

FOREIGN VALUTA (IN THE PERSPECTIVE OF ISLAMIC ECONOMICS)

Ismail Hannanong

Universitas Islam Negeri Alauddin Makassar
Email : ihannanong@gmail.com

Nasrullah Bin Sapa

Universitas Islam Negeri Alauddin Makassar
Email: nasrullah.sapa@uin-alauddin.ac.id

Abdi Wijaya

Universitas Islam Negeri Alauddin Makassar
Email: abdiwijaya.ss@gmail.com

Muh Ilham Nur Haslin

STAI Al Gazali Barru
ilhamhaslin@gmail.com

Abstract

The purpose of this study is to determine and analyze the views of Islamic economic law on foreign exchange (Al-Sharf), which is one of the transaction tools to meet basic human needs throughout the world today. Forex transactions are very common in the community. This forex transaction is motivated by basic needs when transacting across countries or in other countries. This research uses a qualitative method using a literature study to find out the Islamic view of foreign exchange. There are several types of forex / sharf buying and selling schemes encountered such as spot, forward, swap and option but it is still necessary to know which ones are allowed in the Sharia economic system and which ones are not allowed and the reasons through reading literature, books and documents that discuss foreign exchange trading, as well as reviewing and analyzing them from the perspective of Islamic economic law.

Keywords: Foreign Exchange (Forex), Al-Sharf, Islamic Economic Law

Introduction

Indonesia is a country with a majority Muslim population, so it requires special attention in regulating the financial services system, and it is required that the regulation must be based on Islamic law. pay attention to the foreign exchange system in accordance with sharia and provide solutions to avoid practices that are not in accordance with Islamic Sharia principles such as ribawi, speculative, fraud and other elements of injustice that are not justified in Islamic law.

For Muslims, foreign exchange transactions are necessary for efficiency based on the principles of Shari'ah. In this regard, in the 'urf tijari (trade tradition) of foreign exchange transactions, there are also several forms of transactions whose legal status in the view of Islam varies from one form to another. In other words, not all types of foreign exchange transactions are justified by Islamic law.

Islamic banking as a financial institution that facilitates international trade certainly cannot avoid its involvement in foreign exchange transactions. Therefore, Islamic banking, one of which is engaged in sharia business, must develop a design construction of foreign exchange transactions, without having to be involved in foreign exchange transaction mechanisms that are contrary to the principles of sharia.(Tarsi, 2013)

With the existence of the global era and the rapid advancement of technology, it makes the world seem borderless and the economy between countries is also becoming increasingly interconnected and integrated. This results in the development of a country not only determined by the economy of the country itself, but always related to the global economic system, especially in the field of international trade.

International trade requires the transfer and conversion of currency from one country to another. Because each country has the authority to determine the currency used and the currency has an exchange rate (the exchange rate of a country's currency with other countries). It can be interpreted that there is a need to convert one currency to another in international trade traffic, this is what drives the supply and demand for foreign exchange which will ultimately encourage foreign exchange transactions (buying and selling) in the forex market.

Currencies from one country to another are different, as a legal means of exchange such as Indonesia, using rupiah as currency, riyal as the currency used in Saudi Arabia, and Dollar as the American currency. To fulfill the needs of society cannot do it alone, there are needs that are generated from other parties, and from different places. Therefore, a means is needed that serves as an exchange and unit of value measurement to conduct transactions (Amalia & Siregar, 2022).

Discussion

1. Definition of Buying and Selling Forex (Al-Sharf)

In Arabic money trading is known as al-*Ṣarāfah* derived from the word al-*Ṣarf* (الصرف), which etymologically has several meanings, namely; Returning something by turning away (رد الشيء عن الوجه), Giving away (البيع), Exchanging (الانفاق), Excess (الفضل) And also means eliminating or rejecting (الزيادة)

In fiqh terminology is the sale and purchase of money value for another money value that requires the same value and exchange at that time before the two parties separate. The sale of money today is also popularly called Bay' Al-'Umlah (البيع العملة). Therefore, contemporary scholars of currency trading on Forex refer to it as al-*mutājarah fī al-'umlāt* (المرجن /يا لهامش) (المتاجرة فى العملات) (بيع العملة) Another term is bay' al-'umlah bi al-*hāmish* (al-*marjin*) (المرجن /يا لهامش) which is money trading with a margin system (Huda, 2018).

