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Usury-Free Capital through Sharia Fintech: Insights from Hanafi, Maliki, al-Shafi'i, and Hanbali Madhhabs

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Abstract

Sharia fintech (Financial Technology) is an important alternative to overcome the problem of usury prohibited by Islamic law. Therefore, this study aimed to analyze Sharia fintech as a solution for capital without usury based on the perspectives of four madhhabs, namely Hanafi, Maliki, al-Shafi'i, and Hanbali. A qualitative study was conducted with a comparative Islamic law method. Empirical data were collected from classical fiqh literature and contemporary studies related to fintech and usury. The collected data were analyzed through the stages of reduction, presentation, editing, and drawing conclusions from tracing the suitability of Sharia fintech with the principles held by each madhhab. The results showed that there was significant difference between the four madhhabs in interpreting whether Sharia fintech was truly free from usury. The Hanafi and Hanbali madhhabs were more careful in accepting the Sharia fintech model because of the potential for hidden usury elements. However, the Maliki and al-Shafi'i madhhabs were more open, provided that fintech contracts adhere to Sharia principles. The originality of this study was in the comprehensive and simultaneous analysis of the four madhhabs perspectives, which has not been widely investigated in the context of Sharia fintech. The implications of this study include the importance of stricter regulation to ensure full compliance with Sharia principles. Furthermore, this study contributed to financial institutions and regulators in developing Sharia fintech products that were more inclusive and in accordance with the provisions of various madhhabs. More opportunities were also opened for further studies on the implementation of Sharia fintech in multiple countries with different madhhab backgrounds.

Keywords: Sharia Fintech; Usury-Free Capital; Islamic Law; Madhhabs Comparative; Sharia Regulation.

Abstrak

Fintech (Financial Technology) Syariah merupakan alternatif penting untuk mengatasi masalah riba yang dilarang oleh hukum Islam. Oleh karena itu, penelitian ini bertujuan

untuk menganalisis fintech syariah sebagai solusi permodalan tanpa riba berdasarkan perspektif empat mazhab, yaitu Hanafi, Maliki, al-Syafi'i, dan Hanbali. Penelitian kualitatif dilakukan dengan metode perbandingan hukum Islam. Data empiris dikumpulkan dari literatur fikih klasik dan studi kontemporer yang berkaitan dengan fintech dan riba. Data yang terkumpul dianalisis melalui tahapan reduksi, penyajian, pengeditan, dan penarikan kesimpulan dari penelusuran kesesuaian fintech syariah dengan prinsip-prinsip yang dipegang oleh masing-masing mazhab. Hasil penelitian menunjukkan bahwa terdapat perbedaan yang signifikan antara keempat mazhab dalam memaknai apakah fintech syariah benar-benar terbebas dari riba. Mazhab Hanafi dan Hanbali lebih berhati-hati dalam menerima model tekfin syariah karena adanya potensi unsur riba yang tersembunyi. Namun, mazhab Maliki dan Syafi'i lebih terbuka, asalkan kontrak tekfin mematuhi prinsip-prinsip Syariah. Keaslian penelitian ini terletak pada analisis yang komprehensif dan simultan dari empat perspektif mazhab, yang belum banyak diteliti dalam konteks tekfin Syariah. Implikasi dari penelitian ini termasuk pentingnya regulasi yang lebih ketat untuk memastikan kepatuhan penuh terhadap prinsip-prinsip Syariah. Selain itu, penelitian ini memberikan kontribusi kepada lembaga keuangan dan regulator dalam mengembangkan produk tekfin Syariah yang lebih inklusif dan sesuai dengan ketentuan berbagai mazhab. Lebih banyak peluang juga terbuka untuk penelitian lebih lanjut mengenai implementasi tekfin Syariah di berbagai negara dengan latar belakang mazhab yang berbeda.

Kata Kunci: Fintech Syariah; Modal Tanpa Riba; Hukum Islam; Perbandingan Mazhab; Regulasi Syariah.

