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Legal Review of the Settlement of Sharia Mortgage Defaults Based on DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000

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ABSTRACT

This study examines the legal framework governing the handling of defaults in Sharia mortgage contracts, focusing on the interpretation and application of DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000. Using a normative juridical approach, the research analyzes how Islamic financial institutions address customer defaults (wanprestasi) in a manner consistent with Sharia principles and national banking regulations. The study explores the fatwa's relevance in regulating sanctions, ensuring fairness, and preventing elements of riba while maintaining the stability of the Islamic financial system. The findings reveal that DSN-MUI Fatwa No. 17 provides clear moral and legal guidance for handling defaults through non-ribawi sanctions, such as fines dedicated to social purposes. However, discrepancies still exist between the fatwa's moral prescriptions and its implementation due to the lack of detailed operational procedures within national law. The study concludes that better integration between Sharia norms, DSN-MUI fatwas, and Indonesian financial regulations is necessary to enhance the effectiveness, justice, and legal certainty in handling Sharia mortgage defaults.

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1. INTRODUCTION

The development of Islamic banking and finance in Indonesia has grown significantly in recent decades, supported by increasing public awareness of Sharia-compliant financial systems. One of the most widely applied financing contracts in Islamic banking is the murabahah agreement, often used in mortgage financing (Kredit Pemilikan Rumah Syariah). In this scheme, the bank acts as the seller who purchases a property desired by the customer and then resells it to the customer at a profit margin agreed upon in advance, while the customer pays in installments over an agreed period. Unlike conventional mortgages that involve interest (riba), murabahah emphasizes transparency, mutual consent, and fairness in financial transactions. The development of Islamic banking in Indonesia has been significantly bolstered by the adoption of the murabahah contract, particularly in mortgage financing, as it is favored for its compliance with Sharia principles emphasizing transparency, mutual consent, and fairness, unlike conventional

interest-based mortgages. This model, where the bank purchases a property and resells it to the customer at a pre-agreed profit margin with installment payments, has become a cornerstone of Islamic banking in Indonesia, accounting for a substantial portion of financing activities. Murabahah contracts constitute about 60–80% of the financing provided by Islamic banks in Indonesia, highlighting their dominance in the sector [1], [2]. The contract is applied in both consumptive and productive financing, including mortgages, vehicle financing, and business capital [2]. Furthermore, murabahah contracts are structured to avoid elements of usury (riba), gambling (maisir), and uncertainty (gharar), adhering to the Sharia Banking Act and the DSN-MUI Fatwa [1]. These contracts emphasize fairness and transparency, ensuring no party is unduly burdened, in alignment with the principles of Islamic jurisprudence [3], [4]. The flexibility and fairness of murabahah contracts support community welfare by providing accessible and equitable financial services [4]. Guided by the National Sharia Council's Fatwa, Islamic banks ensure that murabahah contracts are both economically optimal and Sharia-compliant, fostering trust and growth within the sector [2].

However, as with any financial contract, the possibility of default (wanprestasi)—a situation where the customer fails to meet payment obligations—remains a crucial issue in Sharia-based financing. Defaults may occur due to financial difficulties, negligence, or intentional non-compliance by the customer. In Islamic law, the handling of such defaults must adhere to ethical and legal principles that avoid unjust enrichment, coercion, and interest-based penalties. Therefore, the resolution of murabahah defaults must reflect both the substance of Islamic jurisprudence (fiqh muamalah) and the positive law governing financial institutions in Indonesia. The National Sharia Council of the Indonesian Ulema Council (DSN-MUI) plays a pivotal role in providing legal and ethical guidelines for Sharia financial institutions. The DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000 concerning sanctions for customers who are capable but fail to fulfill obligations serves as a key reference in addressing defaults in Sharia financing. This fatwa allows the imposition of fines (ta'zir) on customers who deliberately delay payments while prohibiting any form of penalty resembling interest. The fatwa ensures that sanctions serve as moral deterrents rather than as profit-generating mechanisms for the bank, maintaining fairness and compliance with Sharia principles.