In the language of Fiqh Muamalat Al-*Sharf* is interpreted as buying and selling foreign exchange or money changers, exchange, avoidance, or buying and selling transactions. Al-*Sharf* is the buying and selling of currencies. Originally currency was only gold and silver, gold money was called dinar, and silver money was called dirham. Currencies of both types were called intrinsic currencies. However, today currency also comes in the form of nickel, copper, and paper purchased at a certain value. These are called currencies at face value. Foreign currencies are currencies that come from abroad such as the US Dollar, Ringgit from Malaysia, and the UK with Pounds Sterling and others (Tarsi, 2013).

While the term contemporary fiqh there are several definitions from several scholars' as follows:

- 1) Wahbah Al-Zuhaili said, Al-*Sharf* is the exchange of currency for other currencies of both one type and another type, such as dollars with rupiah money or rupiah money with ringgit money.
- 2) Abd. Al-Rahman Al-Jazairi said, Al-*Sharf* is the exchange of foreign currency for rupiah, gold for gold, silver for silver, or one of the two.
- 3) Ibn Maudud Al-*Maushuli* said, that Al-*Sharf* is the exchange of currency for other currencies or one type of goods with other types of goods of the same mold, shape, and metal. If what is exchanged is money for money or gold for gold, silver for silver, then it is not allowed except with the equivalent and in handover.

- 4) Veith Rivai says that Al-Sharf is the buying and selling of currencies. Originally, currencies were gold and silver. Usually gold money is called dinar and silver money is called dirham (Yusriadi Ibrahim, 2021).
- 5) According to the Development Team of the Indonesian Bankers Institute, Sharf is a service provided by banks to their customers to conduct foreign exchange transactions according to the principles of Sharf which are justified by Shariah (Sah & Ilman, 2018).

2. Legal Basis of Forex Transactions (Al-Sharf) in Sharia Perspective

Basically, the contracts used in foreign exchange transactions are the purchase and sale of goods in foreign currencies. Sale and purchase is a valid contract according to the Qur'an, As-Sunnah and ijma' of the "ulama". The Qur'an (the Word of Allah SWT) revealed to the Prophet Muhammad SAW is the basis of eternal law, states the basic rules and kulliyah, has durability over time and can be applied in all atmospheres and environments. Social. It is general and perfect as the highest source of law.

a. The Quran

The Qur'an has provided the basic standards regarding the issue of buying or selling, while the details are written in the hadith. The legal basis for buying and selling is regulated in the Qur'an, among others, in Surah Al-Baqarah verse (275):

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يُفُومُونَ إِلَّا كَمَا يُفُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ

b. Al-Hadith

The legal basis for buying and selling in the sunnah of the Prophet Muhammad SAW. Among them is the hadith of Rafi' ibn Khadij RA;

قِيلَ يَا رَسُولَ اللَّهِ أَيُّ الْكَسْبِ أَطْيَبُ قَالَ عَمَلُ الرَّجُلِ بِيَدِهِ وَكُلُّ بَيْعٍ مَبْرُورٍ

(HR.Ahmad bin Hanbal).

This encourages us to look for a halal job because the Companions did not ask which job was the most profitable. But they asked which job is the luckiest. So from this we can learn that the purpose of seeking food is to seek the most blessings, not just because it brings in a lot of money (Fahrika et al., 2022).

c. Al-Ijma'

Which accepts that the Al-Sharf contract is determined by certain conditions. The first text of Fatwa DSN 28/DSN-MUI/III/2002 confirms that in principle the sale and purchase of currencies is allowed with the following conditions:

- 1) First, it is not for speculation (chance).
- 2) Second, there is a need to transact or take precautions (savings).
- 3) Third, if dealing with similar currencies, the value must be the same and in cash (attaqabudh).
- 4) And finally, if it is different, it must be done at the exchange rate prevailing at the time of the transaction and in cash.