Introduction

Sharia fintech (Financial Technology) is a financing method based on Islamic principles that is experiencing rapid development (Altwijry et al., 2022). This development is triggered by the need of the community for capital solutions without usury, especially in the case of small and medium business actors. Based on data, the Digital Fintech Investment Market in Qatar is projected to grow by 7.04% (2024-2028) (Auwal Adam Sa'ad et al., 2019). In Indonesia, the Financial Services Authority (OJK) reported that Sharia fintech had experienced a significant increase annually, with growth of more than 50% in 2023 (Noor et al., 2023; Rohman et al., 2023). People are increasingly aware of the importance of complying with Sharia principles in transactions (Ayedh et al., 2021), especially regarding capital. Therefore, Sharia fintech was considered the right solution to fulfill economic needs without violating religious provisions (Rohman et al., 2023). In Qatar, there are 64 fintech startups including Cwallet, KARTY, Fatora, QCash, Dibs, and others. QPay, the largest fintech company in Qatar, is currently registering for the QFC platform (Dahdal et al., 2020).

The development of fintech that provides efficient, easily accessible, and often affordable financial services for many people has caused pros and cons among Islamic legal experts (Aysan & Unal, 2023; Rabbani et al., 2020). This development has generated a debate on whether Sharia fintech is truly free from usury elements (Todorof, 2018). Some scholars from the Hanafi madhhab stated that Sharia fintech was still vulnerable to potential manipulation that caused usury in disguise (Ahmad et al., 2024). Meanwhile, al-

Shafi'i and Maliki scholars showed the importance of a clear contract structure in fintech to ensure the permissibility. For example, in several fatwas, al-Shafi'i scholars support the use of Sharia fintech, provided that the mechanism followed the contract required by Islamic law, such as *mudharabah* or *musyarakah* (Khan et al., 2020; Wulandari et al., 2016). Based on this debate, the legal interpretation of Sharia fintech varies among the existing madhhabs.

The existing literature showed that Sharia fintech was increasingly being discussed in contemporary Islamic law studies. According to Bank Indonesia, the concept is capable of filling the market gap that cannot be reached by conventional banks, especially in providing access to capital without usury (Christa et al., 2020; Mazzucato & Penna, 2016). Sharia fintech plays an important role in strengthening financial inclusion in Muslim countries, while still adhering to Sharia principles (Maswood & Lokeswara Choudary, 2015). Furthermore, the concept was recognized as an important innovation in Islamic finance, despite requiring stricter regulations to avoid potential violations. Fintech in *fiqh muamalah* should be based on Sharia principles, such as avoiding *maysir* (gamble), *gharar* (uncertainty), and usury (Ismartono, 2023). This study showed the importance of Islamic legal guidelines in fintech transactions. Sharia fintech is a solution for Micro, Small, and Medium Enterprises (MSMEs), needing capital without usury (Muryanto et al., 2022). From the perspective of *maslahah mursalah* (Maulidizen & Raihanah, 2019), Sharia fintech is a benefit not explicitly stated in Sharia but consistent with the objectives of Islamic law (Pratiwi et al., 2023). This concept examined the development of fintech as an alternative solution for financial services and how Islamic law viewed the phenomenon, especially regarding the prohibition of usury (Posumah, 2024).

This study aimed to examine the perspectives of the four major madhhabs in Islam, namely Hanafi, Maliki, al-Shafi'i, and Hanbali, on Sharia fintech in the context of usury-free capital. The study also aimed to understand how the differences in interpretation between these madhhabs affect the implementation of Sharia fintech in various countries regarding legality and halalness. Although studies on Sharia fintech have developed, the majority still focus on technical and practical aspects, thereby paying less attention to differences in *fiqh* perspectives. Therefore, the novelty of this study is the provision of comprehensive analysis based on comparative *fiqh*, which is expected to strengthen the basis of Islamic law in contemporary financial innovation. There is also a gap-bridge in the related literature through the provision of in-depth insights into the practical implications of the madhhab perspectives on the sustainability.

Sharia fintech has been recognized as a potential solution to overcome capital problems without violating Sharia principles. However, there is a gap in the literature regarding an in-depth analysis on the application of Sharia contracts, such as *mudharabah*

and *musyarakah* (Harahap et al., 2023), in the context of modern fintech. Some scholars still debate the possibility of usury elements in fintech practices, especially in relation to transparency and risk management.

The urgency of this study is increasing along with the needs of the modern Muslim community for ethical, halal, and relevant capital solutions to digital era demands. This study is not only relevant in answering the challenges of usury-free financing but also contributes to strengthening Sharia-based financial inclusion in the Islamic world. Theoretically, the discourse of *fiqh muamalah* in the context of fintech innovation was expanded. The study can also be a guide for the development of Sharia fintech that is more trustworthy and consistent with the needs of the community.

