

## JURISDICTIONAL AUTHORITY OF RELIGIOUS COURTS IN CONSUMER PROTECTION CASES WITHIN THE ISLAMIC ECONOMIC FRAMEWORK: A Normative Legal Study

Imamul Muttaqin<sup>1</sup>, Majid al-Islam<sup>2</sup>, Bahrul Ulum<sup>3</sup>

<sup>1,3</sup>STAI Darul Hikmah Islamic College, Indonesia; <sup>2</sup>Centre for Studies in  
Social Sciences, Calcutta, India

[miliadiarisandhi@darul-hikmah.com](mailto:miliadiarisandhi@darul-hikmah.com), [islamajid@cssscal.org](mailto:islamajid@cssscal.org),

[bahrululum@darul-hikmah.com](mailto:bahrululum@darul-hikmah.com)

### ABSTRACT

*The rapid development of the Islamic economic system in Indonesia has raised significant legal concerns, particularly regarding consumer protection disputes within Islamic financial institutions. The jurisdictional competence of Religious Courts in adjudicating such disputes has been a subject of legal debate, given the apparent contradiction between the Consumer Protection Act (Law No. 8 of 1999), which designates General Courts as the competent forum, and the Religious Courts Act (Law No. 3 of 2006), which establishes the exclusive jurisdiction of Religious Courts over Islamic economic matters. This study employs a normative juridical approach, analysing relevant legislation and judicial decisions to clarify the legal position of Religious Courts in resolving consumer protection disputes in Islamic finance. The findings indicate that the Constitutional Court's ruling affirms the exclusive jurisdiction of Religious Courts over Islamic economic disputes, rendering the provisions of the Consumer Protection Act regarding General Court jurisdiction inapplicable in such cases. However, discrepancies in judicial interpretations and procedural inconsistencies highlight the need for legislative harmonisation and judicial capacity-building. This study concludes that comprehensive legal reform is required to reinforce the authority of Religious Courts in consumer protection matters within the Islamic economic framework.*

**Keywords:** Religious Courts, Consumer Protection, Islamic Finance, Jurisdictional Authority, Legal Harmonisation

### ABSTRAK

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Imamul Muttaqin, Majid al-Islam, Bahrul Ulum

*Perkembangan pesat sistem ekonomi syariah di Indonesia telah menimbulkan permasalahan hukum yang cukup signifikan, khususnya terkait sengketa perlindungan konsumen dalam lembaga keuangan syariah. Kompetensi yurisdiksi Pengadilan Agama dalam mengadili sengketa tersebut telah menjadi subyek perdebatan hukum, mengingat adanya kontradiksi yang nyata antara Undang-Undang Perlindungan Konsumen (UU No. 8 Tahun 1999), yang menetapkan Pengadilan Umum sebagai forum yang kompeten, dan Undang-Undang Pengadilan Agama (UU No. 3 Tahun 2006), yang menetapkan yurisdiksi eksklusif Pengadilan Agama atas masalah ekonomi syariah. Penelitian ini menggunakan pendekatan yuridis normatif, dengan menganalisis peraturan perundang-undangan yang relevan dan putusan pengadilan untuk memperjelas posisi hukum Pengadilan Agama dalam menyelesaikan sengketa perlindungan konsumen di bidang keuangan syariah. Temuan penelitian menunjukkan bahwa putusan Mahkamah Konstitusi menegaskan yurisdiksi eksklusif Pengadilan Agama atas sengketa ekonomi syariah, sehingga ketentuan Undang-Undang Perlindungan Konsumen mengenai yurisdiksi Pengadilan Umum tidak dapat diterapkan dalam kasus-kasus tersebut. Namun, perbedaan dalam interpretasi yudisial dan inkonsistensi prosedural menyoroti perlunya harmonisasi legislatif dan peningkatan kapasitas peradilan. Studi ini menyimpulkan bahwa reformasi hukum yang komprehensif diperlukan untuk memperkuat kewenangan Pengadilan Agama dalam hal perlindungan konsumen dalam kerangka ekonomi syariah.*

**Kata kunci:** *Pengadilan Agama, Perlindungan Konsumen, Islam*

## **A. INTRODUCTION**

The rapid expansion of Indonesia's Islamic financial sector has significantly increased the volume of financial transactions, leading to a rise in consumer protection disputes. However, the legal framework governing these disputes remains fragmented, particularly in determining whether Religious Courts or General Courts have jurisdiction. This issue is not unique to Indonesia; many other Islamic financial jurisdictions, such as Malaysia and Saudi Arabia, have adopted different legal approaches to resolving Islamic economic disputes. Despite extensive legal scholarship on the jurisdiction of Religious Courts, there remains a gap in assessing their practical effectiveness in resolving consumer protection cases. This study aims to bridge this gap by critically analyzing judicial inconsistencies, legislative contradictions, and the broader impact on consumer rights within Indonesia's Islamic economic framework.