The resolution of defaults in Sharia-based financing, particularly in murabahah contracts, requires strict adherence to Islamic jurisprudence and Indonesian financial regulations. The DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000 provides a framework for imposing fines on customers who are financially capable but intentionally delay payments, ensuring that sanctions act as moral deterrents rather than profit mechanisms [5], [6]. The ta'zir fine, as outlined in the fatwa, emphasizes avoidance of riba and is implemented by Islamic banks such as Bank Syariah Indonesia to handle defaults while offering alternative solutions for customers facing financial distress [7]. Nonetheless, the lack of standardized criteria for identifying capable customers and determining the duration of delinquency before fines are applied remains a challenge [5]. From a legal and ethical standpoint, the fines must align with Islamic values, serving not as instruments of profit but as preventive measures to encourage timely payments [5]. Legal actions such as restructuring offers, formal warnings, and, if necessary, dispute resolutions through deliberation, arbitration, or religious courts are consistent with the DSN-MUI fatwa's ethical framework [8], [9]. In practical application, ta'zir measures at Bank Syariah Indonesia have demonstrated efforts to balance compassion and compliance, with cases showing that even collateral execution—when conducted transparently and within legal bounds—remains consistent with Sharia principles [9].

Despite its importance, the implementation of this fatwa in practice remains a subject of debate. Some Islamic

financial institutions face challenges in interpreting and enforcing these sanctions within Indonesia's legal framework, which continues to be dominated by conventional banking regulations. Moreover, the absence of explicit procedural guidelines in statutory law often results in inconsistencies across institutions, creating legal uncertainty—particularly regarding whether DSN-MUI fatwas possess binding authority equivalent to positive law and how they interact with national legislation such as Law No. 21 of 2008 on Sharia Banking and Bank Indonesia Regulation No. 9/19/PBI/2007 concerning the Implementation of Sharia Principles. Given these complexities, this study conducts a normative legal analysis to examine the legal foundations, interpretations, and implications of handling Sharia mortgage defaults under DSN-MUI Fatwa No. 17/2000, focusing on the coherence between the fatwa and existing legal norms, the enforceability of Sharia-based sanctions, and their conformity with principles of justice and legal certainty. The objectives of this study are threefold: first, to analyze the legal basis for handling murabahah defaults in Sharia mortgage agreements under Indonesian law and Sharia principles; second, to evaluate the legal force and implementation mechanisms of DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000 in Sharia financial institutions; and third, to identify challenges and propose recommendations for strengthening legal certainty and consistency in resolving Sharia mortgage defaults. This research contributes both theoretically and practically to the development of Sharia financial law in Indonesia—enriching the discourse on the normative position of DSN-MUI fatwas within the national legal system while also providing actionable insights for policymakers, regulators, and Sharia banking practitioners to establish a more coherent and equitable legal framework for managing defaults in Sharia-based financing. Ultimately, this analysis underscores the importance of aligning Islamic ethical principles with positive law to uphold justice, transparency, and trust in Indonesia's Islamic financial system.

2. LITERATURE REVIEW

2.1 Concept of Murabahah in Islamic Finance

Murabahah contracts are a cornerstone of Islamic banking, offering a Sharia-compliant alternative to conventional interest-based loans. This contract involves the bank purchasing a property or asset and selling it to the customer at a marked-up price, payable in installments. The transparency and mutual consent inherent in murabahah contracts align with Islamic principles, as the profit margin and payment schedule are agreed upon in advance, ensuring no hidden costs or interest (riba) are involved [3], [10]Murabahah contracts are structured to comply with Islamic law by avoiding interest and ensuring transparency in transactions [10]. The seller must disclose the acquisition cost and profit margin, fostering trust and mutual consent between parties [3]. This contract type is prevalent in Islamic banking, accounting for a significant portion of financing due to its straightforward nature and compliance with Islamic principles [1], [11]. However, despite its compliance with Sharia, murabahah contracts face challenges similar to conventional loans, particularly in handling defaults. Defaults must be managed according to Islamic principles of justice, responsibility, and the prohibition of exploitation [3]. Unlike conventional loans, murabahah contracts cannot

impose interest-based penalties, requiring alternative methods to address defaults [11]. Islamic banks must therefore balance fairness and the need to discourage negligence while maintaining strict adherence to Sharia principles [12]. Practically, murabahah contracts remain the most dominant form of financing in Islamic banks due to their low risk and profitability compared to other financing mechanisms [11]. Their structure enables banks to minimize risks associated with asset financing, making them a preferred choice within Indonesia's Islamic banking system [1].

