

From Text to Fatwa: Normative Telescoping of Legal *Ḥadīth* in DSN-MUI Sharia Fintech Fatwas

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Abstract:

The development of Islamic financial technology requires *ḥadīth* norms originating in pre-digital contexts to be applied to increasingly complex transactions. This study examines the patterns, methodological transparency, and juridical adequacy of *ḥadīth*-based reasoning in DSN-MUI Fatwas Nos. 116/2017, 117/2018, and 140/2021. Employing a qualitative socio-legal approach, the study combines content analysis of fatwas with semi-structured interviews with DSN-MUI members, Sharia Supervisory Board members, and Islamic fintech practitioners. The findings reveal that *ḥadīth* mobilization is principle-based, contract-sensitive, and functionally layered, operating as prohibitive evidence, contractual legitimation, and ethical-regulatory reinforcement. Prohibitive reasoning is more readily traceable than the interpretive processes that make novel digital transactions permissible. This compression of legal reasoning is conceptualized as *normative telescoping*. At the same time, *epistemic traceability* measures how well one can reconstruct the relationship between *ḥadīth* and digital rulings. The study recommends a methodological appendix documenting the relevant evidence, *takyīf fiqhī*, operative *‘illah*, method of legal extension, *maqāṣid*, and implementation responsibilities to enhance the transparency and adaptability of Islamic fintech fatwas.

Keywords:

DSN-MUI fatwas; epistemic traceability; *ḥadīth*-based reasoning; Islamic fintech; normative telescoping

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Introduction

The global financial landscape is undergoing a profound transformation driven by digitalisation, automation and the emergence of digital assets.¹ The rapid development of financial technology has reshaped contemporary Islamic finance,² especially in Indonesia, the country with the world's largest Muslim population.³ Amid the proliferation of Sharia fintech platforms, from peer-to-peer financing to e-money systems and equity crowdfunding, the National Sharia Council-Indonesian Ulama Council (DSN-MUI) serves as the fatwa authority that defines the boundaries of Sharia compliance for these innovations.⁴ Among the most important legal instruments in this domain are Fatwa No. 116/DSN-MUI/IX/2017 on Sharia Electronic Money and Fatwa No. 117/DSN-MUI/II/2018 on Information Technology-Based Financing Services. Later, DSN-MUI expanded its digital-finance corpus through Fatwa No. 140/DSN-MUI/VIII/2021 on Islamic Securities Crowdfunding, thereby extending its normative reach from electronic payment and financing services

¹ Tobias Adrian and Tommaso Mancini-Griffoli, "The Rise of Digital Money," *Annual Review of Financial Economics* 13, no. 1 (November 1, 2021): 57–77, <https://doi.org/10.1146/annurev-financial-101620-063859>.

² Daing Maruak Sadek et al., "Shariah-Compliant Innovation: Mapping the Convergence of Fintech and Islamic Banking through a Scopus-Based Review," *International Journal of Research and Innovation in Social Science* 9, no. 9 (October 8, 2025): 3162–76, <https://doi.org/10.47772/IJRISS.2025.909000268>.

³ Dwi Fidayanti et al., "Exploring The Legal Landscape of Islamic Fintech in Indonesia: A Comprehensive Analysis of Policies and Regulations," *F1000Research* 13 (June 28, 2024): 21, <https://doi.org/10.12688/f1000research.143476.2>; Hanan Amin Mohamed and Toshitsugu Otake, "The Role of Islamic FinTech in Digital Financial Inclusion and Sustainable Development Post COVID-19: Cross-Country Analysis," *International Journal of Islamic and Middle Eastern Finance and Management* 18, no. 3 (April 24, 2025): 649–71, <https://doi.org/10.1108/IMEFM-02-2024-0100>; Mustafa Raza Rabbani et al., "Exploring the Role of Islamic Fintech in Combating the Aftershocks of COVID-19: The Open Social Innovation of the Islamic Financial System," *Journal of Open Innovation: Technology, Market, and Complexity* 7, no. 2 (June 2021): 136, <https://doi.org/10.3390/joitmc7020136>.

⁴ Heri Firmansyah et al., "Financial Technology Berdasarkan Prinsip Syariah dan Model Penggunaan Akad dalam Fintech Syariah: Kajian terhadap Fatwa DSN MUI," *Tabayyanu: Journal of Islamic Law* 1, no. 01 (March 6, 2024): 77–95, <https://doi.org/10.66174/cmk24k71>; Muhammad Rais and Harya Pramata, "Regulating Sharia Financial Transactions: The Role of the Indonesian Ulama Council (MUI) and Implications for Islamic Finance in Indonesia," *Law and Economics* 18, no. 1 (2024): 1–11, <https://journals.ristek.or.id/index.php/LE/article/view/63>; Agus Fakhriana and Abdul Hamid, "Sacralizing the Market? The Role of DSN-MUI in the Legal-Economic Legitimacy of Islamic Banking in Indonesia," *Ahkam: Jurnal Ilmu Syariah* 25, no. 1 (December 25, 2025): 125–42, <https://doi.org/10.15408/ajis.v25i1.40879>; Heris Suhendar, Oyo Sunaryo Mukhlis, and Atang Abd. Hakim, "Legal Politics of the Existence of Fatwa in Islamic Financial Institutions: Evidence from Indonesia," *Jurnal Hukum Islam* 21, no. 2 (June 17, 2023): 279–308, https://doi.org/10.28918/jhi_v21i2_03.

to digital investment and fundraising.⁵ These fatwas collectively establish the contractual and ethical foundations of sharia fintech in Indonesia by classifying lawful digital financial relationships, prohibiting *ribawī* and exploitative practices, and outlining the institutional boundaries of Islamic fintech.⁶

Although DSN-MUI fatwas provide normative guidance for emerging Islamic digital financial products, an important methodological issue remains underexamined: the interpretive relationship between the general normative principles in legal *ḥadīths* and the highly specific regulatory provisions governing contemporary digital transactions. In many cases, *ḥadīths* are cited as authoritative textual foundations. Yet, the intermediary interpretive steps through which prophetic norms are translated into concrete legal provisions are presented only briefly or omitted altogether. Consequently, readers may be able to identify the textual basis of a ruling. However, they cannot always reconstruct the reasoning through which that ruling was formulated.

This methodological gap has received limited attention in the expanding literature on Sharia fintech in Indonesia. Existing studies have predominantly focused on regulatory harmonization, implementation mechanisms, contractual compliance, and conformity with broader Sharia objectives. Suaidi et al., Laldin and Furqani, and Todorof, for example, examined how DSN-MUI fatwas and regulations issued by the Financial Services Authority shape Sharia compliance and legal certainty within Indonesia's fintech ecosystem. They found that DSN-MUI fatwas provide essential normative guidance. However, their implementation continues to face challenges related to financial literacy, technological readiness, and supervisory effectiveness.⁷ Their study offers an

⁵ Ryan Bianda, Aang Gunaepi, and Muhammad Misbakul Munir, "Offering Sharia Securities through Information Technology-Based Crowdfunding Services Based on Sharia Principles According to DSN MUI Fatwa No.140," *Journal of World Science* 2, no. 3 (2023): 467–76, <https://doi.org/10.58344/jws.v2i3.240>.

⁶ Muh. Rakasiwi A. Gazali, "A Comprehensive Analysis of Regulation, Contractual Frameworks, and Practical Challenges of Sharia Fintech in Indonesia," *Journal of Sharia Economics Scholar (JoSES)* 3, no. 4 (2025), <https://doi.org/10.5281/zenodo.18047567%20>.

⁷ Suaidi Suaidi et al., "Harmonisation Between DSN-MUI Fatwas and OJK Regulations: Towards an Innovative and Inclusive Sharia-Compliant Fintech Ecosystem in Indonesia," *Mazahib* 24, no. 1 (June 17, 2025): 182–97, <https://doi.org/10.21093/mj.v24i1.10032>; Mohamad Akram Laldin and Hafas Furqani, "Innovation versus Replication: Some Notes on the Approaches in Defining Shariah Compliance in Islamic Finance," *Al-Jami'ah: Journal of Islamic Studies* 54, no. 2 (December 14, 2016): 249, <https://doi.org/10.14421/ajis.2016.542.249-272>; Maria Todorof, "Shariah-Compliant FinTech in the Banking Industry," *ERA Forum* 19, no. 1 (August 5, 2018): 1–17, <https://doi.org/10.1007/s12027-018-0505-8>.

important foundation for understanding the transformation of religious norms into operational regulations. However, it does not systematically identify or analyze the *ḥadīths* underlying the relevant fatwas, nor does it reconstruct the interpretive process connecting those *ḥadīths* to specific regulatory provisions.

From a contractual perspective, Fithria examined eight Sharia peer-to-peer lending companies registered with the Financial Services Authority. The study found that these companies applied a range of contracts recognized in DSN-MUI Fatwa No. 117/DSN-MUI/II/2018, including *al-bayʿ* or *murābaḥa*, *ijāra*, *muḍāraba*, *mushāraka*, *wakāla bi al-ujra*, and *qard*.⁸ Although this study provides valuable empirical evidence regarding the operational implementation of Sharia contracts, its primary concern is institutional practice rather than the *ḥadīth*-based reasoning through which those contractual arrangements acquire normative legitimacy. Similarly, Prayitno evaluated DSN-MUI fatwas governing Islamic fintech through the framework of *maqāṣid al-sharīʿa*. His findings indicate that the fatwas under examination demonstrate relatively strong compliance with asset protection and contractual permissibility but are less robust in addressing fairness, harm prevention, and public welfare.⁹ In contrast, Tri Hidayati et al. examined the extent to which the DSN-MUI fatwas on fintech demonstrate legal progressiveness. They concluded that the DSN-MUI fintech fatwas reflect a highly progressive approach to Islamic legal reasoning, primarily employing the *istiṣlāḥī* (public-interest-oriented) method to formulate legal rulings.¹⁰ Consequently, no existing study has systematically mapped the *ḥadīth* corpus cited in DSN-MUI fintech fatwas, classified its juridical functions, investigated how institutional actors understand those texts, and evaluated the transparency of the interpretive process linking *ḥadīth* to contemporary digital financial rules.