Law No. 3 of 2006 grants Religious Courts exclusive jurisdiction over Islamic economic matters, including banking, finance, and consumer transactions. However, this conflicts with Law No. 8 of 1999 (Consumer Protection Act), which designates General Courts as the primary forum for resolving consumer disputes. This contradiction has led to inconsistencies in judicial practice, as some courts continue to accept consumer protection cases related to Islamic finance, despite the Constitutional Court's Decision No. 93/PUU-X/2012 affirming the jurisdiction of Religious Courts. The lack of legal harmonization not only creates uncertainty for consumers but also complicates contract enforcement for Islamic financial institutions, undermining trust in the Islamic banking system.

However, empirical studies have revealed challenges in the practical implementation of this jurisdiction. Research indicates that the dualism in

dispute resolution mechanisms—where both Religious and General Courts claim authority—has led to inconsistencies in legal interpretations and outcomes. For instance, a study assessing Indonesia's Religious Courts in resolving Sharia banking disputes highlighted discrepancies in judicial decisions, attributing them to varying levels of judges' understanding of Islamic financial principles (Muayyad & Adhani, 2020). Moreover, the International Monetary Fund's working paper on Islamic finance and consumer protection emphasizes disparities between theoretical frameworks and practical applications, noting that not all providers of Islamic financial products adhere strictly to Sharia principles, thereby complicating the adjudication process (International Monetary Fund, 2015).

Further complicating the landscape is the coexistence of multiple legal frameworks governing consumer protection in Islamic finance. The Consumer Protection Act (Law No. 8 of 1999) designates General Courts as the competent forum for consumer disputes, which appears to conflict with the jurisdiction granted to Religious Courts under the amended Religious Judicature Act. This overlap has resulted in legal ambiguities and jurisdictional conflicts, as evidenced by cases where parties have contested the appropriate forum for dispute resolution (Puneri, 2020).

Despite the Constitutional Court's ruling (Decision No. 93/PUU-X/2012) affirming the exclusive jurisdiction of Religious Courts over Islamic economic disputes, practical challenges persist. Studies have shown that a lack of awareness among consumers and practitioners regarding the appropriate legal avenues for dispute resolution contributes to the underutilization of Religious Courts in handling such cases (Sutedi, 2014). Additionally, the limited expertise of some judges in complex financial

transactions has been identified as a barrier to effective adjudication (Mardani, 2012).

While previous studies have examined the legal basis of Religious Courts' jurisdiction, there is a lack of empirical assessment of their practical effectiveness in resolving consumer protection cases. This study contributes to the literature by analyzing judicial inconsistencies, legal ambiguities, and institutional barriers that hinder the enforcement of Religious Court rulings in Islamic finance disputes. By examining court decisions, statutory conflicts, and regulatory frameworks, this research provides insights into the challenges and opportunities for legal harmonization. The findings aim to inform policymakers, legal practitioners, and financial regulators on necessary legal reforms to enhance judicial efficiency, consumer trust, and the stability of Indonesia's Islamic financial sector

This study aims to fill this gap by providing an in-depth juridical analysis of the role of Religious Courts in resolving consumer protection disputes in Indonesia's Islamic financial system. The objectives are to assess the courts' effectiveness, identify challenges, and propose recommendations for enhancing legal frameworks to better protect consumers.

By addressing these issues, this study seeks to contribute to the development of a more robust and coherent legal system for resolving consumer protection disputes in Islamic finance. A thorough analysis of the jurisdictional authority of Religious Courts will provide valuable insights into their effectiveness and limitations. Ultimately, the findings of this research aim to inform policymakers, legal practitioners, and academics on the necessary legal reforms to enhance consumer protection within Indonesia's rapidly growing Islamic financial sector.

