methods. Eventually, the *tarjih* methodology became multidisciplinary regarding methods, approaches, and techniques.

Abstrak

Penelitian ini bertujuan untuk menganalisis pemikiran hukum Islam Nahdlatul Ulama dan Muhammadiyah tentang ekonomi Islam Indonesia. Penelitian ini bersumber dari dokumen fatwa-fatwa Lembaga Bahtsul Masail (LBM) NU dan Majelis Tarjih (MT) Muhammadiyah selama periode 2000-2019. Studi ini menemukan bahwa metode ijtihad NU mengalami pergeseran yang awalnya bersifat tekstual-konservatif (*qawli*) berubah menjadi kontekstual-progresif dan metodologis (*manhaj*). Sementara itu, metode ijtihad MT Muhammadiyah bersifat progresif-dinamis dengan tiga pendekatan; *bayani*, *tahlili*, dan *istislahi*. Keputusan LBM NU dalam ekonomi Islam lebih banyak menggunakan metode *qawli*, disusul oleh metode *ilhāq*, dan selanjutnya metode *manhaj*. Metode *qawli* paling sering digunakan karena mengacu pada tahapan prosedur pola bermazhab NU, dimana setiap persoalan hukum sedapat mungkin merujuk pada kitab-kitab otoritatif mazhab. Jika tidak dapat diselesaikan dengan metode *qawli*, maka digunakan metode *ilhāq* dan metode *manhaj*. Ini artinya, metode *manhaj* digunakan dalam kondisi metode *qawli* dan *ilhāq* sudah tidak mampu memberikan jawaban hukum. Di sisi lain, metode MT Muhammadiyah dalam ekonomi Islam mengalami evolusi. Pada awalnya, manhaj tarjih bersifat monodisiplin dengan mengembalikan persoalan-persoalan umat kepada al-Quran dan al-Sunnah. *Manhaj al-tarjih* bersifat monodisiplin-pratekstual dengan menggunakan sejumlah metode. Kemudian, *manhaj al-tarjih* menjadi multidisiplin baik dari aspek metode, pendekatan, dan teknik.

Keywords:

Thought; Islamic Economic Law; LBM NU; MT Muhammadiyah

How to Cite:

Arsadani, Q., et al., (2024). The Progressiveness of Sharia Economic Fatwas: Direction of Islamic Legal Thoughts within NU and Muhammadiyah. AHKAM: Jurnal Ilmu Syariah, 24(1). <https://doi.org/10.15408/ajis.v24i1.37775>

Introduction

Recently, Muslims have faced legal issues related to culture (Sadiani et al., 2023) and advancements in science and technology (Sadiani et al., 2023). One of these issues is the rise of economic activities that pose Islamic legal problems that cannot be confronted with texts that do not explain them. This problem is then resolved through *ijtihad* (Purwati et al., 2021). Since legal issues in economics are still known as the purpose of the law (*maqashid al-sharia*), therefore legal development can be carried out (Janah & Ghofur, 2018), and not surprisingly, many fatwas are emerging as part of *ijtihad* to resolve contemporary issues (Meirison et al., 2022).

As a religious organization in Indonesia, Nadlatul Ulama (NU) is primarily responsible for various areas of life, including social, cultural, political, and economic, and guiding people to practice their religion well (Ahmad, 2022). In its organizational structure, Nadlatul Ulama has an institution called *Lembaga Bahtsul Masail* (LBM), or Institute for Discussion of Religious Issues, which conducts studies on religious issues and serves as a forum for discussing various religious matters. If viewed from the decisions of Islamic economics, this LBM NU is closely related to *maqāṣid al-sharī'ah* (Zulkhairi et al., 2024).

Unlike LBM NU, *Majelis Tarjih* (MT) or Council of Religious Verdicts is a part of the Muhammadiyah organization that deals with religious matters, particularly Islamic jurisprudence (*fiqh*). MT provides legal answers and certainty on various issues, especially for Muhammadiyah members, thereby creating a harmonious attitude (Khalidah, 2021). The legal decisions issued by the *Majelis Tarjih* are collective, not individual. In making its decisions, Muhammadiyah derives legal rulings (*istinbāt*) from the Qur'an and authentic hadiths, engaging in free and intelligent reasoning without practicing *taqlīd* (Fanani et al., 2021).

The Direction of NU Thoughts in Islamic Economic Law

The idea of the urgency for new *fiqh* among NU circles has emerged since the 1980s, during the height of discussions on "*tajdīd*", prompted by the limitations of classical *fiqh* books in addressing contemporary issues. Specifically, in 1987, when the leaders of Islamic boarding schools held the Ulama Conference in Cilacap under the leadership of KH. Ahmad Siddiq. In this conference, it was decided that the ulama leaders of boarding schools would continue to promote the "*tajdīd*" movement, a movement aimed at "the renewal and revitalization of religious thoughts" (Dhofir, 2015).

Subsequently, the Executive Board of NU (PBNU) formed a special team to formulate the concept of "*tajdīd*" prior to the 28th Congress in Yogyakarta in 1989, led by Kyai Ahmad Sidiq and Kyai Sahal Mahfudz. This team successfully developed the concept of *tajdīd* from NU's perspective. Following the 28th congress, the second halaqah forum was held in 1989 at the Al-Munawwir Islamic Boarding School in Krapyak, Yogyakarta. The discussions in this halaqah forum became the foundation for the decision-making system in *Bahtsul Masail* within NU. This halaqah formulated essential points proposed at the National Conference in Bandar Lampung in 1992. The proposal from the halaqah encouraged NU scholars to undertake *istinbāt* using the *manhajī* approach without entirely abandoning the *qawli* approach (Mumazziq, 2015).

Thus, the culmination of the idea of *tajdīd* in discussion forums and halaqah of the 1980s was when this idea took the form of a methodological concept and was discussed in the NU official forum, namely the Bahtsul Masail at the National Conference in Bandar Lampung in 1992. It was a historical milestone for reform (*tajdīd*) within NU. Certainly, *tajdīd* in NU's madhhab does not always involve establishing something new but also preserving the old order that is still considered good. This is in line with the slogan of Nahdlatul Ulama: "*al-Muḥafazah 'alā al-qadīm al-ṣāliḥ wa al-akhdhu bi al-jadīd al-aṣlah*," which means preserving the good old methodology and adopting better new ideas or methods (Rofiq, 2012).

Since NU reaffirmed its commitment to the Khittah NU 1926 and redefined the concept of Aswaja, the orientation of NU as a religious organization (*jam'iyah dīniyyah*) has transformed the insight of *fiqh* thinking, which focused initially on a madhhab-oriented *qawli* approach characterized by textual analysis, to a more open and dynamic, resulting in fresh perspectives in the *Bahtsul Masail*. As a religious organization that has chosen to follow a madhhab from the beginning, NU employs the *qawli* method in legal derivation. This involves seeking legal answers from the classical texts (*kutub al-ṣafrā' al-mu'tabarah*) in their original form (Zahrah, 2005). However, the *qawli* method alone is now considered insufficient to address the burgeoning contemporary issues, necessitating a new method that is flexible, more applicable, and contextual in text comprehension.