This article conceptualizes this phenomenon as “normative telescoping,” namely the rhetorical compression of multiple interpretive stages between

⁸ Annisa Fithria, “Exploring the Application of Sharia Contracts on Islamic Fintech Peer-to-Peer Lending in Indonesia,” *Al-Hikmah: International Journal of Islamic Studies and Human Sciences* 5, no. 6 (December 30, 2022): 31–56, <https://doi.org/10.46722/hikmah.v5i6.327>.

⁹ Farrel Izham Prayitno, “Evaluating Maqāṣid al-Sharīʿah Compliance in DSN-MUI Fatwas Governing Islamic Fintech and Crypto Instruments,” *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)* 9, no. 1 (2026): 8755–68, <https://doi.org/10.31538/iijs.v9i1.9495>.

¹⁰ Tri Hidayati et al., “Digitalization of Islamic Finance: Epistemological Study of the National Sharia Board-Indonesian Council of Ulama’s Fatwa,” *Al-Ahkam* 33, no. 2 (2023): 255–78, <https://doi.org/10.21580/ahkam.2023.33.2.17324>.

scriptural evidence and legal conclusion into a simplified textual form. Unlike ordinary legal summarization, normative telescoping refers specifically to the omission of identifiable stages of juristic reasoning, including the formulation of *'illah*, analogical extension, *maqāṣid* evaluation, and contextual application. To assess the transparency of such processes, this study introduces epistemic traceability as an analytical criterion measuring the extent to which a fatwa allows its chain of legal reasoning to be reconstructed and critically evaluated.

Bridging this research gap is crucial, as *ḥadīth* represents a primary source of Islamic law and provides a normative foundation for the development of legal principles governing *mu'āmalāt*.¹¹ The emergence of digital transactions mediated by online platforms, electronic systems, and multiparty data infrastructures presents a particular interpretive challenge because these mechanisms have no direct precedents in classical Islamic legal literature.¹² Despite this challenge, the existing literature has devoted limited attention to how *ḥadīth*-based legal arguments are interpreted and operationalized by institutional actors responsible for Sharia governance. Consequently, the institutional application of these arguments in product supervision and compliance enforcement remains insufficiently understood. Examining this practical dimension is essential because evaluating the normative validity of a fatwa requires an analysis not only of the scriptural sources it cites but also of the interpretive processes through which those sources are transformed into legal norms and governance practices.

Starting from that argument, this study raises three questions: how are legal *ḥadīths* mobilized in DSN-MUI fintech fatwas; what kind of *ḥadīth*-based reasoning patterns characterize these fatwas; and to what extent does that reasoning adequately address the legal challenges of digital financial

¹¹ Wael B Hallaq, *An Introduction to Islamic Law*, 1st ed. (UK: Cambridge University Press, 2009), 16–20; Mohammad Hashim Kamali, *Principle of Islamic Jurisprudence* (Cambridge: Islamic Texts Society, 1991), 58–71.

¹² Yusuf Saleem, *Islamic Commercial Law* (Singapore: Wiley, 2013), 1–15; Buerhan Saiti and Adam Abdullah, "Prohibited Elements in Islamic Financial Transactions: A Comprehensive Review," *Al-Shajarah* 21, no. 3 (2016), <https://doi.org/10.31436/shajarah.v21i3.416>; Muhammad Shahrul Ifwat Ishak and Fathullah Asni, "The Role of Maqasid Al-Shari'ah in Applying Fiqh Muamalat into Modern Islamic Banking in Malaysia," *Journal of Islamic Accounting and Business Research* 11, no. 10 (December 6, 2020): 2137–54, <https://doi.org/10.1108/JIABR-12-2019-0224>; Aliyu Alhaji Rabi'u, Ahmad Murad Mohd Noor Merican, and Ghadah al Murshid, "Ethics in the Digital Age: Exploring the Application of Islamic Ethics to Contemporary Challenges," *Journal of Information Systems and Digital Technologies* 7, no. 1 (2025): 29–50, <https://doi.org/10.31436/jisdvtv7i1.555>.

transactions? By answering these questions, the study contributes to *ḥadīth* studies, Islamic legal theory, and Islamic fintech scholarship by developing normative telescoping and epistemic traceability as analytical tools for examining methodological transparency in institutional fatwa production.

This study uses a socio-legal qualitative design that combines document analysis of three DSN-MUI fatwas (No. 116/2017, No. 117/2018, and No. 140/2021) with semi-structured in-depth interviews. Five informants were selected, consisting of three categories: (1) DSN-MUI members directly involved in drafting fatwas related to sharia fintech; (2) members of the Sharia Supervisory Board (DPS) at sharia fintech institutions who oversee product compliance; and (3) sharia fintech practitioners with operational experience in implementing contract structures based on those fatwas. Informants are selected using purposive sampling based on direct involvement in the fatwa process or its implementation, complemented by snowball sampling to reach additional informants recommended by the initial informants. Data validity is achieved through source triangulation (fatwa documents vs. interview results) and method triangulation (content analysis vs. interviews), member checking of interview transcripts with key informants, and an audit trail in the form of systematic notes on the coding and interpretation process to maintain the traceability of findings.¹³ The analysis was conducted in four stages. First, all *ḥadīth* citations contained in the three selected fatwas were identified and compiled. Second, each citation was coded according to thematic domain, source, and argumentative function. Third, interview transcripts were coded using thematic analysis focusing on processes of fatwa formulation, *ḥadīth* selection, and implementation. Fourth, document findings and interview findings were integrated through constant comparative analysis to identify convergences and divergences concerning methodological transparency and legal reasoning.

Epistemology of *Ḥadīth*-Based Reasoning in Institutional Fatwas

In Islamic legal theory, the *ḥadīth* constitutes an authoritative source of law alongside the Qur'ān. However, its legal operation is neither uniform nor self-executing. A *ḥadīth* may formulate a rule directly, specify or qualify a Qur'anic

¹³ Irene Korstjens and Albine Moser, "Series: Practical Guidance to Qualitative Research. Part 4: Trustworthiness and Publishing," *European Journal of General Practice* 24, no. 1 (January 1, 2018): 120–24, <https://doi.org/10.1080/13814788.2017.1375092>.

provision, establish a general legal principle, or provide ethical and purposive support for a ruling derived through other juristic methods.¹⁴ The authority of a ḥadīth in legal argumentation therefore depends not merely on its citation but also on the reliability of its transmission (*isnād*), the clarity and scope of its meaning (*dalāla*), the identification of its effective legal cause (*‘illah*), and the method through which it is extended to a new case (*qiyās*). This distinction is particularly important in institutional fatwas on digital finance, where general Prophetic norms are translated into detailed rules governing technologically mediated transactions.

For analytical purposes, this study classifies the *ḥadīths* cited in the selected DSN-MUI fatwas according to three argumentative functions. The first is direct normative evidence, namely a *ḥadīth* invoked as the immediate basis for a prohibition, obligation, or permission. Depending on the direction of the rule, this category includes *dalīl taḥrīmī*, which supports a prohibition, and *dalīl tarkhīṣī*, which supports permissibility or legal facilitation. The second is supporting juridical evidence, in which a *ḥadīth* supplies a general principle, reinforces an analogy, or supports a conclusion principally established through contractual doctrine, legal maxims, *maṣlaḥa*, or other juristic instruments. The third is ethical reinforcement (*ta’yīd akhlāqī*), in which a *ḥadīth* legitimates values such as honesty, mutual consent, fairness, cooperation, and the prevention of harm, without independently determining the ruling's technical structure.¹⁵

These categories are operational constructs developed for this study rather than a claim that classical *uṣūl al-fiqh* formulated an identical tripartite typology. Their purpose is to prevent the analytical conflation of several distinct elements found in fatwa discourse: *ḥadīth* as direct legal proof, *ḥadīth* as corroborative evidence, Qur’anic principles, juristic maxims, contractual doctrines, and explanations subsequently supplied by institutional actors through interviews. Each *ḥadīth* was then examined according to four analytical categories: its

¹⁴ Kamali, *Principle of Islamic Jurisprudence*, 58–71.

¹⁵ Jonathan A. C. Brown, *Hadith: Muhammad's Legacy in the Medieval and Modern World* (London: Oneworld Publications, 2017); Hiroyuki Yanagihashi, *Studies in Legal Hadith* (London and Boston: Brill, 2019).

source, its location within the relevant fatwa, the legal rule for which it is cited, and the inferential function the citation performs.¹⁶

The classical distinction between *khavar mutawātir* and *khavar āḥād* further determines the epistemic authority of a *ḥadīth*. A *mutawātir* report is transmitted through a multiplicity of independent channels conventionally regarded as sufficient to produce certainty regarding its attribution. In contrast, an *āḥād* report does not reach that level of transmission and therefore generally produces probable knowledge.¹⁷ This distinction, however, concerns the certainty of a report's transmission (*thubūt*) rather than the certainty of its legal meaning (*dalāla*). A *ḥadīth* may therefore be definitive in its transmission (*qaṭʿ al-thubūt*) yet remain speculative in its meaning (*ẓannī al-dalāla*), and thus open to multiple interpretations. At the same time, an *āḥād* report accepted as authentic may possess a linguistically clear legal implication. It is therefore necessary to distinguish between *thubūt*, referring to the reliability of attribution, and *dalāla*, referring to the clarity and scope of textual meaning.¹⁸

The probable epistemic status of an *āḥād* report does not by itself prevent its use as legal evidence. Classical jurists generally accepted sound *āḥād* reports in practical legal reasoning. However, they differed over the conditions for acceptance, the treatment of apparently conflicting evidence, and the relationship between transmitted reports and established juristic principles.¹⁹ Accordingly, the present study does not evaluate the authority of a cited *ḥadīth* solely by assigning it a binary status of "certain" or "probable". It asks how the fatwa moves from an authenticated report to a legal determination, whether the meaning attributed to the text is sufficiently explained, and whether the extension from the original context to a digital financial arrangement is methodologically traceable.

Epistemic traceability refers to the extent to which readers can reconstruct the reasoning connecting a scriptural source to an institutional ruling. A

¹⁶ Mariette Bengtsson, "How to Plan and Perform a Qualitative Study Using Content Analysis," *NursingPlus Open* 2 (2016): 8–14, <https://doi.org/10.1016/j.npls.2016.01.001>.

¹⁷ Kamali, *Principle of Islamic Jurisprudence*, 93–107; Wael B Hallaq, *A History of Islamic Legal Theories: An Introduction to Sunni Usul al-Fiqh* (Cambridge: Cambridge University Press, 1997), 48–55, <https://doi.org/10.1017/CBO9780511801266>.