## **B. METHOD**

This study employs a normative juridical methodology to examine the jurisdictional authority of Religious Courts in resolving consumer protection disputes within Indonesia's Islamic financial system. The normative juridical approach focuses on analyzing legal norms, principles, and regulations to understand their application and implications in specific contexts. This method is particularly suited for legal research that seeks to interpret statutory provisions and assess their practical implementation (Marzuki, 2005).

The research design integrates both statutory and conceptual approaches. The statutory approach involves a comprehensive examination of existing legislation pertinent to the jurisdiction of Religious Courts and consumer protection in Islamic finance. Key statutes analyzed include Law No. 3 of 2006 concerning the Religious Judicature Act and Law No. 8 of 1999 on Consumer Protection. This analysis aims to elucidate the legal framework governing the adjudication of disputes in Islamic financial transactions (Sutedi, 2014).

The conceptual approach delves into the underlying legal doctrines and principles that inform the jurisdictional authority of Religious Courts. This involves an exploration of Islamic legal theory (Usul al-Fiqh) and its application to contemporary financial disputes, providing a theoretical foundation for understanding the role of Religious Courts in consumer protection (Mardani, 2012).

Data collection encompasses both primary and secondary legal materials. Primary legal materials consist of statutory laws, regulations, and official records of court decisions relevant to the research focus. Secondary legal materials include scholarly articles, legal commentaries, and academic

publications that offer interpretations and critiques of the primary sources. This comprehensive data collection strategy ensures a robust analysis of the legal issues at hand (Soekanto & Mamudji, 2001).

The analytical process involves qualitative analysis of the collected legal materials. This includes interpreting statutory provisions, judicial decisions, and scholarly opinions to identify inconsistencies, ambiguities, and areas of conflict within the legal framework. The goal is to critically assess the effectiveness of current laws and the capacity of Religious Courts to adjudicate consumer protection disputes in Islamic finance (Ibrahim, 2006).

To enhance the clarity of the research methodology, a flowchart illustrating the research process is provided below:

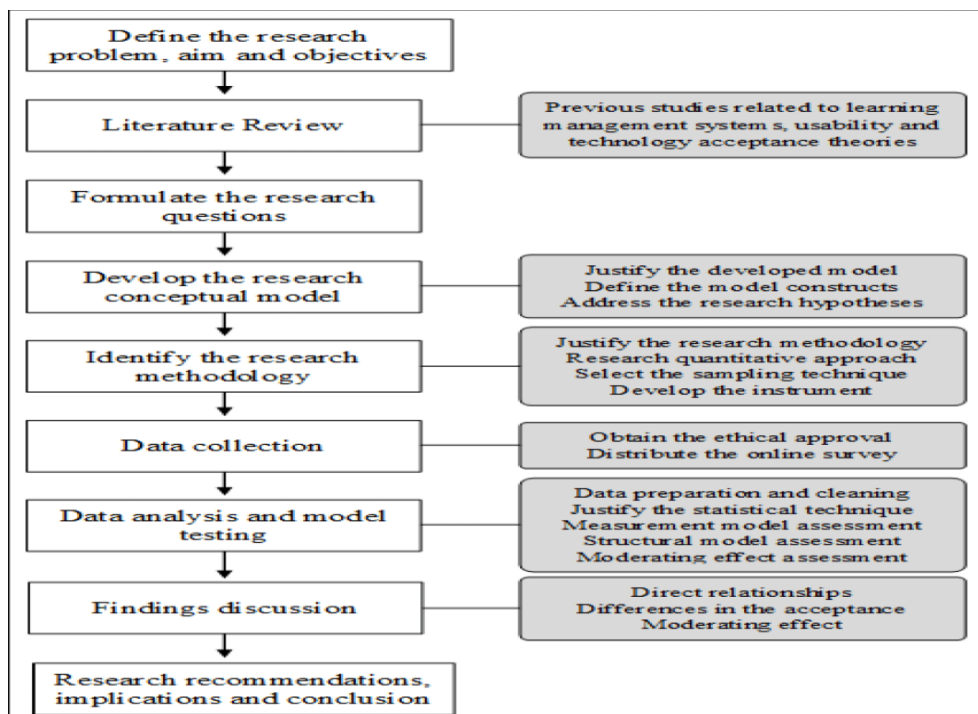


Figure 1. research proces

This methodological framework is designed to provide a comprehensive and systematic analysis of the legal issues surrounding the jurisdiction of Religious Courts in consumer protection within Indonesia's Islamic financial sector.