Observing the decisions of the Institute for Discussion of Religious Issues (LBM) NU from 2000 to 2019, it is evident that the *qawli* method has been highly dominant. Thus, it supports the statement of ulama leader as KH. Mahbub Ma'afi: "The *qawli* method is the most dominant method in the process of legal determination in Bahtsul Masail forum of Nahdlatul Ulama" (Mahbub Ma'afi, 2023).

The statement above can be observed in the decision made at the National Congress in Asrama Haji Sukolilo Surabaya in 2006 regarding the profit-sharing system of Islamic banking based on percentage ratios without the knowledge of the customers. However, the ratios were mentioned in the contract. The ruling of the congress states that this practice is invalid, yet the *muḍārabah* contract remains valid. However, the financial calculation or audit not using an Islamic system is deemed invalid. The method used to address this issue is *qawli* in nature and *waqi'iyah* in application, referring to the opinions of scholars, particularly Ibn Rushd's opinions in *Bidāyat al-Mujtahid* and further supported by opinions found in *Mughnī al-Muhtaj and al-Mughni Sharh al-Kabir* (Rusyd, 2016).

Furthermore, at NU Congress at Asrama Haji Sudiang Makassar in 2010, discussions were held regarding the legality of transactions via electronic means in sales contracts and marriage contracts, the validity of implementation in separate assemblies, and the legitimacy of sending short messages from the prospective groom containing a power of attorney (*wakālah*) to someone present at the assembly. The meeting results determined that electronic sales contract transactions are valid if both parties have seen the goods and clearly described their nature and type. They meet other conditions and essentials of the sales contract. However, marriage contracts via electronic means were deemed invalid because the witnesses did not directly witness or hear the marriage ceremony due to their absence from the assembly, and clear verbal expression was (*ṣarīh*) required during the marriage contract. Contracts via electronic means were considered ambiguous (*kināyah*). They remained valid regarding separate assembly sales contracts, whereas separate assembly marriage contracts were deemed invalid. The congress also ruled that conducting transactions via messages from the prospective groom containing a power of attorney to someone present at the assembly is valid, provided it is safe and follows reality. The decision-making process in this congress employed the *qawli* approach and was factual (*waqi'iyah*), referencing several authoritative texts (Mahbub Ma'afi, 2023).

The case concerning the legality of engaging in multi-level marketing (MLM), well known as (money game) systems, was discussed at the NU Congress in Citangkolo Banjar in 2019. The congress concluded that conducting business through MLM systems is prohibited (*ḥarām*) due to *gharar* (uncertainty) and conditions violating contract principles, where the motivation for transactions is primarily bonuses rather than goods. The method used to address this issue was *qawli* in nature and factual (*waqi'iyah*), referencing texts such as *al-Zawājir 'an Iqtirāf al-Kabā'ir, Iḥyā' 'Ulūm al-Dīn, al-Majmū' Sharḥ al-Muhadhdhab, al-Fiqh al-Islāmī wa adillatuhu*, and others.

Suppose the legal issue does not have a clear answer found explicitly in the standard books of the school of jurisprudence (*al-kutub al-mu'tabarrah*). In that case, analogy (*ilhāq*) is employed by considering similarities in underlying reasons (*'illāt*). *Ilhāq* derives practical legal rulings by equating a matter lacking explicit legal text (*nash*) with another without a legal text due to their shared substance or meaning. Here, "*nash*" refers to the text of the mujtahid leaders. Issues with established legal texts are termed "*mulḥaq bih*" while those without such texts are termed "*mulḥaq*", and the shared substance or meaning that forms the basis for equating these issues is known as "*wajh al- ilhāq*". An issue can be considered analogous to another if both can be placed under the same known principle or rule, whether it be a legal principle (*al-qawā'id al-fiqhiyyah*) or a methodological principle (*al-qawā'id al-uṣūliyyah*) (Widya, 2017).

In another instance, during the NU Congress at PBNU Jakarta in 2006, the legality of prize-based quizzes answered via telephone, including chats with higher-than-usual pulse rates, was discussed and deemed *ḥarām* due to elements of *maysir* (*gambling*) when organizers profit from the accumulation of pulse charges, especially when prizes are funded from these accumulations. The decision-making process here involved *ilhāqī* methodology and was factual (*waqī'iyyah*), analogized to fundamental principles of *maysir* like playing chess, playing with dice, and the like.

Moreover, at the NU Congress in Cirebon in 2012, discussions focused on the Islamic perspective on tax payment in Indonesia. While there is no inherent obligation to pay taxes in Islam, taxes may be imposed on those capable of ensuring society's welfare, provided that non-tax revenue sources are managed properly and are insufficient for the needs of the state. Taxation on people with low incomes is considered *ḥarām*. Excessive and burdensome taxation should be reduced in type and amount. If the government mandates tax payment correctly but tax funds are misappropriated, tax payment remains obligatory, but misappropriation must be rigorously addressed and offenders punished. Recommendations included urging the government to reduce mandatory taxes and lessen burdensome tax rates. If the government fails to combat tax evasion and misappropriation effectively, the obligation of citizens to pay taxes should be reassessed. The method used to address these tax-related issues employed *ilhāqī* methodology and was factual (*waqī'iyyah*), analogized based on public interest principles (*maṣlaḥah*).

In addition, in the determination of zakat on professional income, the Institute for Discussion of Religious Issues (*Lembaga Bahtsul Masail*) utilizes the method or procedure of *ilhāq al-masā'il bi nazā'irihā*, which involves equating the legal ruling of an unresolved case or issue with a similar case or issue that has already been resolved in legal texts. In the context of zakat on professional income, the NU's *Bahtsul Masail* applies *ilhāq* to equate it with zakat on commercial transactions (*zakāt al-tijārah*).

Incorporating the *ilhāq* procedure within the madhhab indicates efforts made by NU towards contextualizing texts. However, when contextualization encounters roadblocks, NU resorts to addressing issues through manhaj-based jurisprudence (*istinbāt al-aḥkām*). This implies that NU scholars strive to adhere to the qawli approach initially, then contextualize, and if unsuccessful, shift to the *manhajī* approach.

From its inception, efforts to contextualize classical texts have been undertaken by NU scholars through methods such as the process of *tarjih*, reconciling differing opinions among scholars in classical texts, and analogizing new cases with those in established texts. Notably, since the NU Congress in Bandar Lampung in 1992, NU's approach to jurisprudence has become more systematic. Prior to this, adherence to a legal school (madhab) within NU was primarily synonymous with following established opinions in earlier texts within a specific madhhab. The shift from *qawli* methodology, which is textual, to a more contextual approach is evident since the 1992 Congress. The emergence of collective consensus (*taqrīr jamā'ī*) and *ilhāq* signifies NU's effort to contextualize legal rulings internally. NU's decision-making process in legal matters involves accepting existing textual interpretations and engaging in dialogue to contextualize these interpretations in light of current conditions. In contextualizing classical texts, NU scholars

employ methodological tools (*uṣūl al-fiqh*) established by earlier scholars to derive legal rulings through *ilhāq*.