¹⁸ Kamali, *Principle of Islamic Jurisprudence*, 93–107.

¹⁹ Muḥammad Muṣṭafā Al-Aʿzamī, *Studies in Hadith Methodology and Literature* (Kuala Lumpur: Islamic Book Trust, 2002), 22–35; Hallaq, *A History of Islamic Legal Theories: An Introduction to Sunni Usul al-Fiqh*, 48–56.

traceable *ḥadīth*-based argument should identify the *ḥadīth*'s provenance and authenticity, its legal meaning and operative principle, and the process through which that principle is applied to the actors, risks, and technological features of a contemporary transaction. This does not require an exhaustive discussion of *uṣūl al-fiqh*. However, it does require the fatwa or its supporting documentation to preserve the principal inferential steps in an accessible form.

This epistemological requirement must be situated within the institutional transformation of fatwa authority. In premodern Islamic legal practice, a fatwa was commonly associated with a qualified jurist whose authority was grounded in scholarly competence, interpretive independence, and recognition within networks of learning.²⁰ Contemporary fatwa production, however, is often undertaken by councils, committees, and regulatory bodies. In Indonesia, DSN-MUI represents a form of institutionalized collective reasoning in which jurists deliberate within an organizational structure that also interacts with regulators, industry actors, and specialists in economics, finance, and technology.²¹ Its authority is therefore produced not only through the scholarly standing of individual participants but also through collective procedures, institutional mandates, and its position within the broader governance of the Islamic financial sector.

The shift from individual fatwa issuance to institutional collective reasoning (*ijtihād jamā'ī*) allows Shariah scholars to deliberate alongside experts in law, finance and technology, thereby broadening the range of expertise that informs legal rulings.²² At the same time, it can distribute the reasoning process across meetings, expert consultations, draft documents, legal opinions, and organizational stages that are not fully reproduced in the published fatwa.²³ Hallaq's account of the transformation of Islamic legal authority under modern

²⁰ Wael B. Hallaq, "From Fatwās to Furū: Growth and Change in Islamic Substantive Law," *Islamic Law and Society*, 1994, 29–65, <https://doi.org/10.1163/156851994X00147>.

²¹ Mohamad Atho Mudzhar, *Fatwas of the Council of the Indonesian Ulama: A Study of Islamic Legal Thought 1975-1988* (Jakarta: INIS, 1993); Hosen Nadirsyah, "Behind the Scenes: Fatwas of Majelis Ulama Indonesia (1975-1998)," *Journal of Islamic Studies* 15, no. 2 (2004): 147–79, <https://doi.org/10.1093/jis/15.2.147>.

²² Pauzi M., Darul Hipni, and Anwar M. Radiamoda, "The Importance of the Ijtihad Jama'i Method in Contemporary Fiqh Formulations," *Al-Risalah: Forum Kajian Hukum dan Sosial Kemasyarakatan* 23, no. 1 (June 16, 2023): 13–20, <https://doi.org/10.30631/alrisalah.v23i1.1322>.

²³ Maskur Rosyid and M. Nurul Irfan, "Reading Fatwas of MUI a Perspective of Maslahah Concept," *Syariah: Jurnal Hukum dan Pemikiran* 19, no. 1 (June 2, 2019): 91–117, <https://doi.org/10.18592/sjhp.v19i1.2726>.

institutional conditions is relevant here because it highlights how organizational structures reshape the relationship among juristic reasoning, legal texts, and regulatory power.²⁴ Abou El Fadl's distinction between authoritative and authoritarian approaches to Islamic texts further highlights the ethical obligation of interpreters to disclose their interpretive assumptions and avoid presenting contestable judgments as if they followed automatically from scripture.²⁵

Textual brevity does not necessarily indicate epistemological weakness, since a concise fatwa may summarize rigorous deliberation. At the same time, numerous scriptural citations may still lack adequate legal explanation. The central question is whether its justification can be reconstructed from the fatwa and supporting documents. *Ḥadīth*-based reasoning must therefore distinguish between two forms of brevity. Redactional condensation shortens how an argument is presented while keeping its inferential chain intact, whereas epistemic compression omits steps that are indispensable for understanding how the *ḥadīth* supports the ruling. Normative telescoping is a specific form of epistemic compression in which a broad textual norm appears to justify a specific ruling directly by omitting the intermediate legal operations. It differs from ordinary summarization because these omissions materially hinder evaluation of the ruling's validity, scope, or contemporary adequacy.

Normative telescoping is identified in this study through four operational indicators. First, there is a level-of-generality gap when a *ḥadīth* articulating a broad norm, such as mutual consent, prohibition of harm, or prohibition of *gharar*, is cited to support a technically specific regulatory provision. Second, there is an inferential omission when the fatwa does not explain the effective cause, analogy, contractual reconstruction, or other juristic mechanism through which the *ḥadīth* is extended to the new case. Third, there is technological under-specification when legally significant features of the digital transaction, such as automated decision-making, platform intermediation, electronic consent, data asymmetry, or the allocation of liability, are not incorporated into the reasoning. Fourth, there is documentary non-recoverability when the

²⁴ Wael B. Hallaq, *The Impossible State: Islam, Politics, and Modernity's Moral Predicament* (New York: Columbia University Press, 2013), 74–88.

²⁵ K Abou El Fadl, *Speaking in God's Name: Islamic Law, Authority and Women* (Oxford: Oneworld Publications, 2001), 85–120.

omitted reasoning cannot be reconstructed from the published fatwa or from accessible institutional documentation.

These indicators establish the relationship between normative telescoping and epistemic traceability. The two concepts describe opposite conditions within the same analytical continuum. Epistemic traceability is present when the inferential stages connecting a *ḥadīth* to the ruling can be reconstructed and critically evaluated. Normative telescoping occurs when one or more indispensable stages are collapsed and cannot be adequately recovered. A short fatwa is therefore not necessarily telescoped if its reasoning remains traceable through official supporting documentation. Likewise, a lengthy fatwa may still exhibit normative telescoping if its citations do not disclose how general norms generate its particular legal conclusions.

The contextual evaluation of this reasoning also requires a theory of legal adaptation. Islamic jurisprudence recognises that the application of legal rulings may change with changing circumstances, customs and public interests, provided that such adaptation does not negate definitive textual commands.²⁶ The maxim commonly expressed as *taghayyur al-aḥkām bi taghayyur al-azmān wa al-aḥwāl* is therefore not a license to alter all legal rules.²⁷ Rather, it directs attention to rulings whose application depends on custom, circumstance, factual characterization, public interest, or the identification of a changing effective cause. This distinction is crucial for financial law because the formal names of classical contracts may remain stable. At the same time, the institutional structures through which they operate undergo substantial modification.

Modern Islamic finance has adapted contracts such as *murābaḥa*, *ijāra*, *wakāla*, and *qarḍ* to contemporary banking and market practices.²⁸ Sharia fintech intensifies this challenge by introducing platform intermediation, automated contracting, electronic interfaces, digital identity verification, algorithmic assessment, and multiparty data relationships. These developments

²⁶ Noor Naemah Abd Rahman, "Pengaruh Perubahan (al-Taghayyur) dalam Pembinaan Hukum: Tinjauan terhadap Konsep dan Realitinya di Zaman Rasulullah S.A.W.," *Jurnal Syariah* 3, no. 2 (1995), <https://ejournal.um.edu.my/index.php/JS/article/view/28492>.

²⁷ Kamali, *Principle of Islamic Jurisprudence*, 368–82; Ibn al-Qayyim Al-Jawziyyah, *I'lām al-Muwaqqi'īn 'an Rabb al-'Ālamīn*, ed. Muḥammad Muḥyiddin 'Abdul Majīd (Beirut: Dār al-Kutub al-'Ilmiyya, 1991), vol. III: 3–14.

²⁸ Muḥammad Taqī 'Uthmānī, *An Introduction to Islamic Finance* (The Hague: Kluwer Law International, 2002); Mervyn K. Lewis and Latifa M. Algaoud, *Islamic Banking* (Cheltenham: Edward Elgar Publishing, 2001).

have no exact structural counterpart in premodern commercial practice. However, the normative principles developed in classical jurisprudence remain relevant to their evaluation. Ercanbrack's analysis of the standardization of Islamic financial law is particularly useful for explaining how contemporary legal institutions translate juristic doctrine into instruments that operate within modern financial markets.²⁹

A fintech fatwa cannot reasonably be expected to anticipate every technological development, as Shariah considerations often lag behind the operational and system-design priorities that drive financial technology.³⁰ Regulatory difficulties may arise from fatwa-level limitations, such as incomplete legal characterization or an unexplained transition from *ḥadīth* to a ruling; implementation deficiencies, where industry practices depart from the fatwa; or post-fatwa technological developments that require renewed assessment. Only the first directly indicates a possible weakness in *ḥadīth*-based reasoning, while the latter two primarily concern compliance or regulatory updating.

To assess contextual adequacy, the article employs *maqāṣid al-sharīʿa* as an evaluative framework rather than as an independent substitute for textual evidence. Auda's systems approach matters because it emphasizes multidimensional analysis, interdependence, and purposive evaluation in contemporary legal reasoning.³¹ In digital finance, this framework focuses on protecting wealth (*ḥifẓ al-māl*), preventing injustice and harm, preserving valid consent, ensuring transparency in contractual obligations, equitably allocating risk, and promoting responsible financial inclusion.³² A *ḥadīth*-based rule is contextually adequate when its application protects these interests while

²⁹ Jonathan Ercanbrack, "The Standardization of Islamic Financial Law: Lawmaking in Modern Financial Markets," *The American Journal of Comparative Law* 67, no. 4 (December 31, 2019): 825–60, <https://doi.org/10.1093/ajcl/avz010>.

³⁰ Mohd Naufal Mohd Tarmizi, Ahmad Hidayat Buang, and Mohd Zaidi Daud, "Keperluan Pembangunan Sistem Teras Perbankan Berasaskan Kontrak Syariah di Malaysia: Suatu Ulasan Literatur Requirements on the Development of Shariah Contract Based Core Banking System in Malaysia: A Literature Review," *Journal of Shariah Law Research* 7, no. 2 (July 1, 2022): 299–328, <https://doi.org/10.22452/jslr.vol7no2.7>.