Methods

A qualitative design was adopted with a comparative method to analyze the perspectives of four Islamic madhhabs, namely Hanafi, Maliki, al-Shafi'i, and Hanbali, on Sharia fintech. This design was selected because the method enabled an in-depth exploration on the differences in the interpretation of Islamic law related to fintech in the context of usury-free capital. Data were collected through a literature review and in-depth interviews with Sharia experts and fintech practitioners. The literature review included books, journals, and fatwas relevant to Sharia fintech, while interviews were designed to explore the perspectives of Islamic legal experts. These primary and secondary data were expected to provide a holistic view of capital in Sharia fintech according to the perspectives of the four Islamic madhhabs. Data were analyzed using the content analysis method and categorized based on the perspectives of each madhhab regarding Sharia fintech. This analysis process includes identifying the main themes, comparing madhhabs, and evaluating the consistency of Sharia principles in the implementation.

Results and Discussion

Similarities and Differences in the Perspectives of the Four Madhhabs on Sharia Fintech

The result of this study showed that the perspectives of the four Islamic madhhabs on Sharia fintech have significant similarities and differences regarding usury-free capital. The Hanafi and Hanbali madhhabs tend to be more conservative, showing the potential risk of usury in fintech transactions when not strictly regulated. This madhhab argued that weaknesses in the contract mechanism can lead to transactions that are not in accordance with Sharia (Ercanbrack & Ali, 2024). In contrast, the al-Shafi'i and Maliki madhhabs were more flexible and supported Sharia fintech innovation, provided that the contracts used, such as *mudharabah* and *musharakah*, followed Sharia principles. Therefore, the results

show variations in methods between madhhabs regarding the legality and implementation of Sharia fintech in a usury-free capital system.

Table 1: Perspectives of the Four Madhhabs on Sharia Fintech

Madhhab	Usury Potential	Sharia Contract	Legal Flexibility	Regulation and Implementation
Hanafi	High	Weak when not clear	Low	Very strict
Maliki	Low	Strong when fulfilling the requirements	High	Relatively flexible
Al-Shafi'i	Low	Strong in <i>mudharabah</i>	High	Flexible with strict regulations
Hanbali	High	Weak when not clear	Low	Very strict

Source: Author interpretation

Based on the results presented in Table 1, the main differences between the madhhabs is in the assessment of the potential for usury and the strength of the Sharia contract used in fintech. The Hanafi and Hanbali madhhabs showed greater concern about the potential for usury, especially when the Sharia contract was not clearly stated. In contrast, the Maliki and al-Shafi'i madhhabs focused more on the importance of proper regulation in the contract, which provided flexibility in the implementation of Sharia fintech. In conclusion, strict regulation and the implementation of clear contracts were important factors in avoiding usury and ensuring the compliance of Sharia fintech with Islamic law.

The four Islamic madhhabs have significant differences in viewing Sharia fintech as an usury-free capital solution. The Hanafi and Hanbali madhhabs tend to be more cautious, showing the importance of clear contracts and strict regulations to prevent usury in fintech transactions. Maliki and al-Shafi'i madhhabs showed a more flexible attitude, provided that the Islamic contracts, such as *mudharabah* or *musharakah* are implemented properly (Yudaruddin, 2023). This interpretation shows that the conservative and flexible approaches in Islamic law play an important role in determining the legal validity of Sharia fintech (Mustika et al., 2023). The variation reflects the complexity of implementing Sharia principles in the modern era characterized by fintech innovation.

The cautious method adopted by the Hanafi and Hanbali madhhabs can be explained through the concept of *sadd al-zarā'ī'*, an effort to close the path to the possibility of violating Sharia principles (Enang Hidayat & Abu Umar Faruq Ahmad, 2023). In the context of Sharia fintech, both madhhabs showed the importance of clear contracts to ensure that every transaction is truly free from elements of usury or *gharar* (uncertainty) (Rosele et al., 2024). The madhhabs argued that the complexity of modern fintech can

open up loopholes for practices that are not directly visible but contrary to Sharia. Therefore, strict regulations are needed to regulate the operations of Sharia fintech to ensure consistency with Islamic values.