In contrast to the *qawli* impression highlighted in previous rulings, recent decisions increasingly emphasize advanced *istinbāt* analysis, albeit not directly extracting from sources like the Quran and Sunnah, but dynamically applying fiqh texts in the context of sought-after legal solutions. Post-Congress Lampung 1992, *istinbāt*, connoting *ijtihad*, began earnest discussion within *Bahtsul Masail* forums, notably in thematic commissions. A pinnacle moment occurred at the 33rd NU Congress in Jombang in 2015, where detailed discussions on *istinbāt al-ahkām* methodologies signaled NU's conceptual move towards collective *ijtihad*, albeit under the terminology of *istinbāt jamā'i* (Ahkamul, 2015).

The implementation of collective *ijtihad* in Indonesia has been conducted by LBM NU through its *syuriah*, employing collective *istinbāt* in *Bahtsul Masail* discussions concerning contemporary issues related to "bank interest". NU through its *syuriah* sessions in *Bahtsul Masail* forums, decided to accommodate three prevailing opinions regarding bank interest and transactions associated with it: (i) the opinion equating bank interest with *riba* (usury) absolutely, and hence deeming it impermissible (*harām*), (ii) the opinion that views bank interest as doubtful (*shubhat*), asserting it is not identical to *riba*, and (iii) the opinion that states bank interest is not equivalent to *riba* and therefore it is permissible.

The opinion that equates bank interest with usury is based on evidence from Quranic verses prohibiting usury (QS. Alī Imrān: 130, QS. al-Baqarah: 278-279). Therefore, this method of *istinbāt* can be categorized as *ta'lili*. Bank interest is regarded as similar to usury due to its exploitative nature, where the strong benefit unfairly from the weak. Hence, bank interest is deemed impermissible (*harām*). Conversely, the opinion that neither categorically permits nor prohibits bank interest argues that banking transactions can be likened to *qirād* or *muḍārabah* contracts but are not the same as *riba*. This ambiguity classifies the issue as *syubhat* (doubtful).

Meanwhile, the opinion that deems bank interest permissible asserts that banking transactions can be analogized to *mudharabah* agreements or profit-sharing systems. Therefore, it concludes that bank interest is acceptable, using the method of *qiyās* (analogical reasoning) to reach this decision. NU accommodates these three evolving opinions, ultimately categorizing the banking issue and its interest as falling under *dlarurat* (necessity). Consequently, engaging with banks is permissible for individuals unable to avoid such involvement due to their business needs completely. Conversely, it remains impermissible for those capable of conducting their affairs without such engagement (Munas Kombes NU, 1992).

Upon examination, the term *manhajī* approach did not directly emerge during the conference held in Lampung. Instead, it underwent a process of deliberation and background exploration. I was beginning in 1988, with the approval of the NU *Syuriah Rais* from Central Java, KH. MA. Sahal Mahfudh, and the NU *Syuriah Rais* from East Java, KH. Imran Hamzah, a national-level *halaqah* was convened at the Watucongol Islamic boarding school in Muntilan Magelang, Central Java. (Syu'aib, 2017).

The shift within NU towards the *manhajī* approach represents a progressive step in legal reasoning. With adopting the *manhajī* methodology as a legitimate option within NU's legal framework, NU scholars automatically engage in *ijtihad*. This shift reflects NU's academic concern to appear more progressive and contextual in addressing new challenges that traditional *qawli* or *ilhāqī* methods are no longer sufficient to resolve.

This is evident, for example, in the rulings of *Bahtsu al-Masa'il* on specific *qanūniyyah* cases, where almost all responses from LBM PBNU to *qanūniyyah* questions discussed from 2012 to 2019 used non-*qawli* methods. In these cases, the responses were predominantly based on direct *istinbāt* from the Quran and Hadith, along with applying principles of Islamic jurisprudence, rather than merely quoting opinions of scholars from classical texts, as had been characteristic of

LBM. This approach was notably observed at the NU Congress in Cirebon in 2012 regarding Law No. 25 of 2007 on investment. The decision on this matter adopted a *manhajī* approach with a qanuniyyah nature, referencing several hadiths and principles of Islamic jurisprudence (Munas Kombes NU, 1992)

Discussions on taxation from an Islamic perspective in the forum emphasized the obligation of citizens to pay taxes to the government as part of their obedience to authority. As custodians, governments are obliged to manage taxes professionally, transparently, and accountably for the benefit of the people. However, in practice, the Indonesian government has not optimally managed taxes professionally, transparently, and accountable, leading to many irregularities in collecting, managing, and utilizing tax funds. Therefore, law enforcement must be impartially applied to tax authorities and taxpayers engaged in tax offenses. When taxes are not managed with trustworthiness or used for the benefit of the people, the government loses its religious legitimacy in taxing its citizens. Decisions in this regard were *manhajī* and *mawḍū'iyah* in nature, drawing upon hadiths narrated by Aisyah in Ṣahīh al-Bukhārī and statements attributed to 'Umar bin Khattāb (Munas Kombes NU, 1992).

In the NU National Congress held in Citangkolo Banjar in 2019, discussions were held on qanuniyyah issues regarding the Anti-Monopoly and Unfair Business Competition Bill. In revising Law No. 5 of 1999 concerning the prohibition of monopoly practices and unfair business competition, several key issues were debated, including the definition of monopoly practices and unfair competition, the institutional framework and authority of the KPPU (Commission for the Supervision of Business Competition), issues of fines and penalties, the definition or limitation of the accused, the mandatory pre-payment of fines or penalties, penalties amounting to Rp 2 trillion and criminal sanctions, code of ethics and supervisory board, and further interpretation and regulation of the bill's articles. In this decision, the method used was characterized by a *manhajī* approach with *qānūniyyah* features based on several shreds of evidence, including the QS. al-Nisā' verse 29 and the Hadith of the Prophet (Munas Kombes NU, 1992).

Therefore, referring to the characteristics of Nahdlatul Ulama's mindset, the opportunity to develop jurisprudential of NU methods is wide open. In addition to adopting a moderate, balanced, and tolerant attitude, NU also embraces a reformist, dynamic, and methodological approach. With a reformist mindset, NU consistently strives for improvement towards betterment, including methodological enhancements so that legal decisions remain responsive to the developments of the times. Additionally, NU adheres to a dynamic mindset that continually contextualizes responses to various issues. With this mindset, NU consistently seeks to dialogue between the legacy of the past (classical Islamic texts) and today's realities, thereby making efforts to contextualize classical Islamic texts through the development of jurisprudential methods within NU.