³¹ Jasser Auda, *Maqasid al-Shariah as Philosophy of Islamic Law: A Systems Approach* (London: International Institute of Islamic Thought, 2008), 3–22.

³² Jasser Auda, *Maqashid al-Shariah as Philosophy of Islamic Law: A System Approach*, 3–22; Mohammad Hashim Kamali, *Maqāṣid al-Sharīʿah Made Simple* (London and Washington, DC: The International Institute of Islamic Thought, 2008), 7–30.

remaining consistent with the meaning and juristic function of the cited evidence.

Contextual adequacy is assessed through four criteria: protection of assets and legally relevant data, informed and verifiable consent, clear allocation of responsibility among transactional parties, and prevention of excessive uncertainty, deception, or exploitation. These criteria distinguish genuine juridical omissions from the mere absence of technical detail.

The study applies an epistemological-functional framework at three interrelated levels. The textual level examines each *ḥadīth*'s epistemic status and function as direct evidence, juridical support, or ethical-purposive reinforcement. The institutional level examines how collective deliberation, expert participation, and documentary practices shape the selection and presentation of documents. The contextual level evaluates whether the reasoning addresses legally significant features of digital transactions according to the four criteria above.

These levels interact dynamically: institutional procedures shape textual choices and their traceability. At the same time, technological features test the precision and adequacy of the interpretation. Interview data do not independently determine the meaning of *ḥadīth* but clarify, confirm, qualify, or challenge findings from the fatwa texts and relevant scholarship.

Accordingly, the study examines not merely whether DSN-MUI cites authoritative *ḥadīths*, but also how they perform legal work, whether the transition from prophetic norms to digital-financial rules is reconstructible, and whether the resulting provisions adequately address the transaction's juridical structure. Normative telescoping identifies indispensable reasoning compressed beyond recoverability, while epistemic traceability provides the standard for reconstructing and evaluating it. Together, these concepts integrate *ḥadīth* epistemology, Islamic legal theory, institutional authority, and digital-finance governance.

Patterns of *Ḥadīth* Mobilization in DSN-MUI Fintech Fatwas

Table 1 maps the cited *ḥadīths* by source and number, underlying Sharia principle, contractual application, normative function, and distribution across the three fatwas. It shows that DSN-MUI combines a recurring corpus of general Prophetic norms with context-specific traditions selected in accordance with

each product's legal structure and economic substance. *Ḥadīths* on trustworthiness, non-harm, contractual stipulations, remuneration, and technical expertise recur across Fatwas No. 116/2017, No. 117/2018, and No. 140/2021, whereas *ribā*-related traditions are limited to electronic money and digital financing. The table thus distinguishes a cross-sectoral core normative corpus from a context-specific supporting corpus activated by the regulated product's particular characteristics.

Table 1.

Distribution and Normative Functions of *Ḥadīth* Citations in DSN-MUI Fintech Fatwas No. 116/2017, No. 117/2018, and No. 140/2021

<i>Ḥadīth</i>	<i>Takhrij</i> and <i>Ḥadīth</i> Number	Underlying Sharia Principle	Relevant Contractual Forms	Normative Function in the Fatwas
أَدِّ الْأَمَانَةَ إِلَى مَنْ أُتِمَّتَكَ "Render the trust to the person who entrusted you."	<i>Sunan Abī Dāwūd</i> , no. 3534; <i>Jāmi' al-Tirmidhī</i> , no. 1264, narrated from Abū Hurayra	Trustworthiness, fiduciary responsibility, and responsible management of entrusted assets	<i>Wadī'a</i> , <i>wakāla</i> , and <i>wakāla bi al-ujra</i>	Establishes the obligation of fintech providers to safeguard users' funds, investors' assets, transaction data, and other entrusted interests. It is cited in Fatwas Nos. 116, 117, and 140.
لَا ضَرَرَ وَلَا ضِرَارَ "There shall be neither harm nor reciprocation of harm."	<i>Sunan Ibn Mājah</i> , no. 2340; <i>Musnad Aḥmad</i> , no. 2865; <i>al-Muwaṭṭa'</i> of Mālik, no. 1429	Prevention of harm, consumer protection, risk mitigation, and the prohibition of reciprocal injury	Applicable across fintech-related contracts	Provides the normative basis for risk management, consumer and investor protection, and the prohibition of exploitative conduct or harmful digital financial practices. It is cited in all three fatwas.
الصُّلْحُ جَائِزٌ بَيْنَ الْمُسْلِمِينَ إِلَّا صُلْحًا أَحَلَ حَرَامًا أَوْ حَرَّمَ حَالًا، وَالْمُسْلِمُونَ عَلَى شُرُوطِهِمْ "Settlement is permissible	<i>Jāmi' al-Tirmidhī</i> , no. 1352; <i>al-Mustadrak</i> of al-Ḥākim, no. 2309	Contractual freedom, binding force of contractual stipulations, and consensual dispute resolution	All digital commercial contracts, subject to Sharia limitations	Supports the validity of electronic contractual clauses, platform terms and conditions, negotiated settlements, and Sharia-compliant

<i>Ḥadīth</i>	<i>Takhrij</i> and <i>Ḥadīth</i> Number	Underlying Sharia Principle	Relevant Contractual Forms	Normative Function in the Fatwas
<i>among Muslims, except a settlement that renders lawful what is unlawful or renders unlawful what is lawful; and their contractual stipulations bind Muslims."</i>				dispute-resolution mechanisms. It appears in Fatwas No. 116, No. 117, and No. 140.
مَنْ اسْتَأْجَرَ أَجِيرًا فَلْيُعْطِهِ أَجْرَهُ "Whoever hires a worker must inform the worker of the stipulated wage.	<i>Muṣannaf</i> <i>ʿAbd al-</i> <i>Razzāq</i>, no. 15074	Transparency, contractual certainty, and disclosure of remuneration	<i>Ijāra, juʿāla, and wakāla bi al-ujra</i>	Provides the legal basis for transparent platform, service, agency, and crowdfunding fees. It is cited in all three fatwas.
أَعْطُوا الْأَجِيرَ أَجْرَهُ قَبْلَ أَنْ يَجِفَّ عَرَقُهُ "Pay the worker's wage before the worker's sweat dries."	<i>Sunan Ibn</i> <i>Mājah</i>, no. 2443; <i>al-</i> <i>Muʿjam al-</i> <i>Kabīr</i> of <i>al-</i> <i>Ṭabarānī</i>, no. 11125	Fair remuneration, timely payment, and protection of contractual entitlements	<i>Ijāra, juʿāla, and remunerated agency contracts</i>	Supports the timely payment of service fees, commissions, and remuneration owed to fintech providers, agents, or other service providers. It is cited in all three fatwas.
أَنْتُمْ أَعْلَمُ بِأَمْرِ دُنْيَاكُمْ "You are more knowledgeable about the affairs of your worldly life."	<i>Ṣaḥīḥ Muslim</i> , no. 2363	Permissibility of technical innovation, adaptability of Islamic commercial law, and recognition of specialized expertise	All fintech-related contractual structures	Functions as a general justification for adopting digital technology and technologically mediated financial practices, provided that they remain consistent with Sharia principles. It is cited in

<i>Ḥadīth</i>	<i>Takhrij</i> and <i>Ḥadīth</i> Number	Underlying Sharia Principle	Relevant Contractual Forms	Normative Function in the Fatwas
				Fatwas Nos. 116, 117, and 140.
<i>Ḥadīth</i> concerning the six <i>ribā</i> -bearing commodities: gold, silver, wheat, barley, dates, and salt	<i>Ṣaḥīḥ Muslim</i> , no. 1587, narrated from ‘Ubādah ibn al-Ṣāmit	Prohibition of <i>ribā al-faḍl</i> and <i>ribā al-nasī’a</i> ; equivalence and immediacy in the exchange of <i>ribā</i> -bearing commodities	<i>Qarḍ</i> and monetary exchange involving electronic money	Provides a normative basis for regulating electronic monetary value and digital financing arrangements so that they remain free from <i>ribā</i> . It appears in Fatwas No. 116 and No. 117, but not in Fatwa No. 140.
<i>Ḥadīth</i> prohibiting the unequal or deferred exchange of gold for gold and silver for silver	<i>Ṣaḥīḥ Muslim</i> , no. 1584, narrated from Abū Sa‘īd al-Khudrī	Monetary equivalence, immediate exchange, and prevention of <i>ribā</i>	<i>Qarḍ</i> , electronic payments, and monetary exchange	Supports the regulation of digital financial transactions involving monetary value and the prevention of <i>ribā</i> in electronic payment and financing systems. It appears in Fatwas No. 116 and No. 117

As Table 1 indicates, the mobilization of *ḥadīth* follows three interrelated patterns. First, the DSN-MUI repeatedly employs six traditions as a stable normative foundation across the three fintech sectors. Second, it supplements this shared corpus with traditions selected based on the product's contractual structure and economic function. Third, the cited traditions serve different argumentative functions, including the prohibition of unlawful elements, the legitimization of new contractual arrangements, and the ethical-regulatory framing of digital financial practices.

A Recurring Core of General Prophetic Norms

The first pattern is the repeated use of *ḥadīths* concerning trustworthiness, non-harm, contractual compliance, remuneration, and worldly expertise. Together, they form a core normative corpus that supplies general governance

standards rather than technology-specific rules. The trust *ḥadīth* extends conventional obligations over entrusted property to the protection of electronic-money balances, investment assets, transaction records, and platform-administered funds. It supports the management of electronic value under *wadīʿa* or *qarḍ* in Fatwa No. 116, and the accountability of platform operators, intermediaries, and issuers in Fatwas Nos. 117 and 140.

The principle *lā ḍarar wa lā ḍirār* provides a cross-contractual basis for consumer and investor protection, prohibiting harm arising from operational risks, misinformation, asset misuse and unfair platform practices, including harm embedded in exploitative contract design.³³ The *ḥadīth* on settlement and contractual stipulations supports electronic agreements, platform terms, and consensual dispute resolution within Sharia limits. Meanwhile, the remuneration traditions extend requirements of transparency and timely payment to platform fees, commissions, and service charges under *ijāra*, *juʿāla*, and *wakāla bi al-ujra*.

