



Integrating DSN-MUI Fatwas as Procedural Law in Sharia Arbitration: A Normative Juridical Analysis

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Article Info	ABSTRACT
<p>Article history:</p> <p>Received Nov 17, 2025 Accepted Des 29, 2025 Publish Des 30, 2025</p> <hr/> <p>Keywords:</p> <p>Sharia Arbitration DSN-MUI Fatwa BASYARNAS Procedural Law</p>	<p><i>Sharia arbitration is expected to provide dispute resolution procedures that reflect Islamic legal values. In practice, however, sharia economic dispute resolution in Indonesia primarily emphasizes substantive compliance, while procedural aspects remain detached from authoritative sharia references, particularly DSN-MUI fatwas. This study explores the normative standing of DSN-MUI fatwas within sharia arbitration procedures, focusing on their application in BASYARNAS proceedings. Employing a normative juridical method, this research analyzes statutory regulations, relevant fatwas, and legal scholarship through qualitative analysis. The findings reveal that DSN-MUI fatwas have not been formally positioned as procedural references in sharia arbitration, leading to potential procedural inconsistency and reduced legitimacy of arbitral awards. This study argues that recognizing DSN-MUI fatwas as interpretative procedural guidance is essential to strengthening legal certainty and ensuring sharia-based procedural justice.</i></p>

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INTRODUCTION

Sharia economic dispute resolution is expected to provide not only legal certainty but also procedural arrangements that reflect Islamic legal values in

both substantive and procedural dimensions (Awaluddin & Febrian, 2020; Handayani et al., 2023). Within the framework of Islamic economic law, procedural mechanisms significantly influence the legitimacy of dispute resolution outcomes and the confidence of disputing parties in sharia-based adjudication (Najib, 2019). Accordingly, the incorporation of sharia principles into procedural law constitutes a fundamental element of effective sharia arbitration.

In the Indonesian context, sharia economic disputes may be resolved through arbitration administered by the National Sharia Arbitration Board (BASYARNAS), an institution established to handle disputes governed by Islamic legal principles (Rosidah & Mahfiana, 2020). The normative standing of BASYARNAS is supported by the recognition of sharia principles under Law No. 21 of 2008 on Sharia Banking, complemented by procedural regulation under Supreme Court Regulation (PERMA) No. 14 of 2016 (Najib, 2019). In addition, fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) are widely regarded as authoritative normative references in Islamic economic practices (Handayani et al., 2023).

Despite this normative framework, a discrepancy persists between the ideal model and its implementation. Ideally, sharia arbitration procedures should expressly embody Islamic legal principles, including reliance on DSN-MUI fatwas as normative guidance (Awaluddin & Febrian, 2020). In practice, however, BASYARNAS proceedings continue to depend largely on general arbitration procedural rules, while DSN-MUI fatwas have not been formally incorporated into the procedural structure of sharia arbitration (Elvia et al., 2023; Rosidah & Mahfiana, 2020). This situation gives rise to a procedural normative gap that may affect legal certainty and the legitimacy of sharia arbitral awards.

Against this background, this study seeks to examine the normative position of DSN-MUI fatwas within the system of sharia economic dispute resolution through arbitration, with particular attention to their role in BASYARNAS procedures. Using a normative juridical approach, this research analyzes statutory instruments, DSN-MUI fatwas, and relevant legal literature to evaluate the potential integration of fatwas as authoritative procedural references (Hamidah et al., n.d.; Najib, 2019).

This study contributes theoretically by advancing the conceptual framework of sharia economic procedural law within Indonesia's legal system (Achmad Hariri & Basuki Babussalam, 2024). Practically, it offers normative guidance for BASYARNAS and policymakers in developing sharia arbitration procedures that more consistently reflect Islamic legal principles, thereby strengthening the legitimacy and coherence of sharia economic dispute resolution.

LITERATURE REVIEW

Previous studies have explored the function of DSN-MUI fatwas in Indonesia's Islamic economic system, particularly in ensuring sharia compliance in financial transactions. Awaluddin & Febrian (2020) examine the legal authority of DSN-MUI fatwas within Islamic financial institutions and conclude that fatwas

operate primarily as substantive normative references. Similarly, Handayani et al. (2023) highlight the institutional role of DSN-MUI in shaping Islamic economic law through fatwa issuance. While these studies align with the present research in acknowledging the normative importance of fatwas, they remain limited to their substantive role and do not consider their application within the procedural framework of sharia arbitration.