## **C. RESULTS AND DISCUSSION**

### **1. Authority of Religious Courts in Sharia Consumer Protection Disputes.**

Despite the enactment of Law No. 3 of 2006 granting Religious Courts exclusive jurisdiction over Islamic economic matters, jurisdictional ambiguity persists in consumer protection cases. This is largely due to conflicts between the Consumer Protection Act (Law No. 8 of 1999), which designates General Courts as the appropriate forum, and the Constitutional Court's Decision No. 93/PUU-X/2012, which reaffirmed the Religious Courts' authority. However, implementation challenges remain, as some General Courts continue to adjudicate consumer disputes in Islamic finance, creating legal uncertainty and undermining consumer trust in the judicial process. Without effective legal harmonization and enforcement mechanisms, the credibility of Indonesia's Islamic finance system may be compromised.

Although the Constitutional Court Decision No. 93/PUU-X/2012 has affirmed that Islamic finance disputes should fall under Religious Courts, the practical reality tells a different story. Many financial institutions continue to challenge this jurisdiction, and General Courts still accept cases that arguably fall under the domain of Religious Courts. In my view, this reflects a fundamental failure of legal harmonisation, where conflicting laws have not been adequately revised to ensure judicial clarity. Without



explicit legislative amendments, judicial inconsistencies will persist, ultimately undermining consumer protection in Islamic finance.

Empirical data further reinforces these inconsistencies. Dalimunthe (2016) documented multiple cases where Religious Courts and General Courts issued contradictory rulings on similar disputes. For instance, in Banjarbaru Religious Court Decision No. 259/Pdt.G/2013/PA.Bjb, the court upheld its exclusive authority over an Islamic finance consumer dispute, citing Law No. 3 of 2006. However, in Gorontalo Religious Court Decision No. 527/Pdt.G/2014/PA.Gtlo, the court dismissed a similar case, reasoning that consumer protection falls under General Courts based on Law No. 8 of 1999 (UUPK). This discrepancy highlights a fundamental lack of uniform interpretation of Islamic financial laws, resulting from inadequate legal training of judges, fragmented judicial authority, and the absence of binding procedural guidelines. These inconsistencies erode consumer confidence and increase the risk of forum shopping, where litigants strategically choose courts based on perceived favorable rulings. To address this, a standardized judicial guideline, issued by the Supreme Court, is needed to clarify jurisdiction and ensure uniform decision-making in Islamic financial disputes. This discrepancy is not a minor procedural issue—it represents a serious threat to legal certainty. If courts themselves disagree on jurisdiction, how can consumers trust that their rights will be effectively protected?

I argue that these inconsistencies expose the fragility of Indonesia's legal infrastructure when dealing with Sharia-based economic transactions. Theoretically, the doctrine of *lex specialis derogat legi generali* should apply—specific laws (Law No. 3 of 2006) should override general laws (UUPK). However, in the absence of explicit legal reforms, some judges

continue to prioritise consumer protection laws over Islamic finance laws, leading to conflicting judicial interpretations. This is unacceptable in a legal system that claims to provide certainty and predictability. The Indonesian legal framework must resolve this contradiction decisively, or else Islamic financial consumers will continue to suffer from legal uncertainty and prolonged disputes.

The reluctance of financial institutions to fully submit to Religious Court jurisdiction further complicates this issue. Many Islamic banks and financial institutions prefer to settle disputes in General Courts, arguing that consumer protection is not inherently religious (Aziz, 2020). However, an underlying issue is the lack of specialized financial expertise among Religious Court judges. A survey conducted by OJK (2022) found that over 60% of Religious Court judges lack formal training in Islamic banking and financial transactions, leading to longer case resolutions and inconsistent interpretations of Shariah financial principles. Without targeted capacity-building initiatives, such as mandatory financial law training, certification programs, and collaboration with Islamic financial regulators, Religious Courts will continue to struggle with adjudicating complex financial contracts, further undermining their legitimacy. This leads to a practical disadvantage for consumers, as they are often trapped in a legal system that lacks consistency and efficiency. If Religious Courts are to function effectively in resolving Islamic financial disputes, then judicial competency must be urgently addressed.