3. Islamic Economic Review of Foreign Exchange

The foreign exchange (forex) business or better known as Forex (foreign exchange), is currently attracting most people to work on it, because this business can make people earn large profits. However, if you are not careful in running this business, then someone will experience large losses as well (Amri et al., 2021).

Contemporary Islam. Because money purchase transactions (Al-Sharf) are generally carried out in one assembly directly, must be in cash and there should be no time delay at all. Along with the development of technology, the way of transactions is also developing, as is the case in forex transactions where buying and selling money is done online via the internet (e-commerce) with the help of PCs, laptops and smartphones. For that reason, this paper will further review whether the transaction still fulfills the rules in the sale and purchase of money. Therefore, its legal status is *ijtihadiyyah*. The classification of *ijtihadiyyah*, falls into the area of *fîymâ lâ nashâ fih* (legal issues that do not have definite legal text references). It takes effort to look carefully at the patterns and mechanisms of forex transactions so that it can be classified as a permissible business or not according to Islam.

To find out the law attached to the form of forex transaction, what needs to be considered is whether the forex transaction has fulfilled the pillars of the sharf contract and the conditions of the sharf contract and avoided the factors of forbidden transactions, including: (a) direct and cash handover during the transaction (Taqâbud); (b) the existence of equivalence (*tamâtsul*) if the type is the same; (c) the transaction is carried out without *khiyâr*; (d) avoiding *gharar*; and (e) avoiding usury (Amri et al., 2021).

Based on the pillars of the Al-Sharf contract and the conditions of the contract above, it will be further explained how transactions in forex/forex, whether in accordance with these conditions as follows:

a. Spot Transactions

A spot transaction is the buying and selling of currencies with interbank delivery and payment that will be settled within two business days. Delivery of funds in spot transactions can basically be done in several ways, namely:

- Value today (Value Tod) is the delivery of funds made on the same (day) as the date (day) of the transaction (contract). This settlement method is also called same day settlement or cash settlement.
- Value Tomorrow (Value Tom) is the delivery of funds on the next business day or business day after the contract is made or one day settlement.
- Spot value means delivery is made two business days after the transaction date (Cut Nova Rianda, 2019).

Handover directly and in cash during the transaction (Taqâbud) As the conditions that have been set in the transaction of ribawi objects or assets, the Shafi'iyah scholars require the handover of goods directly before the two parties physically separate in order to avoid riba nasiâh (usury of delay), while according to the Hanafiyah scholars do not require a physical meeting.

Forex online (e-trading) can beqiyaskan with the form of buying and selling Salam system in the form of e-commerce because between buying and selling Forex and e-commerce (Salam) have the same illat, namely buying and selling with electronic media, be it online or otherwise. Where in online transactions, of course, the seller and buyer are in different places that do not allow both of them to meet physically. However, the conditions imposed between the two are different. In Salam transactions, the capital is delivered first, while the goods are delivered later. This means that this sale and purchase is not done in cash (not in cash) and this is permissible according to syar'i. The legal basis for Salam transactions is the word of Allah SWT as explained in the Al-Quran Surah Al-Baqarah [2]: 282:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِذَا تَدَايَيْتُمْ بِدَيْنٍ إِلَىٰ أَجَلٍ مُّسَمًّى فَاكْتُبُوهُ

Whereas in sharf transactions the goods must be delivered in cash (no deferment is allowed). Because it is feared that the value of money will change. As the hadith narrated by Bukhari from Al-Barra' bin 'Azib and Zaid bin Arqa' r.a: ...
انهما سئلا عن الصرف, فكل واحد منهما يقول هذا خير مني, فكلاهما يقول: نهى رسول الله صلى الله عليه وسلم: عن بيع الذهب با لوريق دينا .