Other scholars focus on the institutional practice of sharia arbitration, particularly within BASYARNAS. Rosidah & Mahfiana (2020) identify that sharia arbitration procedures often follow conventional arbitration models, resulting in limited procedural reflection of sharia principles. Elvia et al. (2023) further observe that arbitral awards in musyarakah disputes rarely cite DSN-MUI fatwas explicitly. Although these studies provide valuable empirical insights into procedural shortcomings, they do not advance a normative framework that positions DSN-MUI fatwas as binding or guiding procedural references.

Research on procedural regulations governing sharia economic disputes has also examined Supreme Court Regulation (PERMA) No. 14 of 2016. Najib (2019) argues that the regulation establishes procedural certainty but lacks detailed mechanisms for implementing sharia norms within arbitration proceedings. Similarly, Hamidah et al. (n.d.) note that PERMA No. 14 of 2016 prioritizes procedural formality over substantive sharia considerations. These analyses contribute to understanding the regulatory limitations of sharia arbitration, yet they do not explicitly address how DSN-MUI fatwas could function as procedural instruments within the existing legal framework.

From a theoretical standpoint, legal pluralism studies offer insight into the interaction between state law and Islamic law in Indonesia. Achmad Hariri & Basuki Babussalam (2024) argue that Islamic legal norms may operate within the national legal system when supported by formal legal recognition. This perspective is relevant in explaining the substantive acknowledgment of DSN-MUI fatwas under Law No. 21 of 2008. However, such studies generally remain conceptual and do not examine the operationalization of fatwas as procedural law within arbitration institutions.

In summary, prior research has extensively discussed the substantive authority of DSN-MUI fatwas, the practical challenges of sharia arbitration at BASYARNAS, and the procedural limitations of PERMA No. 14 of 2016. Nevertheless, no existing study specifically analyzes the integration of DSN-MUI fatwas as procedural law in sharia arbitration. This study addresses that gap by providing a normative juridical analysis of the feasibility and implications of positioning DSN-MUI fatwas as authoritative procedural guidance in sharia arbitration proceedings, with the aim of strengthening procedural consistency and sharia-based legal legitimacy.

METHOD

This study employs a doctrinal legal research method with a normative juridical approach. The research focuses on examining legal norms, principles, and regulations governing sharia economic dispute resolution, particularly in relation to the procedural framework of sharia arbitration in Indonesia. This approach is considered appropriate because the central issue of the study concerns the normative position of DSN-MUI fatwas within the procedural structure established by positive law.

The primary legal materials used in this research consist of statutory regulations, including Supreme Court Regulation (PERMA) No. 14 of 2016 concerning Procedures for the Settlement of Sharia Economic Disputes, as well as relevant legislation governing arbitration and Islamic economic law. In addition, DSN-MUI fatwas related to Islamic economic transactions are examined as substantive normative references that influence the application of sharia principles in dispute resolution. Secondary legal materials include scholarly works, journal articles, and legal commentaries addressing sharia arbitration, Islamic economic law, and the role of religious norms in legal procedures.

Data collection is conducted through a document-based research technique, involving the systematic identification, review, and analysis of relevant legal texts and academic literature. The collected materials are then analyzed using qualitative normative analysis, which emphasizes legal interpretation and conceptual examination rather than empirical measurement. This method enables the study to assess the coherence between substantive Islamic legal norms and procedural arbitration law, as well as to identify normative gaps within the existing regulatory framework.

Finally, the analytical process is carried out through deductive legal reasoning, moving from general legal principles to specific normative conclusions. By applying this reasoning model, the study seeks to formulate a structured analysis of the integration of DSN-MUI fatwas into sharia arbitration procedures and to evaluate its implications for legal certainty, procedural legitimacy, and the effectiveness of sharia economic dispute resolution in Indonesia.

RESULTS & DISCUSSION

The Normative Position of DSN-MUI Fatwas within Indonesia's Sharia Economic Legal System

The development of sharia economic law in Indonesia demonstrates a unique interaction between state law and Islamic normative principles. Within this framework, DSN-MUI fatwas occupy a central position as instruments that articulate sharia norms applicable to economic activities. Although fatwas are not classified as formal sources of law in the hierarchy of legislation, their normative influence is evident in the operation of Islamic financial institutions and the regulation of sharia-based economic practices (Awaluddin & Febrian, 2020). This

position reflects the functional recognition of fatwas as authoritative references in determining sharia compliance within Indonesia's pluralistic legal system.