This leads to a critical problem that remains largely ignored: the lack of specialised financial knowledge among Religious Court judges. Mardani (2012) has noted that most judges in Religious Courts are experts in family law but not in financial law. This creates a paradox—while these courts

have jurisdiction over Islamic economic disputes, they often lack the expertise to resolve them effectively. I view this as a major institutional failure. It is illogical to expect Religious Courts to handle billion-rupiah financial disputes without equipping judges with the necessary knowledge and training. The government must immediately prioritise judicial capacity-building, or the credibility of Religious Courts will continue to be questioned.

Even more concerning is the lack of consumer awareness regarding Religious Court jurisdiction. Data from OJK (2022) shows that a significant number of consumers do not realise that Religious Courts handle Islamic finance disputes. This is not merely an issue of legal knowledge—it is a sign that the judicial system itself has failed to effectively communicate its role to the public. If the institutions meant to protect consumer rights are not well understood by consumers themselves, then the entire system is failing. I argue that this represents a fundamental disconnect between regulatory intentions and practical implementation. It is not enough for laws to exist—they must be accessible and understandable to the people they are meant to serve.

In light of these issues, urgent legal and institutional reforms are necessary to ensure judicial consistency and consumer confidence in Islamic finance. Three key measures are proposed:

(1) Amendments to the Consumer Protection Act (Law No. 8/1999) and Religious Courts Act (Law No. 3/2006) should clearly establish that consumer disputes involving Islamic finance fall exclusively under Religious Court jurisdiction. This can be enforced through a Presidential Regulation or a Supreme Court Circular mandating consistent judicial interpretation.

(2) Judicial capacity-building programs should be implemented, including mandatory certification in Islamic banking for Religious Court judges, in collaboration with OJK and Bank Indonesia.

(3) A centralized Islamic Financial Dispute Resolution Board should be established, modeled after Malaysia's Shariah Advisory Council, to provide binding guidelines on Islamic financial consumer disputes. These measures will reduce legal uncertainty, increase judicial efficiency, and enhance consumer trust in the Islamic financial system.

If these reforms are not implemented, the legal inconsistencies surrounding Islamic finance will continue to grow, potentially discouraging investors and consumers from engaging with the industry.

Ultimately, legal certainty is a cornerstone of financial stability. If consumers and businesses do not trust the legal system, they will avoid Islamic financial institutions in favour of more predictable conventional banks. Indonesia, as the country with the largest Muslim population in the world, has an opportunity to establish itself as a global leader in Islamic finance. However, this will only be possible if its legal institutions are strong, competent, and responsive to consumer needs. If these judicial weaknesses persist, Indonesia risks falling behind other nations that have already established clear and effective legal frameworks for Islamic financial disputes.

The findings of this study highlight that Religious Courts have been granted legal jurisdiction over Islamic finance disputes, but their effectiveness remains questionable. The lack of judicial uniformity, jurisdictional conflicts, and inadequate public awareness all contribute to a dysfunctional dispute resolution mechanism. If Indonesia genuinely seeks to advance its Islamic financial sector, then immediate legal, institutional,

and educational reforms are necessary. Without these changes, Religious Courts will remain an underutilised and ineffective forum for consumer protection, ultimately failing to serve the very purpose for which they were granted jurisdiction in the first place.

## **2. Court Decision Analysis**

Court rulings on consumer protection disputes in Indonesia's Islamic economic system reveal fundamental differences in legal interpretation, particularly regarding the jurisdiction of Religious Courts and the application of Sharia principles in financial contracts. While some rulings reinforce the absolute authority of Religious Courts, others reflect resistance within the general judicial system, which continues to rely on national positive law, often without fully accommodating Islamic economic principles. This demonstrates an ongoing conflict between the normative approach of Islamic law and Indonesia's dualistic legal framework (Cammack, 2018).

If Religious Courts have been granted exclusive jurisdiction over Islamic economic disputes, as stipulated in Article 49 of Law No. 3 of 2006 on Religious Courts, why do contradictions in court decisions persist? The fundamental role of the judiciary is to provide legal certainty, yet the judicial system itself produces inconsistent and, at times, contradictory decisions.

A notable example of judicial affirmation of Religious Court jurisdiction is Decision No. 259/Pdt.G/2013/PA.Bjb from the Banjarbaru Religious Court. This case involved a dispute between a customer and an Islamic bank regarding a murabahah contract, where the plaintiff claimed a lack of transparency in pricing and administrative fees, while the bank asserted that the transaction fully complied with Sharia regulations. The

Religious Court ruled that the case fell under its jurisdiction, referring to the Religious Judicature Act, and emphasised that Islamic financial transactions cannot be equated with conventional civil transactions.