From the perspective of these two madhhabs, Sharia fintech can be a legitimate solution for usury-free capital, provided that contracts, such as *mudharabah* (profit sharing) or *musyarakah* (business cooperation) are implemented transparently and fairly (Salman & Djunaedi, 2023). This method focused more on *maqasid al-shariah*, namely the main objectives of Sharia which include social justice, equitable distribution of wealth, and increasing the welfare of the community (Abdullah, 2018; Haque et al., 2024; A. H. Ibrahim et al., 2019; N. Ibrahim & Markom, 2024). Therefore, technological innovations, such as fintech were considered a method to achieve these goals, provided that the contracts remain within the Sharia framework.

These different perspectives reflect the dynamics in Islamic law that continue to develop according to the context of contemporary times. In the modern era, characterized by digitalization and technological innovation, Sharia fintech is an alternative solution to overcome capital challenges without violating the principles (Mohd Haridan et al., 2023). However, the diversity of perspectives between the Hanafi, Maliki, al-Shafi'i, and Hanbali madhhabs showed that no single method can be applied universally. Each madhhab has a different framework and methodology for assessing the legal validity of financial practices, including Sharia fintech.

In the context of developing Sharia fintech regulations, the results show the need to adjust these regulations to match the perspective of the dominant madhhab in a country. For example, countries that follow the Hanafi and Hanbali madhhabs, such as Saudi Arabia or parts of Central Asia, may require stricter regulations to ensure that the contracts used in Sharia fintech are truly free from usury and *gharar*. These regulations can include more detailed requirements regarding profit-sharing mechanisms, transparency in fund management, and strict supervision on the implementation of Sharia contracts (Norchaevna, 2024; Sugianto, 2024; Zaidi, 2024). In contrast, countries more influenced by the Maliki and al-Shafi'i madhhabs, such as Indonesia, Malaysia, and Morocco, can adopt a more flexible method in Sharia fintech. This flexibility enables fintech to drive financial inclusion and empower the community without having to sacrifice Sharia principles. However, despite being more open to innovation, these countries still need to ensure that Sharia contract mechanisms are implemented properly and strictly supervised to prevent deviations.

The different perspectives show that the development of Sharia fintech requires a contextual and madhhab-sensitive method. Therefore, Sharia fintech regulations should be adjusted to the social, cultural, and legal characteristics of each country, including the

perspective of the dominant madhhab ([Alhammadi, 2022](#)). This method only increases compliance with Sharia principles and strengthens public trust in the Sharia financial system. A madhhab-sensitive method will also promote collaboration between Muslim-majority countries in developing more comprehensive and inclusive Sharia fintech regulatory standards. Despite the many advantages of this madhhab-sensitive method, several challenges need to be addressed. significant challenge is the limited depth of understanding regarding the madhhab's perspective, particularly when applied in modern contexts that differ markedly from historical social and economic environments. Therefore, efforts are needed to integrate the perspectives of contemporary scholars and analysis of the latest fatwas relevant to the development of Sharia fintech. Further studies are also necessary to explore how Sharia principles can be effectively applied in modern fintech without sacrificing Islamic values.

The challenges can be addressed using cross-country comparative studies, which provide insights into how Sharia fintech regulations are implemented based on the perspectives of different madhhabs. For example, studies on fintech regulations in Indonesia influenced by the al-Shafi'i can be compared with Saudi Arabia that tend to follow the Hanbali madhhab. This comparison will enrich the understanding of the dynamics of Sharia fintech regulations and also identify best practices that can be adopted in various countries.

The differences in perspective between the Hanafi, Maliki, al-Shafi'i, and Hanbali madhhabs on Sharia fintech reflect the complexity of applying the principles in the modern era. The conservative method of the Hanafi and Hanbali madhhabs shows the importance of caution and strict regulation to prevent usury practices. Meanwhile, the flexible method of the Maliki and al-Shafi'i madhhabs opened up space for technological innovation in Islamic finance. These differences imply that the development of Sharia fintech requires a contextual and madhhab-sensitive method, considering the social, cultural, and legal characteristics of each country. To support this development, further studies and cross-country collaboration are needed to strengthen Sharia fintech regulations and ensure that these solutions can provide maximum benefits to the community without violating Sharia principles.