The *ḥadīth* recognizing human expertise in worldly affairs creates space for platforms, electronic records, payment gateways, digital signatures, and crowdfunding mechanisms as technical instruments, without independently validating every technological arrangement. Their contractual structures and economic consequences remain subject to substantive Sharia requirements. Collectively, this core corpus connects Prophetic norms to fiduciary governance, contractual fairness, risk allocation, remuneration, and technological adaptation rather than directly regulating particular fintech mechanisms.

Context-Specific Mobilization of *Ribā Ḥadīths*

The second pattern is the selective use of product-specific *ḥadīths*. Fatwas No. 116 and No. 117 invoke traditions on gold, silver, and other *ribā*-bearing commodities because electronic money and digital financing involve monetary value, exchange, debt, or deferred payment. By analogy, digitally stored value is subject to monetary exchange rules because it performs the same function as classical money. The operative *ʿillah* is therefore the monetary function of gold

³³ Suharizal et al., “Perlindungan Hukum terhadap Mikro-Entrepreneur dalam Kontrak Bagi Hasil Digital Berbasis Syariah: Analisis Yuridis Normatif terhadap Prinsip Keadilan dan Transparansi,” *Al-Maqashid Journal of Economic and Islamic Business* 7, no. 1 (2026): 28–38, <https://doi.org/10.55352/maqashid.v7i1.2930>.

and silver, rather than their physical composition, providing safeguards against *ribā al-faḍl* and *ribā al-nasīʾa*.

These traditions are absent from Fatwa No. 140 because securities crowdfunding primarily involves equity participation, sukuk, agency, and investment rather than currency exchange or conventional lending. Its *ḥadīth* basis accordingly emphasizes trust, non-harm, contractual compliance, remuneration, and technical expertise. This comparison shows that DSN-MUI combines a stable normative corpus with supplementary evidence selected according to each product's *takyīf fiqhī* and economic substance.

The Methodological Sequence of *Ḥadīth* Selection

Interview data indicate that *ḥadīth* selection begins with *taṣawwur al-masʾalah*, or comprehensive conceptualization of the issue. At this stage, the fatwa formulators examine the product's operating mechanism, parties, contractual relationships, financial flows, and associated risks. Consultation with experts and practitioners may occur before its legal status is determined.³⁴

The product is then matched with established categories of Islamic commercial law. Electronic money is characterized as stored monetary value, thereby directing the analysis toward monetary exchange and *ribā*. Technology-based financing may involve *qarḍ*, *wakāla bi al-ujra*, *mushāraka*, *muḍāraba*, *ijāra*, or sale-based arrangements, depending on the business model. The relevant *ḥadīths* are consequently selected according to the identified contracts and their associated legal risks.³⁵

The final stage extends the underlying prophetic norm to the new technological context. Trust becomes fiduciary platform responsibility, non-harm becomes consumer and investor protection, wage transparency becomes disclosure of platform fees, and monetary-exchange rules become safeguards against *ribā* in digitally stored value. This movement from *ḥadīth* to principle, from principle to contractual category, and from contractual category to digital application constitutes *ḥadīth*-based normative telescoping.

Although fatwas do not always explicitly invoke *maqāṣid al-sharīʿa*, objectives such as the protection of wealth, contractual fairness, transparency, and the prevention of exploitation remain embedded in the rules they

³⁴ Interview with Hasanudin, Vice Chairman of the DSN-MUI, June 1, 2026.

³⁵ Interview with Hasanudin, Vice Chairman of the DSN-MUI, June 1, 2026.

formulate. The visible methodological emphasis, however, falls on textual evidence, legal characterization, identification of the relevant *illah*, and analogical extension.

Argumentative Functions of *Ḥadīth*

Beyond their thematic distribution, the cited traditions perform three principal argumentative functions. First, traditions concerning *ribā* and harm operate as foundational restrictive evidence (*dalīl taḥrīmī*). They establish the prohibited elements that must be excluded from a Sharia-compliant product and set the normative boundaries of fintech innovation.

Second, *ḥadīths* concerning contractual stipulations, remuneration, and technical expertise serve as evidence of contractual legitimation (*dalīl tarkhīṣī*). They support the incorporation of digital transactions into recognized contractual categories without creating entirely new forms of contract. Their legitimating function, nevertheless, remains conditional on compliance with the substantive requirements of the relevant classical contracts.

Third, traditions concerning trust, justice, consent, transparency, and non-harm operate as ethical-regulatory reinforcement (*ta'yīd akhlāqī*). Their function is not merely rhetorical. They are translated into concrete platform obligations, including safeguarding funds, disclosing fees, preventing misleading information, protecting investors, and ensuring fair contractual terms.³⁶

These functions may overlap. The no-harm tradition, for example, restricts harmful practices, provides ethical orientation, and supports risk-management requirements. The typology therefore identifies the dominant function of each citation rather than placing every tradition within an exclusive category.

Epistemological Implications

The layered use of *ḥadīth* has significant epistemological implications. While traditions prohibiting *ribā* and harm provide relatively direct transactional boundaries, their use to legitimate novel digital arrangements requires additional juristic reasoning. Authenticity alone does not establish

³⁶ Habib Ahmed, "Islamic Normative Legal Theory: Framework and Applications," *Journal of Law and Religion* 40, no. 1 (January 27, 2025): 28–58, <https://doi.org/10.1017/jlr.2025.10056>; Mohammad Hashim Kamali, "Legal Maxims and Other Genres of Literature in Islamic Jurisprudence," *Arab Law Quarterly* 20, no. 1 (2006): 77–101, <https://doi.org/10.1163/026805506777525429>; Kamali, *Principle of Islamic Jurisprudence*, 68–75.

contemporary applicability, which also depends on the product's legal characterization, operative *'illah*, and the analogy connecting classical and digital cases.

The selected fatwas often leave these intermediate steps implicit. Although they cite relevant traditions, identify applicable contracts, and formulate operational rules, they do not consistently explain the conditions of *qiyās*, the identification of the *'illah*, or legally relevant differences between classical and digital transactions. *Ḥadīth* authority therefore operates at two levels: it provides the normative vocabulary of digital finance, while juristic methods translate that vocabulary into concrete rules. The persuasiveness of a fintech ruling consequently depends on both the authority of its evidence and the transparency of the interpretive bridge to the regulated product.

Overall Pattern

The findings identify four defining characteristics of *ḥadīth* mobilization in the selected fatwas. First, it is principle-based, because general Prophetic norms are prioritized over literal textual correspondence with modern technology. Second, it is contract-sensitive, because supplementary traditions are selected after the product's contractual structure and economic function have been identified. Third, it is functionally layered, because *ḥadīths* operate as restrictive evidence, contractual legitimation, and ethical-regulatory reinforcement. Fourth, it is analogically adaptive, because classical norms are extended to digital finance through an operative principle or *'illah*.

Ḥadīth-based normative telescoping captures the relationship among these characteristics. It refers to a structured movement from prophetic text to normative principle, from principle to classical contractual category, and from that category to a contemporary digital application. The resulting pattern combines normative continuity with contextual differentiation. Continuity is maintained by a recurring corpus of Prophetic norms and established contractual concepts. At the same time, differentiation is achieved through product characterization and the selective mobilization of context-specific evidence.

This approach enables the DSN-MUI to accommodate technological innovation without detaching fintech from the classical Islamic legal tradition. At the same time, the relative opacity of some analogical steps indicates a need for greater methodological transparency, particularly in explaining the

operative *'illah* and the conditions under which classical norms are extended to emerging digital-financial practices.

Modes of Interpretive Reasoning and Methodological Transparency

The analysis reveals an asymmetry in the methodological transparency of prohibitive and permissive reasoning in the selected fatwas. When *ḥadīth* is used to prohibit *ribā*, harmful conduct, or unlawful monetary exchange, the relationship between the cited text and the resulting ruling is relatively easy to trace. Fatwas No. 116/2017 and No. 117/2018, for example, cite traditions concerning *ribā*-bearing commodities and subsequently require electronic monetary and financing arrangements to remain free from *ribā*. Although concise, the movement from Prophetic prohibition to regulatory restriction can be reconstructed through established principles of Islamic commercial law.³⁷

The reasoning is less explicit when *ḥadīth* supports the permissibility of novel digital arrangements. The fatwas permit electronic money, technology-based financing, and securities crowdfunding through classical contracts such as *wadī'a*, *qarḍ*, *wakāla*, *ijāra*, *mushāraka*, and *muḍāraba*. However, they do not consistently explain how general traditions concerning trust, contractual stipulations, non-harm, remuneration, and worldly expertise are extended to digital platforms and technologically mediated transactions.³⁸

As introduced earlier, normative telescoping refers to the compression of identifiable juristic steps between scriptural evidence and regulatory conclusions. In the present case, the phenomenon is visible where the relationship between a general prophetic norm and a specific digital-finance ruling is only partially documented.

Fatwa No. 116/2017 provides a clear illustration. It cites *ḥadīths* concerning the exchange of gold and silver and then permits electronic money subject to Sharia requirements. The implicit reasoning appears to be that electronic money represents stored monetary value, serves as currency, and is therefore subject to rules derived from the *ḥadīths* on monetary exchange. The operative *'illah* is thus monetary function rather than the physical properties of gold or

³⁷ Hallaq, *A History of Islamic Legal Theories: An Introduction to Sunni Usul Al-Fiqh*, 83–107.

³⁸ Ibn Mājah, *Sunan Ibn Mājah, Kitāb al-Aḥkām, ḥadīth no. 2340* (Dār Iḥyā' al-Kutub al-'Arabiyyah, n.d.); Abū 'Isā Al-Tirmidhī, *Al-Jāmi' al-Kabīr, Kitāb al-Aḥkām, ḥadīth no. 1352* (Beirut, 1996).

silver. However, the published fatwa does not explicitly articulate this legal characterization, identify the *'illah*, or explain the conditions under which the rules of *ṣarf* apply to electronic value. The problem is therefore not the absence of juristic reasoning but its limited visibility in the final text.

Institutional Context and Epistemic Traceability

Interview data help explain this condensed presentation. According to a senior DSN-MUI official, fatwa formulation begins with *taṣawwur al-mas'alah*, which involves examining the product's operating mechanism, contractual relationships, parties, and financial flows before determining its legal status.³⁹ This indicates that the deliberative process may be more extensive than the published fatwa suggests.