From a jurisprudential standpoint, this ruling strengthens the argument that Islamic financial disputes should be adjudicated within a Sharia-based legal framework. However, from an Islamic economic perspective, the ruling leaves critical questions regarding consumer protection unanswered. Did the court merely confirm its jurisdiction, or did it substantively assess the fairness of the bank's business practices? According to *maqasid al-shariah* (the objectives of Islamic law), fairness in financial transactions extends beyond procedural legality to substantive justice for all parties involved (Wilson, 2020). If Islamic banking continues to mimic conventional financial structures, then Religious Courts should not solely focus on jurisdictional authority but must also actively enforce equitable financial practices in line with Islamic principles.

Conversely, Decision No. 03/Pdt.G/2013/PN.MTP from the Martapura District Court provides a different perspective. In this case, a customer filed a lawsuit against an Islamic financial institution, alleging the misuse of contractual clauses in a *musyarakah* financing agreement. However, the Martapura District Court ruled that it lacked jurisdiction and transferred the case to the Religious Court.

While this decision acknowledges the authority of Religious Courts in handling Islamic economic disputes, it also highlights judicial inconsistency within Indonesia's dual legal system. Why do some district courts refer cases to Religious Courts, while others continue to assert jurisdiction over similar disputes?

This contradiction is further illustrated in Decision No. 0047/Pdt.G/2012/PA.Yk from the Yogyakarta Religious Court, where the court not only affirmed its jurisdiction but also assessed the fairness of an Islamic financial contract. This case involved an *ijarah muntahiyah bit tamlik* (IMBT) contract, in which a customer challenged the transparency of late payment penalties imposed by the bank.

The Yogyakarta Religious Court ruled in favour of the customer, stating that Islamic banks must ensure greater transparency in their contractual arrangements. This ruling is progressive as it not only reinforces Religious Court jurisdiction but also upholds key Islamic economic principles, such as justice (*al-‘adl*) and transparency (*bayān*), in commercial transactions.

However, from an Islamic economic theory perspective, this ruling exposes a critical issue: many so-called Islamic banking products still resemble conventional financial contracts. The application of late payment penalties in IMBT contracts, for instance, is often enforced without considering alternative, more equitable solutions for consumers, even though Islam explicitly prohibits *riba* (usury) and financial exploitation (El-Gamal, 2006).

A similar challenge emerges in Decision No. 967/Pdt.G/2012/PA.Mdn from the Medan Religious Court, where an heir challenged the obligation to repay a deceased debtor’s *musyarakah* contract debt. The plaintiff argued that the debt should be cancelled in accordance with Islamic principles, but the court ruled that the outstanding obligation must still be fulfilled.

This raises critical concerns: if Islamic finance truly adheres to a risk-sharing principle, why do some contractual structures closely resemble

conventional debt arrangements? The maqasid al-shariah framework dictates that musyarakah contracts should be based on equitable risk and profit-sharing, rather than functioning as a conventional loan system where the debt remains binding under all circumstances (Ahmed, 2011).

These court rulings demonstrate that, while Religious Courts are legally recognised as the primary forum for Islamic economic disputes, they still face significant challenges in ensuring substantive consumer protection. Additionally, legal uncertainty persists, with some Islamic economic cases still being adjudicated in General Courts, despite the Constitutional Court’s Decision No. 93/PUU-X/2012, which clearly affirmed Religious Court jurisdiction over Islamic finance disputes.

The table below summarises the key legal issues, judicial reasoning, and broader implications of selected court rulings in Islamic financial consumer disputes.

**Table 1:** Summary of Court Decisions on Consumer Protection in Islamic Finance

Court Decision	Legal Issue	Judicial Reasoning	Implications for Islamic Economic Law
Banjarbaru Religious Court Decision No. 259/Pdt.G/2013/PA.Bjb	Lack of transparency in murabahah contract between customer and Islamic bank.	The court ruled that Islamic financial disputes fall under Religious Courts under Article 49 of Law No. 3 of 2006.	Reinforces Religious Court jurisdiction, but does not critically evaluate the fairness of murabahah practices in protecting consumer rights.