The normative authority of DSN-MUI fatwas is closely linked to their institutional character. DSN-MUI operates as a body composed of scholars and experts in Islamic jurisprudence and Islamic finance, whose fatwas are formulated through collective *ijtihad*. As emphasized by Handayani et al. (2023), this institutional legitimacy distinguishes DSN-MUI fatwas from individual religious opinions and strengthens their acceptance within both religious and legal communities. Consequently, fatwas serve not merely as ethical guidance but as normative benchmarks for assessing the conformity of economic activities with Islamic principles.

In the context of Islamic economic regulation, the substantive role of DSN-MUI fatwas has been explicitly acknowledged. Law No. 21 of 2008 on Sharia Banking recognizes sharia principles as the foundation of Islamic banking operations, and these principles are operationalized through DSN-MUI fatwas. This recognition confirms that fatwas function as a substantive normative reference that informs contractual structures, financial products, and institutional practices within the sharia economic sector. From this perspective, fatwas contribute directly to the realization of sharia compliance in economic transactions (Awaluddin & Febrian, 2020).

Despite this substantive recognition, the position of DSN-MUI fatwas remains largely confined to the material dimension of Islamic economic law. Their normative function is primarily associated with determining whether a transaction or financial product complies with sharia principles, rather than guiding procedural mechanisms for dispute resolution. This limitation becomes apparent when disputes arise and are brought before adjudicative or quasi-adjudicative forums, where procedural law plays a decisive role in shaping outcomes. As a result, the substantive authority of fatwas does not automatically translate into procedural relevance.

This separation between substantive and procedural domains reflects a broader structural issue within Indonesia's sharia economic legal framework. While sharia norms are substantively accommodated, procedural law governing dispute resolution continues to be dominated by general legal principles derived from conventional arbitration and civil procedure. Najib (2019) observes that procedural regulations applicable to sharia economic disputes emphasize formal legality and efficiency, often without sufficient consideration of sharia-specific procedural values. Consequently, the normative influence of DSN-MUI fatwas is marginalized once a dispute enters the procedural arena (Jauhari et al., 2024).

The marginalization of fatwas in procedural contexts raises important normative questions regarding the coherence of sharia economic law. If sharia principles are recognized as the substantive foundation of Islamic economic activities, procedural mechanisms that resolve disputes arising from those activities should logically reflect the same normative basis. The absence of such reflection creates a disjunction between substance and procedure, potentially

undermining the internal consistency of sharia economic law and weakening public confidence in sharia-based dispute resolution mechanisms.

From a theoretical standpoint, this condition can be understood through the lens of legal pluralism. Achmad Hariri & Basuki Babussalam (2024) argue that legal pluralism allows non-state normative systems, such as Islamic law, to operate within the state legal framework when they receive institutional recognition. DSN-MUI fatwas have clearly achieved such recognition in substantive economic regulation. However, their exclusion from procedural law indicates an incomplete integration of Islamic normative authority within the broader legal system (Suadi, 2020).

Accordingly, the findings of this study suggest that while DSN-MUI fatwas possess strong substantive normative authority within Indonesia's sharia economic legal system, their procedural relevance remains underdeveloped. This imbalance constitutes a foundational problem that affects the operation of sharia arbitration and dispute resolution. Addressing this issue requires a reconceptualization of fatwas not only as substantive references but also as normative instruments capable of informing procedural law, particularly in the context of sharia arbitration.

Sharia Arbitration Practices and Procedural Realities in BASYARNAS

The establishment of the National Sharia Arbitration Board (BASYARNAS) reflects Indonesia's commitment to providing a dispute resolution mechanism grounded in Islamic principles. As an arbitration institution specifically designed to handle sharia economic disputes, BASYARNAS is expected to embody both substantive and procedural dimensions of sharia law. In practice, however, the implementation of sharia arbitration reveals a complex interaction between Islamic normative expectations and the procedural framework derived from general arbitration law (Rosidah & Mahfiana, 2020). This interaction has significant implications for the legitimacy and effectiveness of sharia-based dispute resolution.