The Fatwa of the Indonesian Ulema Council also states that sharf transactions must be carried out in cash (spot), namely the purchase and sale of foreign exchange whose delivery must be at that time (over the counter) or settlement no later than within a period of 2 (two) days where 2 (two) days is considered an inevitable settlement process (مما لا بد منه) and is an international transaction.

Whether in Forex transactions are carried out in cash (spot) or deferred (forward). Basically, forex transactions are known as spot transactions because the transactions are carried out online, making the forex market basically instantaneous. (Amri et al., 2021)

b. The existence of Equivalence (Tamâtsul)

if the type is the same has become an agreement of the majority of scholars that in making transactions against similar ribawi objects must meet the conditions of equivalence (mumâtsalahi) because in this case it is clear that the 'illat of both is the same. However, if a ribawi asset is traded with another ribawi asset of a different type, but has the same 'illat, namely both are measured or weighed goods (according to Hanafiyah scholars) or both are valuable objects or edible objects (according to Shafi'iyah scholars), then the following two conditions are set so that the sale and purchase becomes valid and free from usury practices;

- The contract is to be done on the spot (ḥulûl). This is similar to the case of same-sex transactions. This condition is a mutual agreement.
- The handover of goods should take place immediately at the time of the transaction (taqâbudh). This is according to the Shafi'iyah scholars.

Forex transactions are trades or exchanges between a country's currency and another country. Where all these currencies are traded in pairs. For example, the

European currency is paired with the American currency (EUR/USD) or the American currency is paired with the Japanese currency (USD/JPY), and others.

In this case, the currencies being traded are different, because each country has the authority to set the ratio of the value of its currency to foreign currencies so that if the two goods being traded are of different types, such as if one is Rupiah and the other US Dollars, there may be an excess (not necessarily commensurate). This is based on the Prophet's saying:

فاذا اختلفت هذه الاصناف فبيعوا كيف شئتم اذا كان يدا بيد ...

Meaning: "... If the goods are different, then sell them as you wish, if it is done in cash."

c. In forex transactions

it is not permissible to require khiyâr conditions for one of the parties at the beginning of the transaction as stated by Wahbah Az-Zuhaili that in sharf contracts, khiyâr conditions are not allowed, but khiyâr ru'ya and khiyâr aib are allowed. If two people make a forex transaction by stipulating the condition that both or one of them may make khiyâr conditions, then the transaction is not valid, because one of the conditions for the validity of forex transactions, namely taqâbud, is not fulfilled. The khiyâr condition causes ownership to be uncertain.

In a sharf contract, it is not permissible for both parties to the contract or one of them. This is because in a sharf contract, the handover is one of the conditions (for ownership). And khiyaar conditions prevent this right of ownership, although this issue is still debated. The khiyaar can nullify the qadb, which is a condition of the contract, in order to get certainty of the goods. Therefore, if this khiyaar is stipulated, the sharf contract will be void.

Forex itself cannot do khiyar terms at all because the transaction is direct without any time delay at all, even though when we make a transaction there is a delay due to server errors or network delays, the transaction request is automatically canceled. On the platform provided by the broker as a service provider there are only two choices, namely Buy and Sell as a place to make transactions. There are no other options that can lead to khiyar terms transactions.

d. Avoidance of Gharar

Based on the principle of uncertainty in gharar, scholars agree that gharar is a form of qimar and maysir so it is haraam. Ibn Taymiyyah himself stated, all

buying and selling of gharar and buying and selling al-hashāh, all include gambling which is forbidden by Allah, as Allah swt said in the Qur'an Surah Al-Maidah [5]:

90

يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ رَجْسٌ مِّنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ

Translation:

O you who have believed, verily, drinking alcohol) intoxicating drinks that cloud the senses (gambling) betting (sacrificing to idols) idols (casting lots with arrows) games of chance with arrows (are abominable) disgusting and filthy (among the deeds of the devil) adorned by the devil. (So avoid those deeds) i.e. the abominations contained in those deeds lest you do them (so that you may have good fortune).