Martapura District Court Decision No. 03/Pdt.G/2013/PN.MTP	Dispute over musyarakah financing contract, where a customer alleged unfair contract terms.	The court declined jurisdiction and transferred the case to the Religious Court.	Confirms jurisdiction of Religious Courts, yet highlights inconsistency in judicial practice, as some General Courts still handle Islamic finance disputes.
Yogyakarta Religious Court Decision No. 0047/Pdt.G/2012/PA.Yk	Lack of contract transparency in ijarah muntahiyah bit tamlik (IMBT); consumer contested late payment penalties.	The court ruled in favour of the consumer, stating that Islamic banks must ensure greater contract transparency.	Demonstrates alignment with maqasid al-shariah (justice and transparency) but also indicates that many Islamic financial contracts still mimic conventional banking structures.
Medan Religious Court Decision No. 967/Pdt.G/2012/PA.Mdn	Heirs of a deceased debtor challenged the repayment obligation under a musyarakah contract.	The court ruled that the debt remains binding, requiring the heirs to fulfil the financial obligation.	Raises concerns about whether Islamic finance truly follows risk-sharing principles or if it is still modelled on conventional

						debt-based banking.
Bukittinggi Court 604/Pdt.G/2020/PA.Bkt	Religious Decision No.	Breach of contract by a developer in a Sharia-compliant housing scheme.	of	The court ruled in favour of the consumer, ordering the developer to return payments due to contractual violations.		Establishes a stronger precedent for consumer protection, ensuring that Islamic economic transactions uphold contractual fairness.

The findings from these court rulings highlight several structural challenges in the enforcement of Islamic economic law in Indonesia. While the Religious Courts' role in adjudicating Islamic finance disputes is becoming more established, there remain critical gaps in ensuring substantive consumer protection. Some rulings, such as those from Yogyakarta and Bukittinggi, indicate a shift towards aligning Islamic finance with *maqasid al-shariah*, particularly regarding transparency and fairness. However, other decisions, such as the Medan case, raise concerns that Islamic banking contracts may still function like conventional finance models rather than embracing risk-sharing principles. This inconsistency underscores the urgent need for harmonising Islamic financial regulations with national consumer protection laws, as well as improving judicial capacity in adjudicating complex financial contracts. Without these reforms, Religious Courts risk being perceived as procedurally competent but substantively ineffective in safeguarding consumer rights in the Islamic economic framework.

I argue that this issue cannot be resolved through court decisions alone. Instead, legal harmonisation is essential, ensuring alignment between Islamic economic law and Indonesia's national consumer protection framework. If these jurisdictional inconsistencies remain, Religious Courts risk losing legitimacy as the authoritative forum for Islamic economic dispute resolution. The Consumer Protection Act (UUPK) must be amended to explicitly align with Islamic economic law, while Religious Court judges should receive specialised training in Islamic finance to improve the depth and consistency of judicial rulings.

Without these reforms, conflicting court decisions will continue to erode public confidence in the Islamic financial system. Ideally, Religious Courts should not merely function as dispute resolution bodies; rather, they should serve as guardians of *maqasid al-shariah* in economic transactions, ensuring that Islamic finance genuinely reflects ethical, just, and consumer-friendly principles in Indonesia.

### **.3. Challenges in Implementing the Jurisdiction of Religious Courts**

The integration of Sharia principles into Indonesia's national legal framework has been a complex endeavour, particularly concerning the jurisdiction of Religious Courts over economic matters. Despite formal recognition, several challenges impede effective implementation.

One significant issue is the limited expertise of judges in complex Sharia financial instruments. While judges in Religious Courts are well-versed in family law and inheritance issues, many lack comprehensive understanding of contemporary Islamic banking and finance mechanisms. This gap often leads to inconsistent rulings and undermines the credibility of the Religious Courts in economic disputes. A study by Hasan and

Mustafa (2022) highlights the necessity for specialised training to enhance judicial competence in Sharia economics.

Furthermore, the dualistic nature of Indonesia's legal system presents inherent conflicts. The coexistence of secular and religious legal frameworks often results in jurisdictional overlaps and ambiguities, particularly in economic cases that straddle both domains. This duality can lead to forum shopping, where litigants choose courts they perceive as more favourable to their interests, thereby challenging the authority of Religious Courts. Research indicates that this legal pluralism necessitates clearer delineation of jurisdictions to prevent such conflicts (Salim, 2008).

Additionally, the lack of harmonisation between national laws and Sharia principles poses a significant obstacle. While efforts have been made to codify Sharia economic law, discrepancies remain between Islamic jurisprudence and existing national regulations. This misalignment can result in legal uncertainty and inconsistent application of laws, as noted in recent analyses (Hardani, 2022).