Other informants explained that DSN-MUI fatwas are intentionally concise because they primarily address regulators, practitioners, and the general public rather than specialists in *uṣūl al-fiqh*.⁴⁰ Regulatory clarity and operational applicability are therefore prioritized over a detailed reconstruction of the interpretive process. The relative acceptance of the fintech fatwas within the industry further suggests that brevity has not necessarily prevented their implementation.⁴¹

The issue is therefore less a question of missing reasoning than of documentary accessibility. The central concern is whether the legal pathway remains recoverable from the fatwa and associated institutional records.

The DPS as an Interpretive Intermediary

The textual gap is frequently addressed at the implementation level by the Sharia Supervisory Board, or DPS. One DPS member described this role as extending beyond final compliance checking to translating the fatwa's legal rationale into product architecture.⁴² The DPS identifies how general norms concerning trust, non-harm, consent, and remuneration apply to transaction flows, platform fees, data processes, and allocations of responsibility.

³⁹ Interview with Hasanudin, Vice Chairman of the DSN-MUI, June 1, 2026.

⁴⁰ Interview with Abdurrahman Dahlan, A member of DSN MUI, June 6, 2026; Interview with Yuke Rahmawati, A member of DPS, June 7, 2026.

⁴¹ Interview with Abdurrahman Dahlan, A member of DSN MUI, June 6, 2026

⁴² Interview with Yuke Rahmawati, A member of DPS, June 7, 2026.

This arrangement allows Sharia interpretation to respond flexibly to technological change. However, it can also produce inconsistent assessments when different supervisory boards identify different legal causes or analogies. When product-level reasoning remains internal, external auditors and consumers may find it difficult to determine whether a Sharia-compliant product substantively differs from its conventional counterpart.

Practitioner interviews therefore emphasized the need for accessible summaries of product-level legal reasoning, greater codification of business processes, and DPS involvement throughout product development rather than only during final approval.⁴³ These recommendations support a layered governance model in which DSN-MUI establishes general norms, the DPS documents how they apply them, and external reviewers can trace the reasoning connecting the two.

Fatwa-Level, Implementation, and Post-Fatwa Gaps

Not every technical issue omitted from a fatwa indicates inadequate *ḥadīth* reasoning. Three different gaps must be distinguished. A fatwa-level gap arises when the ruling does not provide adequate normative criteria for matters within its original scope. An implementation gap occurs when a platform fails to translate an applicable provision into product design. A post-fatwa technological gap emerges when later technological or commercial developments introduce issues that the original fatwa could not reasonably have anticipated.

The treatment of promotions and discounts under Fatwa No. 116/2017 illustrates this distinction. The fatwa regulates the principal contracts, fees, and prohibited elements of electronic money but does not expressly address promotional rewards. According to a practitioner, such promotions are commercially significant but require additional legal characterization. In practice, they may be assessed through other fatwas, including the rules of *ju'āla* or discounts in sale transactions.⁴⁴

This omission does not necessarily establish a deficiency in Fatwa No. 116/2017. Instead, it indicates that the fatwa functions as a general normative framework rather than a comprehensive technical manual. The critical issue is

⁴³ Interview with Adam Harefah, Product Owner of PT Piranti Alphabet Perkasa, July 18, 2026; Interview with Sahal Muzaki, July 20, 2026.

⁴⁴ Interview with Sahal Muzaki, Senior Sharia Compliance at LinkAja Syariah, July 20, 2026.

whether the subsequent cross-fatwa reasoning identifies the source of the benefit, the underlying contract, and its conditions, and whether it creates an unlawful benefit connected to *qarḍ*. Without such documentation, normative telescoping shifts from fatwa production to product implementation.

Methodological Implications

A further concern is the limited visibility of thematic *ḥadīth* analysis, or *tahlīl mawḍūʿī*. The selected fatwas generally cite individual traditions alongside Qurʾanic verses, legal maxims, and juristic opinions without explaining their relationship to corroborating reports, parallel narrations, or the wider thematic corpus.⁴⁵ Although this is common in institutional fatwas, the novelty of fintech transactions makes thematic and contextual analysis especially important.

Methodological transparency should therefore be assessed not by the length of a fatwa but by whether its interpretive chain is recoverable. Prohibitive reasoning is generally more traceable because the cited traditions contain recognizable restrictions. Permissive reasoning requires a more explicit explanation of how classical norms and contracts accommodate novel technologies.

The principal weakness is thus not the lack of scriptural authority but the limited visibility of the reasoning that transforms general authority into product-specific permission. To address this problem without sacrificing regulatory clarity, DSN-MUI could accompany complex fintech fatwas with a concise methodological memorandum specifying (1) the legal characterization of the product; (2) the principal evidence; (3) the operative *ʿillah*; (4) the mode of extension to the digital context; (5) the relevant Sharia objectives; and (6) matters delegated to the DPS. Such documentation would preserve the accessibility of institutional fatwas while strengthening their epistemic traceability.

Juridical Adequacy of Ḥadīth-Based Reasoning in Digital Financial Contexts

The juridical adequacy of *ḥadīth*-based reasoning in the selected fatwas varies according to the proximity between the regulated digital practice (*farʿ*) and its classical legal analogue (*aṣl*): where the shared *ʿillah* is evident, the *ḥadīth*

⁴⁵ Yūsuf Al-Qarḍāwī, *Kayf Nataʿmal maʿa a-Sunna al-Nabawiyya* (Cairo: Dār al-Shurūq, 2000), 45–78; Al-Aʿzamī, *Studies in Hadith Methodology and Literature*, 55–72.

applies with little further argument, but where the digital practice departs significantly from the classical case, the fatwa must justify the analogy more explicitly.⁴⁶ The reasoning is relatively adequate where the issue concerns established prohibitions and contractual principles, including *ribā*, harmful conduct, fiduciary responsibility, transparency of remuneration, and compliance with contractual stipulations. In these areas, the cited traditions provide sufficiently general norms that can be extended to electronic money, technology-based financing, and securities crowdfunding without fundamentally altering their legal substance. Although interpretive extension remains necessary, the connection between the prophetic norm and the resulting rule is reasonably traceable through established categories of *fiqh al-muʿāmalāt*.⁴⁷

Greater difficulty arises when general norms must be applied to features that are specific to digital infrastructures. These include the recoverability of electronically stored value, automated decision-making, platform-level uncertainty, and digitally expressed consent. However, the omission of a technical issue from a fatwa does not by itself demonstrate juridical inadequacy. Three distinct situations must be differentiated. A fatwa-level gap exists when the ruling does not provide sufficient normative criteria to protect assets, ensure valid consent, allocate responsibility, or prevent excessive uncertainty within its original regulatory scope. An implementation gap arises where financial institutions or platforms fail to translate an applicable fatwa principle into product architecture. A post-fatwa technological gap occurs when later technological developments generate issues that the original fatwa could not reasonably have anticipated. This distinction prevents implementation failures and subsequent technological changes from being attributed automatically to defective *ḥadīth* reasoning.

Asset Protection in Electronic Money

Fatwa No. 116/2017 provides a concrete example of the relationship between general normative adequacy and implementation. The fatwa requires

⁴⁶ Fatima Zohra Benali et al., "The Algorithmic Fiqh: Qiyas and the Cryptocurrency Paradigm," *Indonesian Journal of Islamic Law* 8, no. 1 (June 30, 2025): 1–28, <https://doi.org/10.35719/c3g8zb70>.

⁴⁷ Haider Ala Hamoudi, "The Muezzin's Call and the Dow Jones Bell: On the Necessity of Realism in the Study of Islamic Law," *American Journal of Comparative Law* 56, no. 2 (April 1, 2008): 423–70, <https://doi.org/10.5131/ajcl.2007.0012>; Saifullah Saifullah et al., "Legal Positivism and Fiqh Muamalah Paradigm's on Indonesian Sharia Fintech Legal Framework," *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah* 16, no. 1 (June 30, 2024), <https://doi.org/10.15408/aiq.v16i1.39237>.

the nominal value of electronic money to remain protected and expressly stipulates that the stored value must not disappear when the physical medium is lost. This provision gives operational effect to trustworthiness, non-harm, and the protection of property, or *hifz al-māl*. Accordingly, the loss of a card does not normatively justify the loss of the underlying monetary value.

Interview data nevertheless indicate that some electronic money products have not fully met this requirement. A senior DSN-MUI official distinguished electronic money from a physical wallet. Because electronic value is recorded within a digital system, it should, in principle, remain identifiable and recoverable even if the physical medium is lost.⁴⁸ From this perspective, user identification, serial numbering, account registration, or other traceability mechanisms constitute technical means of implementing the fatwa's asset-protection requirement. The continued use of less traceable bearer-based instruments therefore primarily indicates an implementation gap, not necessarily a normative deficiency in Fatwa No. 116/2017.

Cost constraints may explain why stronger identification and recovery mechanisms are not uniformly adopted. They do not, however, displace the normative obligation to protect users' assets. This example demonstrates that juridical adequacy should be assessed at two levels: whether the fatwa articulates a sufficient protective standard and whether institutions translate that standard into an effective technical design.

Automated Processes and the Attribution of Responsibility

Fatwas No. 117/2018 and No. 140/2021 employ *wakāla* and *wakāla bi al-ujra* to structure the relationships among platform operators, investors, financing providers, recipients, and issuers. The agency framework is juridically appropriate where the platform acts within an identifiable mandate and remains accountable for the acts performed on behalf of the principal. The fatwas also identify the legal persons occupying the roles of principal, agent, operator, issuer, and investor.

The fatwas, however, do not address algorithmic agency as an autonomous legal category. Consequently, claims regarding automated credit scoring, algorithmic matching, or machine-generated disbursement decisions should be treated as the present study's normative analysis of later or product-specific

⁴⁸ Interview with Hasanudin, Vice Chairman of the DSN-MUI, June 1, 2026.

developments, rather than as issues expressly discussed in the fatwas. The relevant question is not whether an algorithm possesses independent legal capacity. It is whether the institution that deploys the system remains identifiable and legally responsible for its design, data inputs, delegated functions, and resulting decisions.

On this basis, automation presents a juridical problem only when it obscures mandate, responsibility, or redress. The *wakāla* framework may remain adequate if automated processes are treated as instruments used by an accountable platform. Additional reasoning is required when the system produces outcomes beyond the agreed mandate, relies on materially defective data, or makes decisions whose basis cannot be explained to the affected parties. Such cases demand clearer rules on attribution, liability, human oversight, and correction. They should therefore be classified either as implementation questions or as post-fatwa technological developments unless the platform structure already existed within the original scope of the ruling and was left normatively unresolved.