In addition to the thoughts above, NU also adheres to a methodological thought (*manhajiyah*), which consistently utilizes a framework of thinking based on the method (*manhaj*) established by NU. With this thought, the potential to maximize the role of the *manhajī* school of thought is significant. Therefore, from the NU National Conference in Bandar Lampung in 1992 until 2019, this methodological awareness has been evident through discussing various methods of legal inference in the forum of Bahtsul Masail, both conceptually and practically.

Referring to the decisions of LBM NU in Islamic economics from 2000 to 2019, a shift in thinking among NU members is increasingly evident, moving from the *qawlī* to the *manhajī* method. This more progressive approach to legal reasoning demonstrates that NU's method of legal inference is not stagnant, as some may assume. They have evolved their method of *istinbāt* from primarily *qawlī* to incorporating *ilhāqī* and *manhajī* elements. This development has been reaffirmed and put into practice through decisions made in Islamic economics.

With such a jurisprudential model, it is hoped to instill a spirit among NU members to move away from the shell of the past. In this context, the creations of past scholars are acknowledged

and placed within a comparative framework without becoming stifling constraints on thought. The jurisprudential model outlined above also represents the most fundamental and strategic paradigm. Through this framework, new breakthroughs can be pursued in Islamic economic law's broad, open setting.

The Direction of Muhammadiyah's Thoughts in Islamic Economic Law

The progressive nature emphasizes the importance of advancing knowledge and discourse on openness, justice, tolerance, and the need for developing the moral integrity of Muslims in the context of Indonesia's national development, as well as understanding Islam not merely as a religion but as an effort towards civilizational progress (Rachman, 2016). Initially, the dynamic progressivism within Muhammadiyah emerged after Ahmad Dahlan studied the ideas of his mentors, Sheykh Abdul Khatib and Muhammad Abduh, through their writings. The modernist thought of Muḥammad Abduh significantly influenced him, emphasizing a return to Islam's core teachings by adhering to the Quran and Sunnah, opening the door to *ijtihad*, and adapting Islamic teachings to modern life (Abduh, 1987). The Islamic reform movement led by KH. Ahmad Dahlan thus became central to the Muhammadiyah movement, shaping Muhammadiyah's perspective as a reformist modernist movement, encapsulated in its trilogy as an Islamic, da'wah, and renewal movement.

The desire to present perspectives and religious understanding aligned with the Quran and Sunnah above became the motto of the Muhammadiyah movement. The Majlis Tarjih and *Tajdid* within Muhammadiyah play a central and fundamental role, where in their renewal efforts, Muhammadiyah steadfastly adheres to its method. The *tarjih* and *tajdid* methodologies are Muhammadiyah's process based on methods that introduce new perspectives according to the Quran and Sunnah on all aspects of community life, not just religious aspects but also pertaining to education, politics, social issues, economics, and others. Hence, Muhammadiyah's legal reasoning is always independent, resulting from *tarjih* and *tajdid* within Muhammadiyah (Setiawan, 2019).

The development of thought is imperative for the existence of an organization, especially for Muhammadiyah. On the other hand, the development of thought signifies the dynamism of a movement. Muhammadiyah, as a modern organization must demonstrate continuous growth and development of thought as its tradition and culture. In discussing comprehensive understanding of Islamic teachings, Muhammadiyah uses various approaches to present a complete understanding that is not partial. Among the approaches used by Muhammadiyah to explore and explain Islamic teachings are three models: *bayānī*, *irfānī*, and *burhānī*. These three approaches are built on a spiral relationship that depicts their interdependence. Thus, each model complements and covers the deficiencies of others to present a comprehensive understanding through its process of *ijtihad* (Abbas, 2012).

Bayani approach etymologically refers to continuity (*al-waṣl*), clarity (*al-faṣl*), transparency (*al-zuhr wa al-wuḍuḥ*), and the ability to elucidate and generalize (Makiah, 2014). *Bayānī*'s epistemology etymologically derives from the word bayan, referring to a text-based approach. Therefore, Muhammadiyah's development of thought must fundamentally refer to the Quran and Sunnah. *Burhānī* can be understood as clear proof (*al-bayyinah/clear*) and differentiation (*al-faṣl*), a demonstration, rooted in the Latin demonstratio, meaning indication, quality, description, and explanation (Abbas, 2012). Based on these definitions, burhani is a process of explanation that distinguishes and provides reasoning based on logic or reason. The irfani approach relates to ma'rifah, involving direct experience or knowledge with the object of knowledge. *Irfānī* is understood as an authentic approach based on intuitive experience as illuminative knowledge (enlightenment) (Abbas, 2012).

The *bayānī*, *burhānī*, and irfani approaches in contemporary terminology are seen as multidisciplinary and interdisciplinary approaches to comprehensively understanding Islam as a religion. Amin Abdullah's concept of the "spider web" encapsulates this reality, which advocates for an integrative-interconnected approach that links religious knowledge with general knowledge (Musliadi, 2014). Referring to the statement above, Muhammadiyah, a modern organization in thought development, does not adopt partial approaches but aims for comprehensive and universal perspectives.

Muhammadiyah, as outlined in its Articles of Association, is an Islamic movement oriented towards da'wah (propagation of Islam), commanding good and forbidding evil, with a focus on renewal (*tajdīd*) based on the Quran and Hadith, and grounded in Islam. With its principle of *tajdīd*, Muhammadiyah endeavors to purify and restore Islamic teachings by returning to their original legal sources. This concept aims to cleanse Islamic teachings from what is perceived as infections like *Takhayyul*, *Bid'ah*, *Churafat/TBC* (superstitions, innovations, and heresies) often propagated by prominent figures within Muhammadiyah.

From the description above, it is clear that Muhammadiyah's *tajdīd* (renewal) movement stems from a doctrine and call for purifying Islamic teachings from various distortions known as TBC (superstitions, innovations, and heresies). Given Muhammadiyah's task and function of purifying Islamic teachings, it is directly involved in their study, interpretation, and understanding. Hence, Muhammadiyah has established a specialized body to handle these matters, the *Majelis Tarjih (MT)* or Council of Religious Verdicts, currently recognized as the *Majelis Tarjih and Tajdid (MTT)*.

Muhammadiyah is known as a non-madhab organization. In its process of *ijtihad* (independent reasoning), Muhammadiyah does not formally affiliate with any specific school of thought (madhab) but through its principle of *tajdīd*, it directly refers to the primary sources of Islamic law, namely the Quran and Hadith, in issuing its fatwas (Qodir, 2010). The scope of *ijtihad* in Muhammadiyah is limited as per the regulations outlined in Muhammadiyah's Leadership Decision No. 17/SK-P/II-A/1.a/2001 concerning the Delegation of Authority of the National Consultative Assembly of *Tarjih XXIV* Appendix I Chapter III Methodology of Legal *Ijtihad*, which stipulates that Muhammadiyah's *ijtihad* is confined to: (1) issues derived from plausible sources (*dalīl zannī*), and (2) issues not explicitly addressed in the Quran and Hadith.