From a theoretical standpoint, these challenges underscore a tension between the ideals of Sharia economic principles—such as justice (*al-'adl*) and public interest (*maslahah*)—and their practical application within Indonesia's legal system. The current framework often falls short of realising these principles, leading to outcomes that may not fully align with the ethical foundations of Islamic economics. An article by Hardani (2022) discusses the practical urgency of aligning legal frameworks with Sharia economic principles to ensure justice and equity in economic transactions.

To address these issues, several measures are recommended:

- a. Enhancing Judicial Competence: Implementing comprehensive training programmes for judges in Sharia economic law to ensure informed and consistent adjudication.
- b. Clarifying Jurisdictional Boundaries: Establishing clear guidelines to delineate the respective domains of Religious and secular courts, thereby reducing overlaps and conflicts.
- c. Harmonising Legal Frameworks: Aligning national laws with Sharia principles through legislative reforms to ensure coherence and legal certainty.

By undertaking these reforms, Indonesia can strengthen the role of Religious Courts in economic matters, ensuring that their decisions reflect both the letter and spirit of Sharia law, and thereby uphold the principles of justice and public welfare inherent in Islamic jurisprudence.

#### **D. CONCLUSSION**

The analysis of the jurisdiction of Religious Courts in Islamic economic disputes reveals significant structural and doctrinal challenges that hinder their effective implementation in Indonesia. While legal recognition of Religious Courts has been formally established, the practical enforcement of their authority remains inconsistent due to judicial competency gaps, jurisdictional conflicts, and a lack of regulatory harmonisation between national law and Sharia principles. These challenges not only affect legal certainty but also impact the credibility of Islamic economic governance in Indonesia.

One of the most pressing concerns is the lack of specialized knowledge among Religious Court judges in Islamic financial law, leading to inconsistent judicial decisions and legal uncertainty. This raises concerns

about whether core Islamic economic principles—such as justice (al-‘adl), transparency (bayān), and consumer welfare (maslahah)—are effectively upheld in financial dispute resolution. Without targeted capacity-building initiatives, such as mandatory financial law training, certification programs, and collaboration with Islamic financial regulators, Religious Courts will continue to struggle with adjudicating complex financial contracts, further weakening their legitimacy. Inconsistent rulings have also resulted in consumer mistrust, discouraging individuals from using Islamic financial products due to concerns over unclear dispute resolution mechanisms. Furthermore, the coexistence of secular and Islamic legal frameworks has led to jurisdictional overlap, creating uncertainty for litigants and financial institutions. The continued intervention of General Courts in Islamic financial disputes weakens the legal authority of Religious Courts, contradicting the exclusive jurisdiction granted by Law No. 3 of 2006 and reaffirmed by the Constitutional Court's Decision No. 93/PUU-X/2012.

From a theoretical standpoint, the ineffective implementation of Religious Court jurisdiction reflects a fundamental misalignment between legal structures and the objectives of Sharia economic law. The current legal framework fails to fully integrate Sharia principles into Indonesia’s consumer protection system, resulting in financial contracts that often resemble conventional banking practices rather than authentic Islamic finance models. Additionally, weak enforcement mechanisms for Religious Court rulings further undermine their effectiveness in protecting consumers and ensuring compliance from financial institutions.

To address these challenges, several key reforms are essential. First, judicial competency must be enhanced through mandatory financial law training for Religious Court judges, ensuring that they are equipped to

adjudicate complex Islamic financial cases effectively. Second, legal harmonisation between Islamic economic law and national consumer protection regulations must be prioritised, preventing conflicting interpretations of financial contracts. Third, enforcement mechanisms for Religious Court rulings must be strengthened, ensuring that Islamic financial institutions comply with judicial decisions. Finally, greater public awareness initiatives are needed to educate consumers about their rights under Islamic finance contracts and the role of Religious Courts in dispute resolution.

Ultimately, the effectiveness of Religious Courts in regulating Islamic financial disputes depends not only on legal jurisdiction but also on their ability to function as credible, competent, and authoritative institutions. If these courts fail to implement Sharia economic principles in a way that ensures justice, fairness, and transparency, they risk being perceived as legally recognised yet practically ineffective. Therefore, without significant judicial, legislative, and institutional reforms, Indonesia's Islamic finance system will remain fragmented, failing to achieve its true Sharia objectives.

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