Platform-Level *Gharar*

The prohibition of *gharar* supplies a general standard against excessive transactional uncertainty. The three fatwas operationalize this principle by requiring identifiable parties, valid contractual objects, defined fees, appropriate contracts, and the avoidance of misleading information. These requirements are juridically relevant to individual contractual relationships within electronic money, technology-based financing, and securities crowdfunding.

Digital platforms, however, can produce forms of uncertainty that extend beyond an individual bilateral contract. In P2P financing or securities crowdfunding, risk may arise from information asymmetry, the quality of platform assessment, the reliability of disclosed data, the interaction of multiple contracts, and the allocation of responsibility among numerous parties. The analytical question is therefore whether evaluating each subcontract separately adequately captures the cumulative uncertainty generated by the platform as an integrated system.

The selected fatwas recognize *gharar* as a prohibited element but do not provide a measurable threshold for distinguishing tolerable digital uncertainty from excessive uncertainty at the platform level. This does not render their rulings invalid. It indicates that the classical distinction between *gharar yasir*

and *gharar fāḥish* requires further operationalization in digital finance. Such an assessment should consider at least the materiality of undisclosed information, the predictability of contractual outcomes, the reliability of risk assessments, the ability of users to verify relevant data, and the allocation of losses when platform-generated information proves inaccurate.

The juridical issue is thus not that digital transactions contain uncertainty, since uncertainty is never eliminated. Rather, the issue is whether the platform creates or conceals uncertainty that materially impairs informed decision-making, exposes users' assets to unjustified risk, or weakens accountability. These criteria connect classical *gharar* doctrine to the systemic characteristics of platform finance without assuming that every technologically generated risk is prohibited.

Digital Consent and Electronic Contracting

The selected fatwas recognize digital contracting, written electronic records, and electronic signatures as permissible means of forming transactions, provided that their validity and authenticity are secured. The relevant normative foundation is therefore broader than formal acceptance alone. Valid consent requires identifiable parties, adequate knowledge of the transaction, contractual clarity, absence of deception, and freedom from coercion.

The fatwas do not expressly discuss click-wrap agreements or interface design. Those issues should therefore be identified as practitioner concerns and as the author's application of classical consent principles, rather than as omissions expressly acknowledged by the fatwa texts. Interview data from a fintech product owner indicate that internal teams must ensure that electronic signatures and simplified approval mechanisms do not reduce consent to a technical formality.⁴⁹ This perspective clarifies the implementation challenge: a valid digital signature may prove that an action occurred, but it does not necessarily establish that the user understood the essential rights, obligations, fees, and risks.

The juridical adequacy of digital consent should consequently be evaluated through substantive rather than merely formal criteria. These include effective identity verification, clear presentation of the contractual object and price, accessible disclosure of material risks, an opportunity to review essential terms,

⁴⁹ Interview with Adam Harefah, Product Owner at PT Piranti Alphabet Perkasa, July 18, 2026.

and evidence that acceptance was not produced through misleading interface design. The issue is not whether digital consent can equal oral or written consent in classical transactions. It can. The issue is whether the digital process preserves the operative elements of informed and voluntary agreement.

Sharia-by-Design as an Implementation Standard

The implementation implications of these findings are summarized in Table 2. The comparison does not establish that conventional product teams uniformly neglect Sharia requirements. Rather, it identifies potential tensions between commercial priorities and the juridical conditions that must be incorporated into product architecture.

Table 2
Technical Product Priorities and Sharia-by-Design Verification

Product aspect	Technical priority	Sharia-by-design verification
Contract validation	Rapid access and simplified approval	Correct contractual sequence; clarity of the object, price, fees, and parties before execution
Approval mechanism	Electronic signature as proof of acceptance	Identity verification, informed consent, authenticity, and an accessible presentation of material terms
Fund flow	Instant disbursement through integrated systems	Segregation of funds, transparent allocation, traceability, and disbursement according to the applicable contract
Automated decisions	Efficient scoring and matching	Identifiable institutional responsibility, explainability, human oversight, and correction mechanisms
Risk disclosure	Standardized platform information	Disclosure of material uncertainty, reliability of data, and clear allocation of contractual and platform-level risks

Speed and automation are not intrinsically inconsistent with Sharia. A juridical problem arises when technical efficiency changes the legally required sequence of contracts, obscures the object of the transaction, weakens meaningful consent, or compromises the segregation and traceability of funds. In a *murābaha* arrangement, for example, disbursement should not precede the stages necessary to establish ownership and a valid sale. Sharia-by-design therefore requires DPS involvement during product development, rather than only at the final approval stage.

Toward a More Reflexive Methodology

The findings do not establish that *ḥadīth*-based reasoning is inherently inadequate for digital finance. The prophetic norms concerning *ribā*, non-harm, trustworthiness, contractual compliance, and fair remuneration remain juridically relevant because they regulate the substantive conditions of legitimate exchange rather than its technological form. The limitation lies instead in the incomplete visibility and operationalization of the reasoning through which these general norms are applied to digital infrastructures.

A more reflexive methodology should combine three levels of analysis. First, thematic *ḥadīth* analysis should situate each cited tradition within the wider corpus of related evidence rather than treating it as an isolated proof. Second, legal analysis should identify the product's *takyīf fiqhī*, the operative *ʿillah*, and material differences between the classical and digital cases. Third, *maqāṣid al-sharʿa* should function as an evaluative criterion for determining whether the resulting product protects assets, preserves meaningful consent, allocates responsibility, and prevents excessive uncertainty.

This methodology can be operationalized through five stages. It begins with *taḥqīq al-naṣṣ*: authenticate the relevant tradition and establish its textual scope, followed by *taḥdīd al-ʿillah*: identify the operative legal cause underlying the classical ruling. The next stage, *tawsīʿ al-dalāla*: explain how and under what conditions the norm extends to the digital case. This is followed by *taḥqīq al-maqāṣid* which evaluate whether the extension protects wealth, consent, justice, and prevents harm. Finally, *al-taṭbīq al-muʿāṣir* translates these normative and juridical considerations into product architecture, compliance mechanisms, allocation of responsibilities, and auditable criteria.

Applied to digital consent, for example, *taḥqīq al-naṣṣ* establishes the normative significance of voluntary agreement; *taḥdīd al-ʿillah* identifies informed and uncoerced willingness as its legal basis; *tawsīʿ al-dalāla* recognizes electronic signatures as a permissible means of expression; *taḥqīq al-maqāṣid* assesses whether the process protects users against deception and exploitation; and *al-taṭbīq al-muʿāṣir* requires identity verification, comprehensible disclosures, retrievable records, and auditable evidence of acceptance. This application demonstrates how the proposed model converts a general principle into a testable digital-finance standard.

The analysis therefore supports a qualified conclusion. The selected fatwas are legally sufficient to establish foundational principles and contractual parameters. However, they require supplementary interpretation when applied to product-specific or later technological developments. Greater epistemic traceability can be achieved without transforming each fatwa into an extensive legal treatise. DSN-MUI could retain a concise ruling while appending a methodological memorandum outlining the relevant *ḥadīth*, legal characterization, operative *ʿillah*, mode of extension, protected interest, and implementation issues delegated to the DPS.

Implications for DSN-MUI Fatwa Methodology

The findings suggest that the methodology of DSN-MUI fintech fatwas would benefit from a more explicit presentation of the reasoning that connects general *ḥadīth* norms to product-specific rulings. In the selected fatwas, *ḥadīths* are generally cited together with their transmitters and collections. However, the intervening stages of *istinbāṭ* are not always made visible. Readers can identify the textual evidence and the resulting provisions. Yet, they may not be able to reconstruct the product's legal characterization, the operative *ʿillah*, the method of analogical extension, or the *maqāṣid* served by the ruling. The methodological issue is therefore not the brevity of the fatwa itself, but the limited traceability of the reasoning between its evidentiary premise and regulatory conclusion.

This study employs normative telescoping to describe this compression of intermediate reasoning. The concept should not be understood as a criticism of every concise fatwa. It applies more specifically when a ruling (1) cites a general Prophetic norm; (2) applies it to a distinct digital arrangement; (3) does not expressly identify the legal characterization and operative *ʿillah* connecting the two; and (4) provides no accessible supporting record from which that connection can be reconstructed. These indicators distinguish normative telescoping from legitimate simplification. A fatwa may remain concise and methodologically robust if the omitted analysis is documented in a supporting study, deliberative record, or methodological appendix. Building on the five-stage analytical model outlined above, the proposed protocol seeks to document each step of legal extension from textual evidence to contemporary implementation.

The theoretical contribution of this framework lies in its connection of normative telescoping with epistemic traceability. The former identifies where

intermediate reasoning has been compressed. In contrast, the latter evaluates whether that reasoning can nevertheless be recovered and verified. Epistemic traceability, therefore, refers to the capacity of a fatwa and its supporting documents to disclose a sequential path from textual evidence to legal characterization, operative *'illah*, method of extension, protected objective, and contemporary application. It does not require every analytical detail to appear in the operative text of the fatwa.

This criterion is particularly relevant to DSN-MUI fatwas as products of *ijtihad jamā'i*. Their authority derives not only from the personal standing of individual scholars but also from collective deliberation, disciplinary expertise, and institutional procedure. Methodological transparency therefore strengthens rather than replaces institutional authority. It enables scholars, regulators, Sharia Supervisory Boards, auditors, and industry practitioners to evaluate both the evidentiary basis of a ruling and the validity of its application to a specific digital product.

Operationally, DSN-MUI need not transform every fatwa into an extensive academic treatise. For complex digital financial products, it could instead adopt a concise legal-reasoning protocol presented as a supporting appendix or institutional memorandum. The protocol should document the legal characterization of the product and its transaction flows, together with the Qur'anic, *ḥadīth*, juristic, and legal-maxim evidence employed. It should also clarify whether each authority functions as direct evidence, supporting evidence, or ethical reinforcement; identify the operative *'illah* and the method used to extend the relevant norm; and specify the applicable *maqāṣid* and protected interests. In addition, the protocol should address material differences between classical and digital cases, distinguish product-level matters delegated to the Sharia Supervisory Board, and establish criteria for subsequent review when technological developments or changes in business models affect the original legal characterization or its implementation.