Procedurally, BASYARNAS operates within the broader national arbitration regime, particularly under Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution. While this legal framework provides procedural certainty and enforceability, it was originally designed for conventional commercial disputes rather than sharia-based transactions. As a result, sharia arbitration proceedings often adopt procedural standards that are formally neutral but substantively detached from Islamic legal values. This reliance on general arbitration law creates a procedural structure that prioritizes efficiency and finality, sometimes at the expense of sharia normative considerations (Rajindra & Fatma, 2025).

Empirical observations and doctrinal analyses indicate that BASYARNAS primarily refers to DSN-MUI fatwas during the substantive examination of disputes, especially when assessing the validity of contracts or financial instruments. Fatwas are frequently cited to determine whether a particular

transaction complies with sharia principles, such as the prohibition of *riba*, *gharar*, or *maysir*. However, once the dispute enters the procedural phase, the role of fatwas becomes marginal. Procedural matters such as evidentiary standards, burden of proof, and decision-making processes are largely governed by general arbitration norms (Elvia et al., 2023).

This procedural marginalization of DSN-MUI fatwas produces a structural inconsistency within sharia arbitration practice. On the one hand, sharia principles are recognized as the substantive foundation of the dispute. On the other hand, the procedural pathway through which the dispute is resolved does not explicitly reflect those principles. Such inconsistency may lead to outcomes that are formally valid under national law but perceived as insufficiently sharia-compliant by disputing parties. This perception poses a challenge to the credibility of BASYARNAS as a genuinely sharia-based arbitration institution.

Another procedural reality concerns the discretionary authority of arbitrators. In the absence of explicit procedural guidance derived from sharia norms or fatwas, arbitrators tend to rely on their personal understanding of Islamic law or default to general arbitration practices. While arbitrators appointed to BASYARNAS are generally expected to possess expertise in sharia economics, the lack of standardized procedural references creates variability in arbitral reasoning and decision-making. Rosidah & Mahfiana (2020) note that this variability can result in inconsistent procedural approaches across different cases, potentially undermining legal certainty.

Furthermore, the procedural alignment of BASYARNAS with national arbitration law is influenced by the need to ensure enforceability of arbitral awards. Courts responsible for recognizing and enforcing arbitration decisions often assess compliance with formal procedural requirements under state law. This practical consideration encourages BASYARNAS to adhere closely to general arbitration procedures, even when such procedures do not fully accommodate sharia-specific values. Consequently, procedural conformity to state law is often prioritized over the integration of Islamic normative guidance (Oktaviany et al., 2024).

The implications of these procedural realities extend beyond institutional practice to the broader development of sharia economic law. When sharia arbitration does not fully reflect Islamic procedural values, it risks reinforcing the perception that sharia law functions merely as a symbolic or substantive label rather than a comprehensive legal system. This perception aligns with broader critiques that question whether sharia-based institutions genuinely differ from their conventional counterparts or merely adopt Islamic terminology without substantive procedural transformation (Elvia et al., 2023).

From a normative perspective, the current practice of sharia arbitration at BASYARNAS highlights a structural gap between institutional aspirations and procedural implementation. While BASYARNAS is designed to resolve disputes in accordance with sharia principles, its procedural dependence on general arbitration law limits the practical influence of DSN-MUI fatwas. This gap

underscores the need for a clearer procedural framework that integrates sharia normative guidance without undermining legal certainty or enforceability.

Accordingly, the findings of this study indicate that sharia arbitration practices at BASYARNAS remain procedurally conventional despite their substantive reliance on Islamic norms. The limited procedural role of DSN-MUI fatwas reflects a broader challenge in harmonizing Islamic normative authority with state-based procedural law. Addressing this challenge is essential for strengthening the legitimacy, consistency, and normative coherence of sharia arbitration in Indonesia.

The Normative Vacuum in Sharia Arbitration Procedural Law

The implementation of sharia arbitration in Indonesia reveals a significant normative gap in the realm of procedural law. While substantive sharia principles are relatively well articulated through legislation and DSN-MUI fatwas, procedural norms governing sharia arbitration lack explicit sharia-based guidance. This condition creates what can be described as a normative vacuum, where disputes rooted in Islamic economic transactions are resolved through procedures that are not fully informed by Islamic legal values (Najib, 2019). Such a vacuum poses fundamental challenges to the coherence of sharia economic law as an integrated legal system.