Madhhab Methods in Sharia Fintech: Complexity, Implications, and Opportunities

The development of Sharia fintech as a usury-free capital solution has generated interesting discussions in the world of Islamic law ([Aman et al., 2021](#)). An aspect that is of concern is the significant differences between the four Islamic madhhabs in viewing the validity and mechanism of implementing this concept ([Gad Makhoul, 2023](#); [Kamaluddin & Sudarman, 2020](#)). For example, the Hanafi and Hanbali madhhabs tend to prioritize caution

by showing the importance of contracts clarity in every transaction and the need for strict regulations to ensure the practices implemented are free from usury. For these two madhhabs, the caution aspect is essential in preventing loopholes that can be misused by market players to carry out activities that violate Sharia principles. Meanwhile, the Maliki and al-Shafi'i madhhabs show a more flexible attitude toward Sharia fintech. According to the perspective of these two madhhabs, the use of fintech can be considered valid and in accordance with Islamic law, provided the Sharia contracts are implemented properly and follows the rules. This flexibility reflects the ability of Islamic law to adapt to the challenges of the times, including in the context of fintech innovation (Iqbal & Kassim, 2024). The different interpretations among these madhhabs show how conservative and flexible methods to Islamic law play a significant role in determining the legal validity of Sharia fintech in various countries.

The different methods reflect the complexity of implementing Sharia principles in the modern era, which is increasingly influenced by advances in fintech. Based on various models and innovations, Sharia fintech presents new challenges that require legal adjustments to remain relevant and contextual (Asyiqin et al., 2024). The different perspectives of these madhhabs also showed that no single method is completely right or wrong. However, each madhhab provides a unique perspective for solutions depending on the social, cultural, and economic context of a country.

The impact of these different perspectives is significant, especially in the context of developing Sharia fintech regulations (Saba et al., 2019). In a global context, countries with Islamic legal systems are faced with the challenge of accommodating different madhhab perspectives (Ghozali et al., 2024). For example, countries that tend to follow the Hanafi and Hanbali madhhabs may require stricter regulations. These regulations aim to avoid loopholes that could lead to potentially usurious practices, such as transparency in contracts and strict supervision of fintech players. Countries with the influence of the Maliki and al-Shafi'i madhhabs tend to be more flexible in adopting Sharia fintech. These countries tend to accommodate technological innovation more easily, provided that there is adherence to the principles of Sharia contracts. For example, the implementation of *ijārah* (rent) contracts in asset-based financing models can be a solution consistent with the perspective of these madhhabs. The flexible method enables countries to adapt more quickly to technological developments without violating Sharia principles.

Another impact is the need for dialogue and cooperation between scholars, regulators, and fintech industry players (Anagnostopoulos, 2018; Fahy, 2022; Utami & Ekaputra, 2021). This collaboration is important for the development of regulations that fulfill Sharia standards and also drive innovation and economic growth. In this context, a

madhhab-sensitive method becomes very relevant, as each country has a unique historical and social context in the application of Islamic law.

Despite the differences in perspectives between madhhabs, Sharia fintech also provides great opportunities to drive financial inclusion in the Islamic world. By using Sharia principles, fintech can attract the interest of the Muslim community who was previously hesitant to use conventional financial services (Izza & Al-Ayubi, 2024). Models, such as Sharia-based crowdfunding or peer-to-peer (P2P) financing have proven effective in bridging capital needs, especially for MSMEs (Alfarizi & Ngatindriatun, 2022; Ceta Indra Lesmana & Lestari Budianto, 2024; Majid & Nugraha, 2022). However, this opportunity can only be used optimally when existing regulations accommodate market needs while complying with Sharia principles. In this case, differences in madhhab perspectives can be an asset, offering alternative solutions designed to local needs (Rusydia et al., 2020). In countries where the majority of the population follows the Hanafi madhhab, strict supervision of fintech contracts can provide more trust to users. In the case of the al-Shafi'i madhhab, flexibility in legal interpretation can encourage broader innovation. Additionally, Sharia fintech has the potential to play an important role in driving the Islamic economy globally (Ali et al., 2019). As more countries adopt a Sharia-based financial model, there is an opportunity to create global standards that can be applied across jurisdictions. These standards can include guidelines on contract transparency, oversight mechanisms, and compliance with Sharia principles in fintech.