2.2 *Concept of Default (Wanprestasi) in Contract Law*

The concept of wanprestasi, or default, in Indonesian civil law and Islamic law refers to the failure to fulfill contractual obligations, with each system offering distinct approaches to handling such breaches. In Indonesian civil law, wanprestasi is governed by Article 1243 of the Civil Code, which allows for compensation claims when a debtor fails to meet obligations through non-performance, improper performance, or delay. This legal framework provides remedies such as contract cancellation, compensation, or enforcement of the agreement [13], [14]. In contrast, Islamic law emphasizes moral and ethical responsibility, distinguishing between incapacity (i'sar) and intentional neglect (taswif), with moral sanctions applied to deliberate negligence [15]. The Qur'an encourages leniency for debtors facing genuine financial hardship while condemning unjustified delays in repayment [15]. In practical cases, Indonesian courts have reinforced these principles—for example, in a land sale dispute, the court ruled against the defendant for failing to meet payment obligations, underscoring the legal implications of wanprestasi ("Akibat wanprestasi dari perjanjian jual...", 2023). Similarly, a murabahah contract case resolved through mediation highlights the need to distinguish between breach of contract and unlawful acts, ensuring that dispute resolution aligns with both civil law and Islamic ethical values [16].

2.3 *DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000 and Its Legal Basis*

The DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000 provides a framework for imposing fines on financially capable customers who intentionally delay payments in Sharia financial transactions. This fatwa, grounded in Islamic principles of fairness and the prohibition of riba, mandates that collected fines be allocated for social and charitable purposes rather than contributing to bank income, thereby ensuring ethical compliance in Islamic finance. Its implementation is vital to maintaining moral integrity and adherence to Sharia law. The fatwa allows Islamic banks to impose fines as a form of ta'zir (punishment) on customers who are financially able but deliberately delay payments, promoting timely repayment and financial discipline [17], [18]. Importantly, these fines are not considered part of the bank's profit but are instead used for social welfare activities, reflecting the ethical orientation

of Islamic financial practices [18], [19]. Empirical studies show that the fatwa's enforcement has been effective in improving customer discipline and mitigating financing risks in Islamic institutions, primarily due to consistent compliance with Sharia principles and the social allocation of fines [19]. However, challenges remain, particularly regarding the absence of standardized criteria for identifying financially capable customers and determining the threshold of delinquency before imposing fines [5]. Moreover, the practice of imposing fines continues to generate debate due to concerns that it could resemble prohibited forms of riba, underscoring the need for cautious and transparent implementation to uphold Islamic ethical standards [5].

2.4 Theoretical Framework

This research employs the normative legal theory framework, emphasizing law as a system of norms derived from legislation, fatwas, and ethical principles. According to Hans Kelsen's Pure Theory of Law, legal norms operate hierarchically, with each norm deriving its validity from a higher norm. Within the Indonesian context, DSN-MUI fatwas, although not formal legislation, acquire derivative legitimacy when they are referenced or incorporated into statutory or regulatory instruments. Complementing this, Sharia legal theory (usul al-fiqh) provides the foundation for analyzing justice, fairness, and proportionality in addressing defaults within Islamic financial transactions. The integration of these two theoretical frameworks allows for a comprehensive assessment of the extent to which DSN-MUI Fatwa No. 17/2000 aligns with Indonesia's national legal principles while simultaneously upholding the objectives of Islamic law (maqasid al-shariah).

3. METHODS

The normative juridical approach analyzes law as a set of normative rules regulating social behavior, emphasizing consistency, hierarchy, and interpretation of legal texts. According to Soerjono Soekanto (2008), normative legal research focuses on the study of positive law, legal principles, and doctrine. This study applies that approach to analyze the normative content of DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000, examine its compatibility with national legal instruments such as Law No. 21 of 2008 on Sharia Banking, Bank Indonesia Regulations, and Financial Services Authority (OJK) guidelines, and explore the underlying Islamic legal principles (fiqh muamalah) governing default and sanction mechanisms. The study does not involve surveys, interviews, or statistical testing but instead systematically interprets legal documents and secondary data to provide a descriptive and analytical understanding of the issue.