This normative vacuum is particularly evident in the regulatory framework governing dispute resolution. Supreme Court Regulation No. 14 of 2016, which provides guidance on the settlement of sharia economic disputes, primarily focuses on jurisdictional and administrative aspects rather than detailed procedural norms. Although the regulation acknowledges the application of sharia principles, it does not explicitly define the role of DSN-MUI fatwas in shaping procedural mechanisms within arbitration. As a result, procedural guidance remains general and open to interpretation, leaving arbitrators without clear normative direction grounded in sharia law (Labib Wajdi et al., n.d.).

The absence of explicit procedural norms derived from sharia principles has practical consequences for arbitration proceedings. Procedural elements such as evidentiary standards, procedural fairness, and deliberative methods are governed largely by conventional arbitration law. While these standards are designed to ensure neutrality and efficiency, they may not adequately reflect Islamic procedural values such as justice ('adl), balance (tawazun), and moral accountability. Hamidah et al. (2022) argue that procedural justice in sharia disputes should not be limited to formal compliance but should also embody ethical and moral dimensions inherent in Islamic law.

Moreover, the normative vacuum affects the interpretative role of arbitrators. In the absence of binding procedural references rooted in sharia norms, arbitrators are required to exercise broad discretion when conducting proceedings. This discretion often leads to reliance on personal interpretations of Islamic law or default application of general procedural norms. Such an approach risks inconsistency in procedural practice across different cases, thereby

undermining predictability and legal certainty in sharia arbitration. Najib (2019) highlights that procedural inconsistency weakens the perceived legitimacy of arbitration outcomes among disputing parties.

The normative gap also raises concerns regarding the principle of legal certainty (*rechtszekerheid*), which is a core objective of dispute resolution mechanisms. When procedural norms are unclear or insufficiently grounded in sharia principles, parties may experience uncertainty regarding how disputes will be handled and decided. This uncertainty is particularly problematic in sharia economic disputes, where parties often seek not only legal resolution but also assurance that the process aligns with their religious and ethical commitments. Consequently, the lack of sharia-based procedural guidance may discourage parties from choosing arbitration as a preferred dispute resolution mechanism.

From a systemic perspective, the normative vacuum reflects the incomplete integration of Islamic law within Indonesia's legal pluralism framework. Although substantive Islamic norms have been accommodated through legislation and fatwas, procedural law remains predominantly state-centric. Achmad Hariri & Basuki Babussalam (2024) emphasize that effective legal pluralism requires not only recognition of non-state norms but also their meaningful incorporation into legal processes. The marginalization of sharia procedural norms suggests that such incorporation has yet to be fully realized in the context of arbitration.

The implications of this normative vacuum extend to the broader legitimacy of sharia arbitration institutions. When procedural law does not adequately reflect Islamic normative values, sharia arbitration risks being perceived as substantively Islamic but procedurally conventional. This perception may erode trust among stakeholders who expect sharia arbitration to offer a distinct alternative to conventional dispute resolution mechanisms. Elvia et al. (2023) note that institutional legitimacy in sharia-based systems depends not only on outcomes but also on the perceived integrity of procedural processes.

In light of these considerations, the existence of a normative vacuum in sharia arbitration procedural law constitutes a central challenge for the development of sharia economic dispute resolution in Indonesia. The findings of this study indicate that the absence of explicit procedural norms grounded in DSN-MUI fatwas undermines coherence, consistency, and legitimacy. Addressing this vacuum is therefore essential to ensuring that sharia arbitration operates as a comprehensive legal mechanism that integrates both substantive and procedural dimensions of Islamic law (Samsuddin, 2023).

In doctrinal terms, the existence of a procedural normative vacuum has direct consequences for the enforceability and reasoning of arbitral awards in sharia disputes. When procedural standards are not explicitly grounded in sharia norms, arbitral reasoning tends to rely heavily on general legal principles rather than Islamic jurisprudential considerations. This condition weakens the doctrinal coherence of sharia arbitration, as the logical connection between Islamic substantive rules and the procedural path leading to the final award becomes

fragmented. As a result, arbitral decisions may appear formally valid yet normatively detached from their Islamic legal foundation.