Such documentation would answer two concerns identified by the reviewers. First, it would distinguish *ḥadīth* as direct legal evidence from *ḥadīth* as a source of supporting or ethical authority; while keeping it separate from legal maxims and interview-based explanations. Second, it would make the five-stage model testable against specific fatwas and products rather than leaving it as a purely conceptual recommendation.

This proposal preserves the concise, regulatory character of DSN-MUI fatwas while enhancing their scholarly accountability. The formal ruling could continue to provide accessible guidance. In contrast, the supporting memorandum would preserve the underlying reasoning for specialists and implementing institutions. Epistemic traceability would thus function not as an additional source of legal authority but as a procedural standard that ensures the transition from *ḥadīth* to fatwa remains transparent, reviewable, and adaptable to technological change.

To operationalize this proposal, Table 3 outlines a legal reasoning protocol that may be incorporated into the supporting documentation for complex DSN-MUI fintech fatwas. The protocol does not require the operative fatwa text to reproduce an extensive juristic discussion. Rather, it identifies the minimum analytical information necessary to make the transition from *ḥadīth* evidence to digital-financial regulation traceable and reviewable. Each stage specifies the principal analytical question, the documentation required, and the expected methodological output.

Table 3
Proposed Legal-Reasoning Protocol for DSN-MUI Fintech Fatwas

Stage	Analytical Focus	Key Questions	Required Documentation	Expected Output
Product Characterization and Legal Qualification	<i>Taşawwur al-mas'ala</i> and <i>takyiffiqhī</i>	How does the product operate? Who are the parties? What is the contractual sequence, fund flows, rights, obligations, and technological intermediaries?	Product description, transaction-flow diagram, identification of parties, contract sequence, fund-flow structure, and allocation of responsibility	A precise legal characterization of the product and identification of the classical contracts relevant to each transactional stage
Verification of Textual Evidence	<i>Tahqīq al-naṣṣ</i>	Which Qur'anic verses, <i>ḥadīths</i> , legal maxims, and juristic authorities are relevant? What are the source, wording, authenticity, and	<i>Ḥadīth</i> text, source, number, narrator, authenticity assessment, relevant variants, and contextual explanation	A verified evidentiary corpus that distinguishes sound textual evidence from supporting

Stage	Analytical Focus	Key Questions	Required Documentation	Expected Output
Classification of Evidentiary Function	Position of each authority within the argument	contextual scope of each <i>ḥadīth</i> ? Does the evidence function as a direct legal basis, supporting evidence, contractual legitimation, restrictive evidence, or ethical reinforcement?	Evidence-function matrix distinguishing <i>ḥadīth</i> , Qur’anic evidence, legal maxims, juristic opinions, regulatory materials, and interview data	juristic materials A transparent explanation of the argumentative role assigned to each source
Identification of The Operative Legal Cause	<i>Taḥdīd al-‘illah</i>	What legal characteristic connects the original case to the digital product? Is the <i>‘illah</i> present consistently and verifiably in the new case?	Statement of the proposed <i>‘illah</i> , method of identification, relevant precedents, and evidence of its presence in the digital arrangement	A clearly articulated ratio legis connecting the classical ruling to the contemporary transaction
Extension to the Digital Context	<i>Tawsī‘ al-dalāla</i>	Through which juristic method is the norm extended? Are <i>qiyās</i> , <i>istiḥsān</i> , <i>maṣlaḥa</i> , custom, or another recognized method being applied? Are there material differences between the classical and digital cases?	Explanation of the method of extension, relevant similarities and differences, alternative characterizations, and reasons for preferring the adopted interpretation	A reviewable interpretive bridge between the <i>ḥadīth</i> norm and the digital-financial ruling

Stage	Analytical Focus	Key Questions	Required Documentation	Expected Output
Evaluation of <i>Maqāṣid</i> and Legal Consequences	<i>Tahqīq al-maqāṣid</i>	Does the proposed ruling protect assets, secure informed consent, ensure fairness, allocate responsibility, and prevent <i>ribā</i> , excessive <i>gharar</i> , and harm?	Assessment of benefits, risks, protected interests, possible harms, and consequences for users, investors, platforms, and other parties	A proportionality assessment demonstrating that the ruling advances relevant Sharia objectives
Contemporary Operationalization	<i>Al-taṭbīq al-muʿāṣir</i>	How should the ruling be translated into product architecture, contractual documents, disclosures, automated controls, fund flows, and dispute-resolution procedures?	Operational requirements, compliance controls, disclosure standards, audit indicators, responsibility matrix, and remedial mechanisms	Product-level standards that can be implemented and audited by the institution and its Sharia Supervisory Board
Delegation and Supervisory Responsibility	Institutional division of authority	Which issues are conclusively regulated by the fatwa, and which matters require product-level interpretation by the Sharia Supervisory Board?	Scope of delegated authority, DPS responsibilities, documentation requirements, escalation procedures, and limits of discretionary interpretation	A clear division of responsibility among DSN-MUI, the DPS, regulators, auditors, and fintech operators
Periodic Review and Technological Updating	Continuing relevance and adaptability	Have technological developments, business-model changes, new risks, or regulatory	Review schedule, technological-change indicators, user complaints, audit findings,	A mechanism for determining whether the existing fatwa remains

Stage	Analytical Focus	Key Questions	Required Documentation	Expected Output
		reforms affected the original legal characterization or its implementation?	regulatory developments, and revision triggers	adequate or requires interpretation, supplementation, or revision

As shown in Table 3, the protocol separates the stages of product characterization, evidence verification, legal extension, purposive evaluation, and operational implementation. This separation is important because it prevents *ḥadīth*, legal maxims, juristic opinions, regulatory considerations, and interview-based explanations from being treated as methodologically equivalent sources. It also clarifies that the authority of a cited *ḥadīth* does not, by itself, establish the validity of its application to a digital product. Such validity additionally depends on the accuracy of the product's *takyīf fiqhī*, the identification of an appropriate *‘illah*, the method used to extend the norm, and the legal consequences of that extension.

The protocol also distributes responsibility more clearly. DSN-MUI would determine the general normative framework, evidentiary foundations, contractual characterization, and limits of permissibility. The Sharia Supervisory Board would translate those standards into product architecture and document their implementation. At the same time, regulators and auditors would assess compliance and institutional accountability. Periodic review would then distinguish between deficiencies in the original ruling, failures of product implementation, and technological developments arising after the fatwa's issuance.

The protocol can be illustrated through the issue of digital consent. The transaction must first be mapped to identify the parties, the approval mechanism, the contractual object, and the effects of acceptance. The *ḥadīth* and other legal evidence concerning *tarāḍī* are then verified and classified by function. The operative *‘illah* is identified as informed and voluntary agreement rather than adherence to a specific oral or written form. This principle may be extended to electronic signatures, provided that identity and attribution are secured. A *maqāṣidī* assessment then examines whether the digital process protects users against deception, coercion, and material information asymmetry. Finally, contemporary application requires comprehensible

disclosure, an opportunity to review essential terms, retrievable records, and auditable evidence of acceptance.

This example demonstrates how the proposed protocol converts a general prophetic principle into measurable legal and technical requirements. It also makes visible which conclusions derive directly from textual evidence, which depend upon juristic extension, and which must be determined through product-level implementation. The proposed protocol would allow DSN-MUI to retain the concise and regulatory character of its formal fatwas while documenting the underlying reasoning in a supporting appendix or methodological memorandum. In this way, epistemic traceability would operate as a procedural standard of institutional accountability, ensuring that the movement from *ḥadīth* to principle, from principle to legal characterization, and from legal characterization to digital application remains sequential, transparent, and auditable.

Conclusion

This study demonstrates that the mobilization of *ḥadīth* in DSN-MUI Fatwas No. 116/2017, No. 117/2018, and No. 140/2021 is principle-based, contract-sensitive, and functionally layered. In response to the first research question, the three fatwas combine a recurring corpus of Prophetic norms concerning trustworthiness, prevention of harm, contractual stipulations, remuneration, and technical expertise with context-specific traditions selected according to the legal characterization and economic substance of each fintech product. *Ribā*-related traditions, for example, are selectively employed in fatwas directly involving monetary value and financing. Regarding the second question, these traditions perform three overlapping functions: foundational restrictive evidence, contractual legitimation, and ethical-regulatory reinforcement. In response to the third question, *ḥadīth*-based reasoning is relatively adequate for digital transactions with recognizable classical analogs. However, it becomes less explicit when applied to product-specific features such as platform-level *gharar*, digitally expressed consent, and automated processes. These issues do not necessarily indicate deficiencies in the fatwas themselves, as they may also result from implementation failures or technological developments arising after their issuance. Nevertheless, the findings reveal a consistent asymmetry

between the relative traceability of prohibitive reasoning and the limited visibility of the interpretive steps supporting novel digital arrangements.

The article's principal theoretical contribution is the concept of normative telescoping, which describes the compression of the intermediate reasoning through which a general prophetic norm is extended to a specific digital arrangement without expressly presenting the product's legal characterization, operative *'illah*, method of extension, or protected Sharia objective. This concept is complemented by epistemic traceability, an evaluative criterion for determining whether the inferential path connecting *ḥadīth*, legal principle, contractual category, and digital application can be sequentially reconstructed and independently assessed. Together, these concepts provide a framework for examining not only which *ḥadīths* institutional fatwas cite, but also how those traditions perform legal work in contemporary financial governance. Practically, the findings support the adoption of a concise methodological appendix documenting the relevant evidence, *takyīf fiqhī*, operative *'illah*, mode of extension, *maqāṣid*, and implementation responsibilities delegated to the Sharia Supervisory Board (DPS). Such documentation would strengthen scholarly accountability and regulatory consistency without compromising the concise format of DSN-MUI fatwas. Since this study is limited to three Indonesian fatwas and a small group of institutional and industry informants, future research should apply the proposed legal-reasoning protocol to a broader corpus of economic fatwas, investigate institutional deliberations ethnographically, and compare epistemic traceability across different Islamic legal and regulatory jurisdictions.[a]

Author Contribution Statement

Afwan Faizin: Conceptualization, Data Curation, Analysis, Methodology, Writing Original Draft, Validation, Review & Editing.

Muhammad Maksum: Conceptualization, Analysis, Methodology, Validation, Review & Editing.

Mohd Zaidi Bin Daud: Conceptualization, Methodology, Validation, Review & Editing.

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