Behind these opportunities, several challenges should be overcome to ensure the sustainability of Sharia fintech. A major challenge is the lack of in-depth understanding of Sharia principles among industry players (Azmi et al., 2017; Che Azmi et al., 2016; Sakti et al., 2016). Many fintech startups focus on the technology but pay little attention to the Islamic legal aspect, thereby risking presenting products not in accordance with Sharia. To overcome this problem, special training and certification are needed for Sharia fintech industry players. Another challenge is resistance from some Muslim community members who still doubt the validity of Sharia fintech law. This is especially true among conservatives skeptical of technological innovation in finance. In facing this challenge, scholars and religious authorities need to play an active role in educating the community about the benefits and suitability of Sharia fintech with Islamic law.

A more inclusive and collaborative method can be used as a solution to overcome the associated challenge. The development of Sharia fintech can be carried out in a more focused and sustainable manner through the participation of various stakeholders, such as scholars, regulators, and industry players. Additionally, this method helps develop an ecosystem that supports innovation while complying with Sharia principles. The madhhab method in Sharia fintech reflects the complexity and flexibility of Islamic law in facing

modern challenges. Furthermore, the differences in perspective between madhhabs provide rich and diverse views on developing Sharia fintech regulations and practices (Muryanto et al., 2022). The implications are very significant, especially in creating contextual and madhhab-sensitive regulations. By taking advantage of existing opportunities and overcoming these challenges, Sharia fintech has great potential to become a usury-free capital solution in accordance with Islamic law.

Dynamics of Madhhab Perspectives on Sharia Fintech as a Usury-free Capital Solution

Sharia fintech as a usury-free capital solution shows significant variations among the four main Islamic madhhabs in this study. These differences reflect the diversity of thought in Islamic law and also the complexity of applying Sharia principles in the context of modern technology. The Hanafi and Hanbali madhhabs are generally more cautious in accepting Sharia fintech by showing the potential for hidden usury arising from the ambiguity of contracts or technical mechanisms in fintech. For instance, in profit-sharing or fund management scenarios, the institutions perceive a risk of deviation from Sharia principles without adequate supervision. This perspective shows the need for strict regulation to ensure that all fintech transactions are carried out in accordance with Sharia caution principles.

The Maliki and al-Shafi'i madhhabs show a more open and flexible attitude toward Sharia fintech. These madhhabs considered that fintech can be a legitimate and beneficial alternative in fulfilling usury-free capital needs provided the Sharia contracts are implemented correctly. The flexibility was based on the belief that modern fintech can support the objectives of Sharia (*maqāṣid sharīah*) when implemented with the principles of justice and transparency. Therefore, the perspectives of the madhhabs provided opportunities for innovation and adaptation of technology in the Islamic financial system, without sacrificing the integrity of Sharia.

In Islamic legal theory, the conservative perspectives of the Hanafi and Hanbali madhhabs can be associated with the concept of *sadd al-zarā'ī'* (closing the path to corruption). This method is adopted by avoiding any form of transaction that has the potential to cause usury or *gharar* (uncertainty). In the context of fintech, technological innovation often presents loopholes that can be exploited to violate Sharia principles (Asyiqin et al., 2024; Muryanto et al., 2022). For example, there is a possibility of exploitation or injustice when the profit-sharing mechanism is not clearly designed. Therefore, these madhhabs focused on the importance of strict regulation and comprehensive supervision for the implementation of Sharia fintech.

The perspectives of the Maliki and al-Shafi'i madhhabs focus more on *maqāṣid sharīah*. In this case, Sharia fintech can be an effective instrument to achieve the main

objectives, such as social justice, equitable distribution of wealth, and poverty alleviation. Consequently, fintech innovation is not a threat but an opportunity to strengthen the Islamic economic system (Abd Rani et al., 2021). Sharia principles, such as transparency, justice, and trust should also remain the basis of every transaction through the fintech platform.

The conservative method adopted by the Hanafi and Hanbali madhhabs can also be connected to the theory of *istihsān* (legal preference) in Islamic law. In this case, *istihsān* was used to reject Sharia fintech practices considered not to fully fulfill Sharia criteria, especially when elements of *gharar* or usury are difficult to avoid (Labibunnajah et al., 2024). Although fintech provides innovative and often profitable solutions, both madhhabs show the need to prioritize caution in order to maintain the sanctity of Sharia principles. Avoiding risky innovation is considered preferable than opening up opportunities for violations of Sharia law.