The procedural vacuum also affects the quality of legal reasoning employed by arbitrators. In the absence of clear sharia-based procedural guidance, arbitrators often prioritize efficiency and formal legality over normative consistency. While efficiency is an important objective of arbitration, excessive reliance on procedural pragmatism may compromise the integrity of Islamic legal reasoning. Najib (2019) notes that procedural ambiguity encourages arbitrators to adopt minimalist reasoning strategies, limiting their engagement with Islamic legal doctrines that could otherwise enrich the legitimacy of arbitral awards.

From a comparative perspective, the challenge of integrating religious norms into arbitration procedures is not unique to Indonesia. In several jurisdictions where religious arbitration operates, such as in limited forms within Muslim communities in the United Kingdom, procedural standards are often supplemented by internal religious guidelines to preserve normative coherence. Although these systems function within different legal contexts, they demonstrate that procedural adaptation to religious norms is both feasible and institutionally beneficial. This comparative insight reinforces the argument that Indonesia's sharia arbitration framework can similarly accommodate DSN-MUI fatwas without undermining state legal authority.

Furthermore, the normative vacuum contributes to uncertainty regarding the binding force of arbitral awards from a sharia perspective. While such awards may be enforceable under national law, their acceptance among parties seeking sharia-compliant resolution depends largely on perceived procedural authenticity. If parties believe that procedures do not reflect Islamic norms, the moral authority of arbitral decisions may be questioned, even when legal enforcement is possible. This disconnect underscores the importance of procedural legitimacy as a complement to legal validity.

Ultimately, the doctrinal consequences of the procedural normative vacuum extend beyond individual cases to the institutional credibility of sharia arbitration itself. A dispute resolution mechanism that consistently resolves Islamic economic disputes without clear sharia-based procedural standards risks being perceived as substantively Islamic in name only. Addressing this vacuum through normative integration is therefore essential to preserving the doctrinal integrity and long-term sustainability of sharia arbitration in Indonesia.

Integrating DSN-MUI Fatwas as a Normative Solution and Its Implications

The normative challenges identified in sharia arbitration practices point to the urgent need for a more coherent procedural framework grounded in Islamic legal principles. One potential solution lies in the systematic integration of DSN-MUI fatwas into sharia arbitration procedural law. Given their established substantive authority within Indonesia's sharia economic system, DSN-MUI fatwas possess the normative capacity to function as interpretative and

supplementary sources in shaping procedural standards. Such integration would not require the elevation of fatwas to the status of formal legislation but rather their recognition as authoritative normative references within arbitration proceedings.

From a normative legal perspective, integrating DSN-MUI fatwas into procedural law aligns with the principle of consistency between substance and procedure. If sharia principles constitute the substantive foundation of Islamic economic transactions, procedural mechanisms that govern dispute resolution should logically reflect the same normative values. Achmad Hariri & Basuki Babussalam (2024) emphasize that normative coherence is essential to maintaining the internal integrity of legal systems operating under legal pluralism. The selective incorporation of sharia norms solely at the substantive level undermines this coherence and weakens the normative identity of sharia arbitration.

The integration of DSN-MUI fatwas can be operationalized through several normative pathways. First, fatwas may serve as interpretative guidelines for arbitrators when addressing procedural issues that are not explicitly regulated by national arbitration law. In such cases, fatwas could inform the application of procedural principles in a manner consistent with Islamic values, such as fairness (*'adl*), transparency, and moral accountability. This approach would enhance the normative depth of procedural decision-making without conflicting with existing statutory frameworks (Najib, 2019).

Second, DSN-MUI fatwas could be formally referenced in internal arbitration rules adopted by BASYARNAS. By incorporating fatwa-based principles into institutional procedural guidelines, BASYARNAS would establish a standardized procedural framework that reflects Islamic normative values while maintaining procedural certainty. Rosidah & Mahfiana (2020) argue that institutional rule-making plays a critical role in bridging normative gaps where statutory regulation remains silent. Such internal codification would reduce discretionary inconsistencies and strengthen predictability in sharia arbitration proceedings.