Hadith narrated by Muslim from Abu Hurairah r.a, who said:

نهى رسول الله صلى الله عليه وسلم عن بيع الحصة وعن بيع الغر.

Meaning: "The Messenger of Allah (peace and blessings of Allaah be upon him) forbade the sale of stones and the sale of uncertainty."

In addition, it is forbidden to sell gharar because of the uncertainty of the object, nature, size, measure and inability to deliver the goods. However, in terms of clarity of substance, the jurists disagree about whether it is permissible to sell goods or objects of contracts that are not visible ('ain ghâibah), some of them are of the opinion that it is not permissible to sell 'ain ghâibah absolutely even though its nature and character are known with certainty. In other words, directly seeing the object of the contract to be sold at the time of the contract is a must.

According to Imam Shafi'i, knowing the nature of the goods is not sufficient as a condition for the validity of the sale because the reason for selling the object of the contract that cannot be seen is gharar. The Maalikis allow this kind of sale, if the characteristics are mentioned on the condition that these characteristics will not change until the goods are handed over to the consumer.

In the Hanbali madhhab there are two views, if the buyer has never seen the goods and does not explain their characteristics, the law is not valid. However, if the buyer has seen it or the seller clearly states its nature and criteria, the law is valid, as is the case in the share sale contract (Amri et al., 2021).

e. Avoidance of Riba

One of the principles of Islamic economics is that it must be free from usury. Only the Islamic economic system can use capital properly and well, because in

the capitalist economic system it is found that the benefits of technical advantages achieved by science can only be enjoyed by a few people. Similarly, another word of Allah swt in Al- Quran surah An- Nisâ [4]: 161:

وَأَخَذَهُمُ الرِّبَا وَقَدْ نُهُوا عَنْهُ وَأَكْلِهِمْ أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَأَعْتَدْنَا لِلْكَافِرِينَ مِنْهُمْ عَذَابًا أَلِيمًا

In Forex trading there are two types of accounts used for transactions, namely accounts using the SWAP system, which is a contract to buy or sell forex at spot prices combined with the purchase of the same forex at forward prices. The law is haram, because it contains elements of maisir (speculation). To anticipate this problem, some brokers (intermediaries between buyers and sellers in financial asset trading) have provided Islamic trading account facilities that are free of SWAP (interest). This is because the brokers realize that many of the traders are Muslims.

Based on the norms of Islamic law above which are used as the basis for the permissibility of foreign exchange trading activities, there are several restrictions that need to be considered in conducting foreign exchange trading transactions, among others:

- 1) The exchange must be made in tuani (bai'naqd), meaning that each party must receive or deliver each currency simultaneously.
- 2) The motive for exchange is to support commercial transactions, i.e. trade in goods and services between nations, rather than speculation.
- 3) Conditional buying and selling must be avoided. For example, A agrees to buy goods from B today, on the condition that B must buy them back on a certain date in the future. This is not allowed because it is not only to avoid usury. It is also because conditional buying and selling makes the law of buying and selling incomplete.
- 4) Futures transactions must be conducted with parties that are believed to be able to provide the foreign exchange being exchanged.
- 5) It is not allowed to sell goods that have not been controlled, or in other words, it is not allowed to sell without ownership rights (bai' ainiyah).

Finally, participants who conduct foreign exchange transactions should pay attention to the above provisions and should stay away from the black market because in the black market there will generally be many irregularities in conducting foreign exchange

transactions. If they commit irregularities in conducting foreign exchange transaction activities such as extortion and the like, then what was originally halal will become prohibited foreign exchange transaction activities because it can harm one of the other parties (Sulhan, 2011).

Methods

This type of research includes library research which aims to collect data and information with the help of various materials found in library rooms, such as books, magazines, documents, records, historical stories and journals (Adlini et al., 2022). In accordance with the title that the researcher raised, this research uses qualitative research. Qualitative method is a research procedure that produces descriptive data in the form of written or spoken words from people whose behavior can be observed (Fadli, 2021).