This research is descriptive-analytical in nature, aiming to describe, analyze, and interpret relevant legal norms and doctrines. The descriptive component illustrates the legal position and application of DSN-MUI fatwas within Indonesia's broader legal framework, while the analytical dimension explores their implications for Sharia financial practices. A qualitative method is employed for data interpretation, focusing on textual analysis of primary and secondary legal materials to provide a deeper understanding of legal reasoning, justice principles (al-'adl), and the coherence between Sharia and national law. The legal materials used consist of primary, secondary, and tertiary sources. Primary materials include binding instruments such as the Qur'an, Hadith, DSN-

MUI Fatwa No. 17/2000, Law No. 21 of 2008 on Sharia Banking, Law No. 7 of 1992 as amended by Law No. 10 of 1998 on Banking, Bank Indonesia Regulation No. 9/19/PBI/2007, OJK Regulation No. 31/POJK.05/2014, and relevant court decisions. Secondary materials include academic writings, books, and journals on Islamic finance and the legal position of fatwas, including works by Antonio (2001), Rahman (2018), Subekti (2005), and Al-Zuhaili (2003). Tertiary materials consist of dictionaries, encyclopedias, and official DSN-MUI documents explaining key legal concepts such as wanprestasi, ta'zir, and murabahah.

Data collection is conducted through a documentary study (studi kepustakaan), which involves identifying, gathering, and analyzing written materials relevant to the research topic. The process includes identifying primary sources like fatwas, laws, and regulations on Sharia financing; collecting academic literature and expert commentaries from reputable publications; organizing legal texts thematically—focusing on murabahah, default handling, and sanction mechanisms; and classifying legal materials into categories of Sharia law, national law, and institutional policy for comparative analysis. Data analysis uses a qualitative normative approach as described by Peter Mahmud Marzuki (2017), employing several interpretive techniques: the statutory approach (pendekatan perundang-undangan), conceptual approach (pendekatan konseptual), comparative approach (pendekatan komparatif), and analytical approach (pendekatan analitis). These methods are used to synthesize textual evidence, evaluate legal coherence and enforceability, and assess whether the sanctions prescribed under DSN-MUI Fatwa No. 17/2000 align with principles of justice ('adl) and the objectives of Sharia (maqasid al-shariah).

4. RESULTS AND DISCUSSION

4.1 Legal Position of DSN-MUI Fatwas in the Indonesian Legal System

The National Sharia Council – Indonesian Ulema Council (DSN-MUI) serves as the authoritative institution responsible for formulating fatwas that govern Sharia financial practices in Indonesia. Based on Article 26 of Law No. 21 of 2008 on Sharia Banking, all Sharia financial institutions are required to adhere to DSN-MUI fatwas to ensure that their financial products and services comply with Islamic principles. From a normative standpoint, however, DSN-MUI fatwas are not part of the formal hierarchy of laws as defined in Law No. 12 of 2011 on the Formation of Laws and Regulations. Their binding power arises instead through delegated authority—when government institutions such as Bank Indonesia or the Financial Services Authority (OJK) adopt these fatwas into formal regulations or when financial institutions integrate them contractually. In practice, this gives DSN-MUI fatwas de facto authority as sources of Sharia law, while their de jure enforcement depends on formal legal adoption. Supreme Court decisions, such as Decision No. 401 K/Ag/2014, have recognized DSN-MUI fatwas as valid sources of Sharia law in interpreting murabahah contracts, solidifying their quasi-legal status and importance in ensuring Sharia compliance [20]–[23].

Despite their significant role, the non-binding nature of DSN-MUI fatwas can create regulatory uncertainty, highlighting the need for clearer integration within Indonesia's legal system. Challenges persist in translating fatwas into practical banking regulations and ensuring alignment with positive law, as discrepancies in interpretation may affect consistency across Sharia financial institutions [20], [22]. To address these issues, scholars recommend granting DSN-MUI a more formal mandate or transforming it into a state institution with explicit legislative authority, thereby enhancing the legal certainty and enforceability of its fatwas. In this context, the authority of DSN-MUI Fatwa No. 17/2000 in handling defaults is both ethical and quasi-legal—ethical because it stems from Islamic moral principles, and quasi-legal because it is implemented through institutional policies and contractual

mechanisms within the Sharia banking framework.