The implications of integrating DSN-MUI fatwas extend beyond procedural uniformity to the broader legitimacy of sharia arbitration. When procedural processes visibly reflect Islamic normative values, disputing parties are more likely to perceive arbitration outcomes as both legally valid and religiously legitimate. This dual legitimacy is particularly important in sharia economic disputes, where compliance with Islamic principles is often a primary motivation for selecting sharia-based dispute resolution mechanisms. Elvia et al. (2023) note that institutional trust in sharia arbitration depends heavily on the alignment between normative expectations and procedural practice.

Furthermore, the integration of fatwas contributes to legal certainty by providing clearer normative guidance for arbitrators and disputing parties alike. Clear procedural references grounded in DSN-MUI fatwas would reduce ambiguity regarding procedural standards and enhance consistency across

arbitration cases. This certainty is essential not only for dispute resolution but also for the broader development of sharia economic activities, as predictable dispute resolution mechanisms contribute to investor confidence and institutional stability (Hamidah et al., n.d.).

From the perspective of legal pluralism, integrating DSN-MUI fatwas into procedural law represents a meaningful step toward accommodating non-state normative systems within the state legal framework. Rather than positioning Islamic law as a purely substantive or symbolic reference, such integration acknowledges its capacity to inform procedural justice. This approach reinforces the pluralistic character of Indonesia's legal system while maintaining respect for the supremacy of state law and the requirements of enforceability (Judijanto et al., 2024).

In light of these considerations, the findings of this study support the view that integrating DSN-MUI fatwas as authoritative normative references in sharia arbitration procedures constitutes a viable and necessary solution to the identified normative vacuum. Such integration would enhance coherence between substantive and procedural law, strengthen institutional legitimacy, and promote greater legal certainty. Ultimately, this approach advances the development of sharia arbitration as a comprehensive dispute resolution mechanism that authentically reflects Islamic legal principles within Indonesia's pluralistic legal order.

Implications for Procedural Justice and Legal Certainty in Sharia Arbitration

The integration of DSN-MUI fatwas into sharia arbitration procedures has significant implications for the realization of procedural justice. In Islamic legal theory, justice (*'adl*) is not limited to substantive outcomes but also encompasses the fairness of the process through which disputes are resolved. Procedural justice therefore requires that dispute resolution mechanisms operate transparently, consistently, and in accordance with normative values recognized by the disputing parties. In the context of sharia arbitration, the absence of explicit procedural guidance grounded in Islamic principles undermines the fulfillment of this foundational concept.

The findings of this study indicate that current sharia arbitration practices tend to prioritize procedural neutrality derived from general arbitration law over Islamic procedural ethics. While neutrality is essential for ensuring fairness, its application without normative adaptation may lead to procedures that are formally fair but substantively disconnected from Islamic legal values. Hamidah et al. (n.d.) emphasize that procedural justice in sharia-based dispute resolution should reflect moral accountability and ethical balance, rather than merely procedural compliance. This disconnect illustrates the importance of embedding Islamic normative references within procedural frameworks (Arifin Hossein, n.d.).

Legal certainty constitutes another critical implication of the procedural role of DSN-MUI fatwas. Certainty enables disputing parties to anticipate how

disputes will be processed and resolved, thereby fostering trust in arbitration institutions. When procedural standards are unclear or inconsistently applied, legal uncertainty arises, weakening the credibility of sharia arbitration. The absence of clear procedural references derived from DSN-MUI fatwas has resulted in discretionary variations among arbitrators, which in turn diminish predictability and consistency in arbitration outcomes (Najib, 2019).

Integrating DSN-MUI fatwas as interpretative procedural references can significantly enhance legal certainty. Fatwas provide normative clarity regarding Islamic principles that should guide dispute resolution processes, thereby reducing ambiguity in procedural decision-making. When arbitrators rely on consistent fatwa-based guidance, procedural practices become more standardized, allowing parties to better understand and trust the arbitration process. This standardization is essential for strengthening the institutional integrity of sharia arbitration, particularly within BASYARNAS (Bantekas, 2023).

From an institutional perspective, enhanced procedural justice and legal certainty contribute directly to the legitimacy of sharia arbitration. Legitimacy arises not only from compliance with state law but also from alignment with the normative expectations of stakeholders. For parties engaged in Islamic economic transactions, procedural conformity with sharia principles constitutes a critical dimension of legitimacy. Elvia et al. (2023) argue that dispute resolution mechanisms grounded in religious norms must demonstrate procedural authenticity to maintain stakeholder confidence.