In executing its duties and functions, the Council of Religious Verdicts (*Majelis Tarjih*) adheres to specific procedures known as the *tarjih* method. Theoretically, it has developed a *tarjih* method for addressing legal issues amid a continuously evolving society. This formulation of *tarjih* method evolves in response to societal changes. In the context of Islamic law, legal developments must be progressive and aligned with the dynamics of social movements. Therefore, the role of *ijtihad* is crucial in delivering benefits to the large society.

The development of *ijtihad* in Muhammadiyah is divided into three periods: (1) the first period from 1927-2000, (2) the second period from 2002-2005, and (3) the third period from 2005 until the present (Khalidah, 2021). During the first period, Muhammadiyah, through the *Majelis Tarjih*, focused on issuing guidance for the worship practices of Muhammadiyah members to ensure they align with the teachings of sharia sourced from the Quran and Hadith. The *Majelis Tarjih*, in its jurisprudential deliberations (*tarjih*), adopted a straightforward approach by returning to the Quran and Sunnah using the *tarjih* method. This involved deeply examining various scholars' opinions in ascertaining the strongest opinion (*rājih*), considering both the sources of teachings and the usuli principles used. This method was necessitated by the focus on fundamental worship issues and creedal matters prevalent at that time, which had already been extensively studied by classical scholars and had established legal rulings. Therefore, the *Majelis Tarjih* initially employed a very simple method, namely the *tarjih* method, which relied on the Quran and Sunnah.

Over time, in 1954/1955, the Majelis Tarjih of Muhammadiyah formulated Muhammadiyah's basic stance on religious matters known as "*Masā'il al-Khamsah*", reaffirming it in 1964 (Abdurrahman, 2002). *Masā'il al-Khamsah* represents a paradigm in developing religious activities, propagation, and the development of religious thought and its methodology. This framework delineates matters that are established (*al-ḍawābiṭ*) in the Quran and authentic Sunnah (*sam'an wa ṭā'atan*), agreed upon (*mujma' 'alaih*), and also details aspects of life that fall under the jurisdiction of reason to formulate and allow for diversity of opinion. Ahmad Azhar Basyir mentioned that *Masā'il al-Khamsah* identifies the absolute sources of law in *tarjih* as the Quran and authentic Sunnah, with the method of *ijtihad* being *qiyās*. This formulation then became the guiding principle for the Majelis Tarjih in addressing various emerging issues at that time.

If traced through a number of decisions issued, the formulation of *qiyas* as the sole method of *ijtihad* at that time, alongside the emergence of several worldly issues such as banks, Nelo, and Lotte. The issues of banks, Nelo, and Lotte were discussed in 1968 at the XVIII Congress in Sidoarjo. In 1968, at the beginning of the New Order government, economic development became one of the government's priorities. The government restructured the banking system to control the nation's future. Since the banking system was considered the best way to advance and enhance economic development, banks could not escape using interest or usury in their functions. Banks sought profits by buying money owned by the public as fund owners at a predetermined price (interest on loans) or selling money at a certain price by lending it to others (interest on deposits). Thus, money here had shifted to become a commodity or was traded, not merely as a medium of exchange as usual. This situation prompted consideration within Muhammadiyah, particularly within the Majelis Tarjih (on the legal status of bank interest that arose at that time).

Regarding the issue of bank interest, which was not discussed during the early Islamic period, Majelis Tarjih used *qiyās* as its method of *istinbat*. As mentioned in *masā'il al-khamsah*, to resolve issues where there is no direct law found in the Qur'an or authentic Sunnah, it is permissible to search for the underlying rationale (*'illah*) present in legal cases, following the practices of both early and later scholars (MTT, 2014). This means that the formulation of *qiyās* in *masail al-khamsah* addressed the issues that arose at that time. This process marked the initial stages of developing the *tarjih* method, which continued at the Majelis Tarjih Congress in Solo in 1986.

In 2000, during the 24th National Congress of Tarjih in Malang, which continued into the 25th congress of Tarjih, MT formulated the methodology of Islamic law and the development of Islamic thought. In this Tarjih Congress, several technical terms were formulated to standardize perceptions within the methodology, such as the definitions of *ijtihad*, *maqāṣid al-sharī'ah*, *ittibā'*, *taqlīd*, *talfīq*, *tarjih*, accepted Sunnah, ritual devotion, rational thought, legal sources, definite occurrence, definite indication, probable occurrence, and probable indication, renewal, and thought (KMT, 2013).

This *tarjih* methodology refined its predecessors significantly. It has been systematically structured and outlines the methodology for *ijtihad*. Furthermore, this framework indicates that emerging issues have become increasingly complex. Upon investigation, numerous issues were resolved in the year 2000, including the matter of professional zakat (KMT, 2013).

MT determined the ruling on zakat on profession during the 25th National Tarjih Assembly in Jakarta on July 16-17, 2000, affirming its obligatory status. The Tarjih's decision is based on several evidences from the Quran, Hadith, and principles of Islamic jurisprudence. These include al-Baqarah 267 and 3, al-Tawbah 34 and 103, al-Ḥaşhr 7, and al-Māidah 3. The Majelis Tarjih reinterpreted these evidence using methods like analogy (*qiyās*), consideration of public interest (*istiṣlāhī*), and an approach that links normative texts with historical context. According to the Tarjih, the Hadith represents only a small part of what the Quran intends. They argue that zakat

should be viewed in terms of its substance or type and its essence and function, as indicated in the general guidance of the Quran and Hadith. For the Tarjih, zakat is considered a collective worship (*'ibādah ijtimā'iyah*) rather than a specific individual worship (*'ibādah maḥdhah*). This is because zakat, besides its aspect of devotion to God where the wealthy are obliged to give a portion of their wealth to the poor, as mentioned in al-Tawbah 103 and al-Ḥashr 7, also serves social purposes such as minimizing wealth disparity and achieving justice, which are goals of Islamic law (MTT, 2014).

In the subsequent period, during the Muhammadiyah congress in Aceh in 2002, Majelis Tarjih was renamed to Majelis Tarjih and Islamic Thought Development. This rebranding aimed to position the Muhammadiyah organization more prominently in developing Islamic thought, particularly in Islamic law. During this time, Majelis Tarjih and Islamic Thought Development employed various methods in legal determination, including contemporary contextual interpretation (*tafsīr al-ijtimā' al-mu'āṣir*), historical analysis (*al-tarīkhiyyah*), sociological perspectives (*as-Susilujīyyah*), and anthropological insights (*al-Antrupulujīyyah*). The change in name and the methods used were perceived by some quarters as a shift of the Majelis Tarjih (MT) towards a greater focus on Islamic thought studies rather than solely legal jurisprudence.