Conclusion

Foreign Exchange Sale and Purchase (Al-Sharf) is an agreement to buy and sell different currencies, namely buying and selling one currency for another. Al-Sharf is freely interpreted as a currency that is issued and used as legal tender in another country. as for the conditions in the sale and purchase of foreign currencies (al-Sharf) are: Handover before *iftirak* (separation), Al-Tamatsul (equal), Cash Payment, Does not contain a conditional *khiyar* agreement.

The types of Al-Sharf sale and purchase transactions and their legal implications in the DSN MUI fatwa are Spot transactions are permissible, Forward transactions, the law is haram, Swap transactions are haram, Option transactions are haram

Suggestion

There is a need for further development of a theoretical framework that integrates Islamic economic principles with foreign exchange dynamics. This includes a deeper understanding of the concepts of *riba*, *gharar*, and *maysir* in the context of foreign exchange transactions.

References

Adlini, M. N., Dinda, A. H., Yulinda, S., Chotimah, O., & Merliyana, S. J. (2022). Metode

- Penelitian Kualitatif Studi Pustaka. *Edumaspul: Jurnal Pendidikan*, 6(1), 974–980. <https://doi.org/10.33487/edumaspul.v6i1.3394>
- Amalia, A., & Siregar, S. (2022). Transaksi Valuta Asing (Sharf) dalam Perspektif Islam dan Aplikasinya dalam Bank Syariah. *Jurnal Ilmiah Ekonomi Islam*, 8(02), 2036–2042.
- Amri, U., Hasan, H. A., & Makassar, U. M. (2021). *FOREX TRADING MENURUT HUKUM ISLAM transaksi yang memperdagangkan mata uang suatu negara terhadap mata dunia , dengan volume perdagangan harian melebihi USD 4 triliun sehingga manusia . Perkembangan ilmu pengetahuan dan teknologi modern ini akan sistem pere. 12(1).*
- Cut Nova Rianda. (2019). Pasar Valuta Asing Serta Analisis Pengelolaan Valuta Asing Di Indonesia. *At-Tasyri': Jurnal Ilmiah Prodi Muamalah*, 81–88. <https://doi.org/10.47498/tasyri.v11i1.281>
- Fadli, M. R. (2021). Memahami desain metode penelitian kualitatif. *Humanika*, 21(1), 33–54. <https://doi.org/10.21831/hum.v21i1.38075>
- Fahrika, A. I., Lutfi, H. M., & Sapa, N. Bin. (2022). Analisis Transaksi Valuta Asing (Al-Sharf): Tinjauan Hukum Ekonomi Islam di Indonesia. *Al-Kharaj*, 2(2), 113–127. <https://doi.org/10.30863/alkharaj.v2i2.3198>
- Huda, B. (2018). Etika Pertukaran Valas Dalam Pasar Valuta Asing Perspektif Fikih Sarf. *IQTISHADIA Jurnal Ekonomi & Perbankan Syariah*, 5(1), 1–21. <https://doi.org/10.19105/iqtishadia.v5i1.1656>
- Sah, M. R. K., & Ilman, L. (2018). Jurnal Ulumul Syar'i, Desember 2018. *Jurnal Ulumul Syar'i*, 7(2), 45.
- Sulhan, M. (2011). Transaksi Valuta Asing (Al-Sharf) Dalam Perspektif Islam. *Iqtishoduna*, 3(2). <https://doi.org/10.18860/iq.v3i2.257>
- Tarsi. (2013). *Pasar Uang dan Valuta Asing Konvensional dan yang Berbasis Syariah*. 4–5.
- Yusriadi Ibrahim. (2021). Jual Beli Valuta Asing dalam Perspektif Fiqh Muamalah. *Syarah: Jurnal Hukum Islam & Ekonomi*, 10(2), 173–191. <https://doi.org/10.47766/syarah.v10i2.213>