4.2 Normative Basis for Handling Murabahah Defaults

In Islamic jurisprudence (fiqh muamalah), financial contracts are governed by the principles of fulfilling promises (awfu bil 'uqud) and avoiding injustice (la tazlimun wa la tuzlamun). The Qur'an (Surah Al-Baqarah, 2:282) explicitly commands that debt contracts be recorded and fulfilled in good faith. When a customer defaults, Islamic law distinguishes between two conditions: i'sar (inability to pay), when the debtor genuinely lacks financial capacity, and taswif (intentional delay), when the debtor is capable but deliberately refuses to pay. The DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000 adopts this distinction by stipulating that only debtors who intentionally default despite being financially able may be subject to ta'zir sanctions or disciplinary penalties. The purpose of ta'zir is deterrence rather than profit generation; thus, any fines collected from intentional defaulters must be donated for social purposes such as charitable or community welfare programs, rather than being added to the bank's income.

From a normative legal perspective, the fatwa aligns with Law No. 21 of 2008, which emphasizes compliance with Sharia principles and prohibits interest-based penalties. The fatwa operationalizes these provisions by establishing a mechanism that enforces accountability while upholding the ethical objectives of Sharia (maqasid al-shariah), namely justice ('adl), transparency (amanah), and welfare (maslahah). Furthermore, under Article 1243 of the Indonesian Civil Code (KUHPerdata), creditors are permitted to seek compensation for non-performance (wanprestasi). However, since Sharia law prohibits charging interest or monetary penalties for profit, the DSN-MUI fatwa provides an alternative normative framework that harmonizes national and religious law, ensuring that default resolutions remain both legally valid and ethically sound.

4.3 Implementation of DSN-MUI Fatwa No. 17/2000 in Sharia Financial Institutions

In practice, Sharia banks in Indonesia implement DSN-MUI Fatwa No. 17/2000 as part of their internal policy frameworks, with the Financial Services Authority (OJK) and Bank Indonesia mandating compliance with DSN-MUI fatwas as a prerequisite for Sharia certification. Based on the analysis of institutional policies and operational practices, the implementation process generally follows several stages. First, during the identification of default, banks determine whether payment delays are caused by i'sar (inability) or taswif (intentional negligence), as sanctions can only be applied to deliberate defaults. Second, banks issue warnings and restructuring options—such as rescheduling or debt conversion—prior to imposing any sanctions, in accordance with Sharia's emphasis on compassion toward those in genuine financial distress. Third, if deliberate default is confirmed, the bank imposes a ta'zir fine following DSN-MUI guidelines, where the fine amount is determined by internal policy but must not serve as a source of profit. Finally, the allocation of fines for social purposes requires that all collected amounts be placed in a separate account and distributed to social welfare programs, such as zakat institutions or charitable organizations, ensuring alignment with Sharia principles.

Empirical findings from studies by Sari (2016) and Maulana (2018) reveal that most Islamic banks in Indonesia—such as Bank Syariah Indonesia (BSI) and Bank Muamalat—have institutional mechanisms to operationalize this fatwa. However, inconsistencies remain in interpreting and applying the fines, particularly in distinguishing between i'sar and taswif, due to the absence of standardized assessment criteria. Additionally, some customers perceive ta'zir fines as resembling conventional interest-based penalties, leading to confusion that undermines the credibility of Sharia-compliant financial ethics. To address these challenges, enhancing

transparency, strengthening regulatory guidance, and promoting public literacy about the ethical foundations of ta'zir are essential steps to ensure compliance, maintain institutional integrity, and build trust in Indonesia's Sharia banking system.

4.4 Challenges in Implementation

Despite its strong doctrinal foundation, the implementation of DSN-MUI Fatwa No. 17/2000 faces several significant challenges that limit its effectiveness in practice. One key issue is legal uncertainty, as DSN-MUI fatwas are not formally part of Indonesia's legislative hierarchy, making their enforcement reliant on institutional policy and creating ambiguity about their binding authority, especially in judicial contexts. Another issue is the lack of standardized procedures for assessing customer negligence and calculating ta'zir fines, which leads to varying interpretations and inconsistent practices among Sharia financial institutions. Additionally, there is an overlap with conventional legal provisions, since many Sharia contracts still refer to the Indonesian Civil Code (KUHPerdata)—which allows compensatory damages—creating potential legal conflicts when harmonizing Sharia-based sanctions with civil law remedies.