In the third period, Muhammadiyah underwent an evaluation phase. The previous branding of Majelis Tarjih and Islamic Thought Development was reevaluated to reassert the role and function of the council towards a renewed emphasis on progressive Islamic jurisprudence. As part of accommodating this discourse of reevaluation, the council was renamed to Majelis Tarjih and Tajdid, with the term "*tajdīd*" representing the function of progressivism within Muhammadiyah (Djamil, 2009). In 2018, during the implementation of the 30th Tarjih Congress in Makassar, Syamsul Anwar (Chairman of *Majelis Tarjih and Tajdid* for the 2015-2020 period) formulated the "Manhāj Tarjih Muhammadiyah.

This development involved refining methods and expanding the scope of Muhammadiyah's *ijtihād* towards a progressive and dynamic study of contemporary Islamic law, with the Quran and Hadith as the primary sources of reference. Studying and analyzing these Islamic legal sources was conducted comprehensively, integrating various disciplines of knowledge in both textual and contextual approaches.

When observing the early stages of *ijtihād* conducted by Majelis Tarjih, there is evident development in the model of *ijtihād*, beginning with the *tarjihī* or *intiqā'ī* approach and evolving into the *inshā'ī ijtihād* (Djamil, 2009). The process of *ijtihād* within Muhammadiyah has continued to evolve in response to the needs and demands present in the dimensions of modern society. Hence, Muhammadiyah, through its *tajdīd* and *tarjih* movements, is often affirmed as part of Islam's modernization and renewal movement.

The development of thought within Muhammadiyah is inseparable from the context of *maslahah* as a preference in the Islamic perspective (Jalil, 2006). Understanding of *maslahah* itself holds two perspectives: *maslahah* as an authority from the text and reason actively playing a role (Makiah, 2014). With an orientation towards the dynamic nature of Islamic law, which encompasses a broad spectrum, Muhammadiyah seeks to develop Islamic teachings within the atmosphere of cultural pluralism that continually evolves in society while adhering to strong Islamic principles (Makiah, 2014). Therefore, the dynamic characteristics of Islamic law present a unique challenge for Majelis Tarjih to continue innovating legal opinions that are current and relevant to the needs of contemporary society. In this regard, *ijtihād* is an inseparable part of Muhammadiyah's mission, fundamentally tasked with discovering and formulating laws derived from authoritative sources of Islamic law (Syatar, et. al., 2023).

The depiction above illustrates that the *tarjih* method developed by Majelis Tarjih has evolved and evolved in line with emerging societal issues. The demand for law amidst a societal change appears to be directly proportional to the methodological demands of law as a tool for formulating it. This signifies an evolutionary process within the *tarjih* method of Majelis Tarjih

(MT) Muhammadiyah across its various periods. The formulation of *manhaj*, initiated in 1954/1955, reconstructed in 1986, continued in 2000, and perfected in 2018, has experienced leaps and paradigm shifts from monodisciplinary approaches and direct *ijtihad* based on authentic sources such as the Quran and Sunnah, towards multidisciplinary *ijtihad* using diverse methods and approaches.

Besides encountering distinct challenges and contexts, the pattern of *manhaj* in each episode also reflects the diversity of backgrounds among its participants. They have contributed to shaping the face of Muhammadiyah's jurisprudence not as singular but multi-faceted, capturing the dynamics within its approach. Commonalities across different phases of leadership include a spirit of change interpreted to address contemporary challenges and find solutions to every issue. However, differences in epistemological or paradigmatic approaches to *istinbāt* methods in each phase may stem from varying contextual backgrounds and intellectual foundations. This means each leadership has contributed distinct aspects to the *manhaj* during their respective periods. During Mas Mansyur's period (1929), the *tarjih* method was employed, while KH Ahmad Azhar Basyir's tenure (1985-1990) and Asyuni Abdurrahman's (1990-1995) formulated methods including *bayānī*, *qiyāsī*, and *istiṣlāhī*. Amin Abdullah's period (1995-2000) introduced *bayānī*, *burhānī*, and *irfānī* approaches, and subsequently, Syamsul Anwar's period (2010-2020) formulated integralistic and hierarchical assumptions.

Thus, Muhammadiyah's *Tarjih* approach to Islamic economics has undergone evolution. Social developments and changes demand continuous reconstruction of the *manhaj* by Majelis *Tarjih* to anticipate emerging issues. Initially, the *tarjih* method was monodisciplinary, resolving community issues based on the Quran and authentic Sunnah. From 1954 to 1986, it adopted a monodisciplinary-pretexual approach using methods such as *ijmā'*, *qiyās*, *maṣlahah mursalah*, *sad al-dharī'ah*, and *'urf*. From 2000 to 2018, the *manhaj* became multidisciplinary in terms of methods, approaches, and techniques, developed with integralistic and hierarchical assumptions consisting of *qiyām al-asāsīyah*, *al-uṣūl al-kullīyah*, and *al-aḥkām al-furū'iyah*. The formulation of *tarjih* method in each episode, facing diverse challenges, contexts, and the diversity of backgrounds among its participants, has led to distinctive *manhaj* characteristics. The spirit of *tajdīd* drives this evolution to ensure that Islamic teachings remain relevant and adaptive in contemporary contexts.

***Maqāsid al-Sharī'ah* in the Legal Judgments of Sharia Economics**

As a religious organization, NU has primary responsibility across various aspects of life, including social, cultural, political, and economic fields, as well as guiding the community in practicing their faith properly. According to decisions made by LBM NU, this is closely related to *maqāsid al-sharī'ah*, especially *māqāsid al-sharī'ah khassah*, which pertains to the specific objectives intended by sharia to realize the benefits or preserve the welfare of humans and their activities. *Maqāsid al-sharī'ah khāṣṣah* embodies the meanings and benefits found within specific sharia laws (Busyro, 2019).

As a religious organization, NU bears responsibility across various facets of life, including social, cultural, political, and economic domains, and guides the community in practicing their religion well. From the perspective of Islamic economic decisions, LBM NU is closely linked to *maqāsid al-sharī'ah*. It encompasses values, principles, and other aspects upheld by sharia to establish both general and specific objectives aimed at implementing the welfare of worshipers in both the worldly life and the hereafter (*ibād fi al-dunyā wa al-ākhirah*) (Iqbal, 2019).

According to Khallāf, *maqāsid al-sharī'ah* is crucial and serves as a tool to understand the texts of the Quran and Sunnah, resolve conflicting evidence, and establish laws for cases not explicitly covered by the Quran and Sunnah (Khallaf, 183 CE). The rules within sharia are not created for sharia itself but are designed for welfare (Mutakin, n.d.). Zahrah also asserts that the

true purpose of Islam is welfare. Every rule in sharia, whether in the Quran or Sunnah, aims to promote welfare (Zahrah, 2003). Thus, it is understood that the rules prescribed by Allah in sharia aim to bring humanity into a state of goodness and protect them from anything that would harm them, not only in this worldly life but also in the Hereafter. *Maqāṣid* serves as the foundation for formulating and addressing the challenges faced in economic life after the passing of Prophet Muḥammad (Abdullah, 2010).