The Maliki and al-Shafi'i madhhabs showed a more progressive method by considering that innovation can go hand in hand with Sharia compliance, provided the main objective of Sharia can be achieved. In the context of fintech, technology-based platforms can accelerate financial inclusion among the underserved community, help MSMEs, and provide new economic opportunities. Therefore, this perspective provided a strong basis for integrating fintech into the Islamic financial system while adhering to Sharia principles.

The diverse perspectives among the four madhhabs have important implications for the development of Sharia fintech regulations (Talha et al., 2024). Countries that follow the Hanafi and Hanbali madhhabs may require a more stringent method in adopting Sharia fintech. The regulations enforced should ensure that all mechanisms and contracts used are truly in accordance with Sharia principles. For example, the use of *mudharabah* or *musharakah* contracts in fintech should be designed to avoid any form of *gharar* or potential usury. Strict supervision for the implementation of contracts is also crucial (Muneeza & Mustapha, 2020). Meanwhile, countries that adhere to the Maliki and al-Shafi'i madhhabs can take a more flexible method to developing Sharia fintech regulations. This can be achieved focusing on how fintech can support Sharia goals, such as promoting financial inclusion, reducing economic disparities, and improving social welfare. This flexibility should still be balanced with compliance with the basic principles of Sharia, such as justice and transparency.

Although Sharia fintech provides many opportunities, several challenges need to be overcome. A major challenge is ensuring that all transactions carried out through fintech platforms are consistent with the Sharia principles. This requires a deep understanding of Islamic law as well as collaboration between scholars, regulators, and

industry players. Furthermore, rapid technological innovation demands swift adaptation of Sharia regulations to accommodate these developments. Sharia fintech also presents a great opportunity to strengthen the Islamic financial system. Fintech can use technology to develop a more inclusive, efficient, and transparent financial system. Sharia fintech can also be a tool to drive economic growth in Muslim countries, especially by supporting MSMEs and the informal sector that often have difficulty accessing conventional sources of capital.

The perspectives of the four madhhabs on Sharia fintech reflect the balance between caution and innovation in Islamic law. The Hanafi and Hanbali madhhabs showed the importance of strict regulation to prevent usury and *gharar* practices, while the Maliki and al-Shafi'i focused more on how fintech can support Sharia objectives. This perspective implies that the development and regulation of Sharia fintech should be designed to the context of the madhhabs prevailing in each country. Therefore, a contextual and madhhab-sensitive method is needed to ensure that Sharia fintech can function as a usury-free capital solution in accordance with Islamic principles.

Conclusion

In conclusion, this study found that the four Islamic madhhabs, namely Hanafi, Maliki, al-Shafi'i, and Hanbali, had different perspectives on Sharia fintech as a usury-free capital solution. The Hanafi and Hanbali madhhabs showed a more cautious stance, focusing on the importance of strict regulation to prevent potential usury hidden in fintech mechanisms. However, the Maliki and al-Shafi'i madhhabs were more opened to innovation in Sharia fintech, provided the contracts complied with Sharia principles. These differences showed variations in the method of each madhhab to modern financial issues, which were relevant to recent fintech developments. The main strength of this study was its comprehensive method to analyzing the perspectives of four Islamic madhhabs on Sharia fintech. By reviewing various classical literature and contemporary sources, this study provided an in-depth understanding on the application of Sharia principles in the modern fintech context. Additionally, this study provided a balanced perspective, combining theoretical analysis with practical insights on Sharia fintech regulations in various Muslim-majority countries. This provision contributed to the study of contemporary Islamic law and the development of the Sharia fintech industry.

Despite the valuable insights provided in this study, several limitations existed. First, this study only focused on the classical perspectives of the four madhhabs without including the interpretations of contemporary scholars or the latest fatwas on Sharia fintech. Second, there was no deep discussion on the implementation of Sharia fintech in various regional contexts, which affected the implementation. These limitations

generated opportunities for further studies to broaden the understanding of Sharia fintech adoption in various countries, considering the dynamic development of Islamic law and the ever-growing technological innovation.

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