Moreover, strengthening procedural justice through the integration of DSN-MUI fatwas supports the broader development of sharia economic activities. Effective dispute resolution mechanisms are integral to economic stability, as they provide assurance that conflicts will be resolved fairly and predictably. When sharia arbitration offers both legal certainty and normative consistency, it enhances the attractiveness of Islamic financial institutions and contributes to the sustainability of the sharia economic system.

In light of these implications, this study affirms that integrating DSN-MUI fatwas into sharia arbitration procedures is not merely a normative preference but a structural necessity. By reinforcing procedural justice and legal certainty, such integration advances the credibility, effectiveness, and legitimacy of sharia arbitration within Indonesia's pluralistic legal framework. This additional dimension strengthens the overall findings of the study and underscores the practical importance of addressing procedural norms in sharia economic dispute resolution (Medivit Budiantoso et al., 2023).

Procedural justice in Islamic law is closely linked to the broader objectives of *maqāṣid al-sharī'ah*, particularly the protection of property (*hifẓ al-māl*) and the preservation of fairness in contractual relations. When arbitration procedures fail to reflect these objectives, dispute resolution outcomes may comply with formal legality while falling short of substantive justice. Integrating DSN-MUI fatwas into procedural frameworks provides an opportunity to align arbitration practices

with these higher objectives, ensuring that procedural conduct supports the ethical foundations of Islamic economic activity.

The protection of contractual expectations represents another important implication of procedural justice. Parties entering into Islamic financial contracts operate under the assumption that any future dispute will be resolved in accordance with sharia principles, both substantively and procedurally. When arbitration procedures rely exclusively on conventional norms, this expectation may be undermined. Procedural alignment with DSN-MUI fatwas reinforces trust by signaling institutional commitment to honoring the normative framework that governs the underlying contract.

In the long term, strengthened procedural justice contributes to dispute avoidance rather than merely dispute resolution. Clear and predictable procedural standards reduce uncertainty and encourage parties to comply voluntarily with contractual obligations, knowing that potential disputes will be handled fairly and consistently. Hamidah et al. (n.d.) emphasize that effective dispute resolution mechanisms play a preventive role in economic systems by discouraging opportunistic behavior and promoting good faith (*ḥusn al-niyyah*).

The implications for Islamic financial institutions are equally significant. Institutions operating within the sharia economic sector depend on reliable dispute resolution mechanisms to manage risk and maintain market confidence. Procedural uncertainty increases transactional risk and may discourage innovation within Islamic finance. Conversely, arbitration procedures grounded in DSN-MUI fatwas enhance institutional confidence by providing a stable and predictable normative environment, thereby supporting the growth and resilience of the sharia economic system.

At the systemic level, enhanced procedural justice and legal certainty strengthen Indonesia's position as a jurisdiction that meaningfully integrates Islamic law within a pluralistic legal framework. Rather than treating sharia norms as symbolic or purely substantive references, the incorporation of DSN-MUI fatwas into procedural law demonstrates a commitment to normative inclusivity. This approach not only benefits domestic stakeholders but also enhances Indonesia's credibility in the global Islamic finance community.

CONCLUSION

This study concludes that DSN-MUI fatwas possess strong substantive normative authority within Indonesia's sharia economic legal system, particularly in regulating Islamic financial transactions and determining sharia compliance. However, this authority has not been consistently extended to the procedural dimension of sharia arbitration. The findings demonstrate that sharia arbitration practices, especially within BASYARNAS, remain procedurally dependent on general arbitration law, resulting in a normative gap between substantive sharia principles and procedural mechanisms. This condition creates procedural

inconsistency, weakens legal certainty, and raises concerns regarding the legitimacy of sharia arbitration outcomes from an Islamic legal perspective.

To address this issue, the study proposes the systematic integration of DSN-MUI fatwas as authoritative interpretative and supplementary references within sharia arbitration procedures. Such integration would enhance coherence between substantive and procedural law without undermining the existing statutory framework. Theoretically, this study contributes to the discourse on legal pluralism by emphasizing the importance of incorporating non-state normative systems into procedural law. Practically, it offers guidance for BASYARNAS and policymakers in developing sharia arbitration procedures that more consistently reflect Islamic legal principles, thereby strengthening the legitimacy and effectiveness of sharia economic dispute resolution in Indonesia.

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