The existence of *maqāṣid al-sharī'ah* is crucial as it serves as a tool to understand the texts of the Quran and Sunnah, assists in resolving conflicting evidences, and importantly, establishes legal rulings in cases where specific legal provisions are not explicitly mentioned in the Quran and Sunnah using semantic studies (linguistics). This highlights the importance of *maqāṣid al-sharī'ah* in contemporary economic and financial practices amidst the diversity of sharia banking practices across different countries (Zaki & Cahya, 2016). Thus, understanding the theory of *maqāṣid al-sharī'ah* is a primary basis in determining Islamic law and developing Islamic economic products and financial transaction practices.

Fundamentally, decisions made by NU are based on adhering to madhhab patterns in terms of *qawli* (verbal) and *manhajī* (methodological) aspects. However, the majority of NU scholars primarily adhere to and study the Shafī'i madhhab. This is evident from their literature and the curriculum of pesantrens under their supervision. Works such as *Waraqāt*, *Hujjah al-Wuṣul*, *Lam'u al-Jawāmi'*, *al-Mushtashfā*, *al-Asybah wan al-Nazā'ir*, and others are commonly found in their libraries and are taught in several pesantrens. However, due to the complexity of emerging legal issues, the NU community has motivated young kyais not only to focus on interpreting classical literature deemed valid but also to analyze the classical works of past scholars critically.

In making decisions, NU always relies on the consultation of scholars, including decisions on Islamic law deliberated within the forum of Bahtsul Masail (discussions on various legal issues). Implementing Bahtsul Masail requires procedural guidelines as stipulated in the system of Islamic law determination. According to one of the four madhhabs, this is intended as a guideline in advocating the application of Islamic teachings following the Ahlussunnah wal Jamaah doctrine, aiming to establish a democratic and just societal order for the community's welfare.

In contrast, within Muhammadiyah, the Majelis Tarjih is focused on religious matters, particularly fiqh law issues. According to Muhammadiyah Presidential Decree No. 5/P-P-/1871, the Majelis Tarjih was renamed Lajnah Tarjih (Fathurrahman Djamil). Majelis Tarjih refers to an institution under the Central Leadership of Muhammadiyah, while Lajnah Tarjih denotes a session discussing issues that require tarjih (choosing the strongest opinion based on evidence) (Rifyal Ka'bah, 1998). The Majelis Tarjih provides legal answers and certainty on specific issues for Muhammadiyah members, aiming to harmonize attitudes. Decisions by the Majelis Tarjih are collective rather than individual, derived directly from *istinbāt* (derivation of law) from the Quran and authentic hadiths through independent and intelligent reasoning without blind adherence. Decisions are accepted following scholarly discussions based on the accuracy of arguments presented by participants, not by voting results (Mukti Ali, 2000). Lajnah Tarjih reviews opinions of scholars to conduct *tarjih*, choosing the most argumentative opinion based on the Quran and Sunnah (Rifyal Ka'bah, 1998). In its development, Majelis Tarjih addresses khilafiyah (difference of opinion) and delves into previously unexplored issues.

Several legal issues have been discussed in the Board of Legal Affairs of Nahdlatul Ulama (NU) and the Tarjih Council of Muhammadiyah from 2002 to 2019. For instance, concerning professional zakat, NU utilizes the method of *istinbāt al-ḥukm ilhāqī*, where if a legal issue lacks a textual answer from a reliable source, the ruling is extrapolated by analogizing it with a similar case that has already been addressed in authoritative texts. On the other hand, Muhammadiyah employs the *istinbāt al-ḥukm istiṣlāhī* method, resolving new cases not found in the Quran and Hadith using reasoning based on *maṣlahah* (public interest) (Ruhtiani, et. Al., 2024).

NU views the obligation of paying professional zakat as applying to all lawful income involving exchange, whether from professional or non-professional work or service industry revenues, provided it meets the zakat criteria, such as reaching the nisab threshold and having a commercial intent. Concerning nisab, rate, and haul, NU references trade zakat regulations at 2.5% to benefit the needy as zakat recipients.

Muhammadiyah believes that zakat on profession encompasses all lawful efforts that yield relatively substantial income, whether through specific expertise or otherwise. Muhammadiyah mandates zakat on profession based on general verses of the Quran and Hadith concerning zakat. Regarding nisab, rate, and haul, the perspective adopted is that the nisab for zakat on the profession is 85 grams of 24-carat gold. The obligation of zakat on the profession is considered to serve *maslahah*, aiming to provide welfare to people in need as recipients of zakat.

Regarding another issue, such as sharia life insurance, NU interprets Quranic and Sunnah texts through prior scholarly exegesis. NU declares life insurance as *haram* due to elements of uncertainty (*gharar*), gambling (*maysir*), and usury (*riba*) present in its practice. Muhammadiyah, however, treats insurance as a new type of transaction open to *ijtihad*. Muhammadiyah permits social insurance but prohibits practices involving *riba*, gambling, or fraud. Their approach emphasizes human welfare as a criterion in determining the permissibility of government-managed life insurance.

According to Muhammadiyah, insurance represents a new type of transaction categorized under matters of *ijtihad*. Muhammadiyah stipulates that insurance is permissible (*mubah*) for social purposes. They define insurance containing elements of *riba* (usury) as involving excessive payouts of benefits compared to premiums paid. Gambling (*maysir*) is identified when the insured stands to gain significantly more than the premium paid. Fraud (*ghish*) is present when uncertainty exists regarding what the insured will receive due to uncertain events. Therefore, Muhammadiyah neither categorically prohibits nor permits insurance without conditions.

Muhammadiyah emphasizes that human welfare is the goal of sharia, guiding the determination of government-managed life insurance. Additionally, efforts to seek tranquility, peace of mind, and security are crucial and fall under the category of *daruriyyat* (necessities). Muhammadiyah does not strictly adhere to the principle of prioritizing the prevention of harm over the acquisition of benefit (*dar'u al-mafasid muqaddam 'ala jalb al-masalih*).

In the case of BPJS Health, NU evaluates it as a social security program that benefits society due to its underlying principle of mutual assistance, which aligns with the directive of mutual support mandated by Allah SWT. The mandatory participation of all citizens and the monthly premium payments are viewed as acts of civic obedience to the government. Penalties imposed on BPJS participants for late premium payments are equated with taxes, and NU perceives their implementation as acceptable to uphold societal welfare (Rasyid, 1989).

The provision of social security mentioned above falls under "at-ta'min at-ta'awuni," which is an agreement where a group of individuals collectively contribute their resources based on a predetermined cooperation as compensation for potential harms that may affect any of them, provided there is a real and identifiable danger. The purpose of establishing social security is to achieve welfare and benefit. This aligns with the concept of "*maslahah mursalah*" in fiqh, which refers to something deemed beneficial by sound reasoning because it brings about good and prevents harm or damage to humanity, in accordance with the sharia's objective of establishing laws. Therefore, implementing social security schemes like BPJS is permissible within Islam.