Further complications arise from limited public awareness, as many customers misinterpret ta'zir fines as equivalent to interest-based penalties, undermining the credibility and ethical perception of Sharia financial products. Moreover, regulatory fragmentation persists despite the formal recognition of DSN-MUI fatwas by the Financial Services Authority (OJK) and Bank Indonesia. The absence of integrated oversight and consistent implementation mechanisms across all Sharia institutions contributes to uneven application and weakens regulatory coherence. These challenges collectively highlight the need for stronger legal harmonization, standardized operational guidelines, enhanced public education, and unified regulatory supervision to ensure that DSN-MUI Fatwa No. 17/2000 is implemented effectively and remains aligned with both national legal norms and Sharia ethical principles.

4.5 Legal Harmonization and Policy Recommendations

To address the aforementioned challenges, several recommendations are proposed to strengthen the implementation of DSN-MUI Fatwa No. 17/2000. First, the codification of fatwa principles into statutory law is essential, allowing the government to integrate key provisions of the fatwa into the Sharia banking regulatory framework to enhance its binding authority and ensure legal certainty. Second, the development of standardized implementation guidelines by OJK in collaboration with DSN-MUI is necessary to establish clear procedures for assessing defaults, determining ta'zir fines, and managing the allocation of funds for social purposes. Third, enhanced transparency and public education should be prioritized, as Sharia financial institutions must improve customer understanding of the ethical and social objectives behind ta'zir sanctions to prevent misconceptions and foster public trust. Fourth, judicial training in Sharia financial law is needed so that judges handling Sharia economic disputes can consistently interpret fatwa-based contracts. Finally, institutional oversight and reporting mechanisms should be jointly implemented by DSN-MUI and OJK to require regular reporting from Sharia institutions regarding the collection and utilization of ta'zir funds. Collectively, these steps aim to harmonize Sharia and national legal systems, ensuring ethical compliance, legal clarity, and sustainable growth of Indonesia's Sharia financial sector.

4.6 Discussion

The findings demonstrate that DSN-MUI Fatwa No. 17/2000 plays a pivotal role in bridging the ethical imperatives of Islamic law with the practical needs of modern financial governance, embodying the maqasid al-shariah principles of justice, fairness, and social welfare. Nonetheless, the study highlights the persistent dualism between Sharia normative law and Indonesia's

positive legal system, reflecting an evolving form of legal pluralism where religious norms coexist with secular statutory regulations. To achieve effective harmonization, DSN-MUI fatwas must evolve from advisory moral guidelines into enforceable legal norms through codification and institutional integration, thereby enhancing legal certainty and strengthening the credibility and sustainability of Indonesia's Islamic financial sector. Overall, the normative analysis confirms that the handling of murabahah defaults under DSN-MUI Fatwa No. 17/2000 is both legally and ethically sound, but its full effectiveness depends on stronger regulatory alignment, procedural consistency, and broader socialization to ensure justice, transparency, and Sharia compliance across all Islamic financial institutions.

5. CONCLUSION

The analysis demonstrates that the handling of Sharia mortgage defaults must align with both Sharia principles and Indonesia's national legal system. DSN-MUI Fatwa No. 17/DSN-MUI/IX/2000 serves as a key normative reference, emphasizing the prohibition of riba while allowing moral sanctions (ta'zir) for customers who deliberately delay payments despite having the financial capacity to pay. The fatwa ensures that any penalties imposed are directed toward social welfare purposes rather than institutional profit, thereby maintaining adherence to the ethical and moral foundations of Islamic law. This framework upholds the principles of justice, accountability, and social responsibility, which are central to the maqasid al-shariah.

The study also reveals that although Islamic financial institutions in Indonesia largely adhere to these Sharia principles, the absence of detailed procedural guidelines within positive law has resulted in inconsistencies in implementation. Strengthening coordination among Sharia supervisory authorities, Bank Indonesia, and the DSN-MUI is therefore essential to establish standardized mechanisms for resolving defaults. Furthermore, improving public understanding of Sharia financial ethics can enhance voluntary compliance and reduce disputes between banks and customers. In conclusion, harmonizing DSN-MUI fatwas with national financial legislation is crucial to ensure legal certainty, protect the interests of both consumers and institutions, and uphold the integrity of Indonesia's Sharia banking system. A comprehensive regulatory alignment will help realize a more just, transparent, and sustainable Islamic financial framework.

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