The method of legal reasoning (*istinbat*) (Hamim, 2022), used by NU to assess the validity of social security arrangements is the *qawli* method, which involves deriving legal rulings directly from the texts of the fiqh books of the four schools of thought. During the 33rd Congress in Jombang, East Java, from August 1-6, 2015, the scholars of Nahdlatul Ulama (NU) stated that

they could accept and permit BPJS Health because BPJS operates under the concept of "*shirkah ta'awun*" (cooperative partnership).

In the same vein, during the 47th Muhammadiyah Congress in Makassar from August 3-7, 2015, it was assessed that sharia-compliant BPJS Health was unnecessary because it was more important to improve existing systems to avoid harming society and healthcare providers. During the 33rd Congress, NU's KH Asyhar Shofwan MHI affirmed that BPJS falls under the concept of "*syirkah ta'awun*," emphasizing voluntary cooperation rather than the insurance principles that form the basis of the "*ḥarām*" fatwa by MUI.

In the matter of bank interest (*bunga bank*), NU and Muhammadiyah agree that it is prohibited (*ḥarām*) due to clear textual evidence in the Quran and Hadith, which unequivocally prohibit *riba* (usury). However, the two organizations differ in their views on the legal status of bank interest because the Quranic and Hadith texts explicitly prohibiting bank interest do not exist. The statements by NU and Muhammadiyah regarding the prohibition of bank interest are based on *riba*, as mentioned in the Quran, specifically in QS. Al-Imrān: 130 and al-Baqarah: 278-279. However, this prohibition is considered partial (*juz'ī*) rather than comprehensive (*kullī*), particularly in Surah Al-Imran verse 130, where the prohibition applies specifically to compounded interest (*ad'āfan muḍā'afah*), which imposes heavy burdens on borrowers. The context of these verses' revelation (*asbāb al-nuzūl*) indicates that loans among the Saqif family to Mugirah's relatives involved agreements for delayed payments with increased amounts due to the postponement. This practice arose from the inability to repay loans promptly, leading to additional terms agreed upon during the initial debt transactions. This situation exemplifies *riba nasi'ah* in Islamic jurisprudence literature (Sudarsono, 2003).

The issue at hand is whether the phrase "*ad'āfan muḍā'afah*" in the verse is considered a criterion (condition) for the prohibition of *riba* or if it serves to illustrate the objective conditions while simultaneously condemning the act or practice of *riba*. Consequently, addressing this issue, according to Fuad Zein, requires an analysis of bank interest law based on the frameworks of *bayānī* (textual) and *ta'līlī* (rational) reasoning to trace the characteristics of *riba* mentioned in the Quran (Aji & Mukri, 2022).

NU asserts that interest taken by depositors in banks constitutes prohibited *riba*. This means that anything gained by an individual without engaging in trade or labor, as an addition to their principal wealth, falls under *riba*. Moreover, NU states that receiving bank interest by customers who deposit their money in banks is *ḥarām*. NU is more explicit in its legal determination, asserting that this is particularly the case when banks use the interest for actions forbidden by religion.

On the other hand, Muhammadiyah remains uncertain about the presence or absence of the *'illah* (effective cause) of *riba* in state-owned banks. This uncertainty is reflected in their ruling that the legal status of interest from state-owned banks is *musytabihat* (ambiguous). The reasoning behind this classification as *musytabihat* stems from two tendencies: permissibility (*ḥalāl*) or prohibition (*ḥarām*) (PDM, 2014). This ambiguity is also due to the lack of distinction between loans taken for consumption and those taken for production purposes. Hence, such transactions should be avoided unless in cases of necessity (*ḍarūrah*). Muhammadiyah's decision appears to align with opinions that permit bank interest in cases of necessity, such as the view of Mustafa al-Zarqānī, who argues that banks represent an unavoidable reality. Therefore, Muslims may engage in transactions with banks when necessary (Zaini, 1994). Furthermore, Muhammadiyah states that the prohibited *riba* involves interest accumulation accompanied by exploitation and oppression. However, contemporary banking practices do not induce feelings of oppression or disappointment among those involved.

However, if Muhammadiyah believes that the *'illah* (effective cause) for the prohibition of *riba* is exploitation (*zulm*), then Muhammadiyah could establish a definitive ruling on whether interest from state-owned banks is *ḥarām* (prohibited) or *ḥalāl* (permissible). In other words, if

the *'illah* is present, it can be declared that interest is *ḥarām*. Conversely, if the *'illah* is absent, the interest from banks can be declared *ḥalāl*. The underlying reason for Muhammadiyah's hesitation to definitively declare the permissibility of interest from state-owned banks stems from the opinion of a member of the committee that formulated the outcomes of the Tarjih Conference, who stated that there is a practice of interest accumulation in one of the private banks in Indonesia (Ali, 1990).

Conclusion

Based on LBM NU's decisions in Islamic economics cases, NU demonstrates greater flexibility in addressing contemporary issues that arise in society. The *ijtihād* pattern in NU has shifted from an initially textual-conservative (*qawli*) approach to a more contextual-progressive and methodological (*manhajī*) one. The *ijtihād* method of LBM NU differs from the legal determination method used by the Majelis Tarjih Muhammadiyah, which is characterized by a progressive-dynamic approach employing three methods: *bayānī*, *taḥlīlī*, and *istiṣlāḥī*. Referring to the LBM NU decisions on Islamic economics from 2000 to 2019, the *qawli* method is most frequently used in terms of frequency and percentage. It is followed by the *ilhāqī* method and then the *manhajī* method. The *qawli* method is the most commonly used because it aligns with the procedural stages of the madhhab pattern, where every legal issue ideally refers to authoritative madhhab books (*al-kutub al-mu'tabarah*). If it cannot be resolved with the *qawli* method, the *ilhāq* method is used. If it cannot be resolved with the *ilhāq* method, the *manhajī* method is used as a last resort. This means that the *manhajī* method is employed when both the *qawli* and *ilhāq* methods are deemed insufficient to provide a legal solution. On the other hand, the Majelis Tarjih Muhammadiyah's methodology in Islamic economics has undergone evolution. Social developments and changes require the Majelis Tarjih to reconstruct its methodology to address emerging issues continually. Initially, the tarjih methodology was monodisciplinary, referring issues back to the Quran and the Sunnah. Then it became monodisciplinary-paratextual, employing methods like *qiyās* (analogy) in cases like bank interest. From 2000 to 2019, the *tarjih* methodology evolved into a multidisciplinary approach, encompassing various methods, approaches, and techniques. For example, in determining the law on professional zakat, the Majelis Tarjih used an *istinbāt* method known as *ijtihād bayānī istiṣlāḥī*.

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