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LEGAL REVIEW OF SHARIA P2P LENDING AND ECONOMIC JUSTICE IN INDONESIA

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Abstract

This research aims to analyze the role of Sharia-based Fintech Peer to Peer (P2P) Lending in promoting economic justice in Indonesia. Using a normative juridical method and Amartya Sen's theory of economic justice as a theoretical framework, the study explores literature, legal regulations, and current fintech practices. The findings show that while Sharia P2P Lending holds strong potential to expand financial access and empower MSMEs, significant challenges remain regarding sharia compliance, consumer protection, and regulatory clarity. The integration of Amartya Sen's capability approach with Islamic economic principles highlights the importance of equitable access to finance in realizing just and inclusive economic development. The research emphasizes the need for comprehensive regulation, public financial literacy, and technological innovation aligned with Islamic legal values. It concludes that Sharia P2P Lending can become a strategic instrument to strengthen welfare and reduce inequality, provided it adheres to fair, transparent, and sharia-compliant financial practices.
Keywords: Sharia P2P Lending; economic justice; Amartya Sen; financial inclusion; regulation

Abstrak

Penelitian ini bertujuan untuk menganalisis peran Fintech Peer to Peer (P2P) Lending berbasis syariah dalam mendorong keadilan ekonomi di Indonesia. Dengan menggunakan metode normatif yuridis dan teori keadilan ekonomi Amartya Sen sebagai kerangka teoritis, penelitian ini mengkaji literatur, regulasi hukum, serta praktik fintech saat ini. Hasil penelitian menunjukkan bahwa Fintech P2P Lending syariah memiliki potensi besar dalam memperluas akses keuangan dan memberdayakan UMKM, namun masih menghadapi tantangan signifikan dalam aspek kepatuhan syariah, perlindungan konsumen, dan kejelasan regulasi. Integrasi pendekatan kapabilitas Amartya Sen dengan prinsip ekonomi Islam menegaskan pentingnya akses keuangan yang adil dalam mewujudkan pembangunan ekonomi yang berkeadilan dan inklusif. Penelitian ini menekankan perlunya regulasi yang komprehensif, literasi keuangan publik, dan inovasi teknologi yang selaras dengan nilai-nilai hukum Islam. Simpulan dari studi ini menyatakan bahwa Fintech P2P Lending syariah dapat menjadi instrumen strategis untuk memperkuat kesejahteraan dan mengurangi ketimpangan jika dijalankan secara adil, transparan, dan sesuai prinsip syariah.

Kata kunci: Fintech P2P Lending Syariah; keadilan ekonomi; Amartya Sen; inklusi keuangan; regulasi.

INTRODUCTION

The rapid development of digital technology has changed the landscape of the financial sector, giving rise to transformative innovations. such as Fintech Peer To Peer (P2P) Lending, which allows individuals and small and medium enterprises

(MSMEs) to gain access to financing more easily and quickly than through conventional financial institutions. Peer To Peer (P2P) Lending financing in Indonesia has significant potential to expand financial access, especially for people who have not been served by conventional financial institutions. With an innovative business model, the Peer To Peer (P2P) Lending platform can reach segments of society that were previously difficult to reach, such as MSMEs and individuals who do not have collateral. This is in line with the government's efforts to increase financial inclusion and reduce economic disparities. Behind its potential,Fintech Peer To Peer(P2P) Lending presents a legal and regulatory gap that needs to be addressed, both in terms of unclear regulations, inadequate consumer protection, and usury and gharar practices which are of course major concerns for the public.Keeping this in mind, it is imperative to provide financial education to the general public so that they can make informed choices about how to manage resources in a manner that best suits their needs (Hasan et al. 2024).

In the context of sharia economic justice, P2P Lending can be an effective instrument to increase financial access for marginalized communities, encourage the growth of MSMEs, and reduce economic disparities. Sharia principles such as justice, transparency, and prohibition of usury (interest) can be implemented in the P2P Lending platform to ensure that transactions are in accordance with Islamic law values. However, the implementation of P2P Lending within the framework of sharia economics also faces various challenges. These challenges include how to ensure compliance with sharia principles in every transaction, how to protect consumers from possible risks, and how to effectively regulate the P2P Lending industry so as not to cause systemic problems.

This research aims to analyze the law of Fintech P2P Lending in Indonesia from the perspective of sharia economic justice using Amartya Sen's theory ofeconomic justice. Amartya Sen's theory emphasizes the importance of a person's capabilities to achieve a decent life. In this context, the ability to access finance is one of the important factors that influence a person's ability to develop themselves and achieve prosperity. This study will examine how P2P Lending can contribute to improving people's ability to access finance, as well as the challenges faced in realizing economic justice through P2P Lending. This study will also provide policy recommendations to overcome these challenges and maximize the potential of P2P Lending in realizing sharia economic justice in Indonesia. The urgency of this research is based on the rapid development of the Fintech P2P Lending industry in Indonesia, which needs to be balanced with clear and comprehensive regulations. In addition, this research is also important to provide a better understanding of how sharia principles can be implemented in the context of Fintech, as well as how Amartya Sen's theory can be used to analyze and address the problem of economic inequality in Indonesia.

LITERATURE REVIEW

The previous studies taken by the author are first, the work of (Kusuma & Asmoro, 2021) in their research entitled *"The Development of Financial Technology (Fintech)"*. Based on Islamic Economic Perspectives discusses in depth the theoretical and philosophical aspects related to the development of *Fintech* in the context of Islamic economics. This research highlights that as long as the *Fintech* contract fulfils the terms and conditions and does not contradict the principles of Islamic law. In theory, the application of *Fintech* is acceptable in the Islamic economic system. This research suggests that sharia aspects in the application of *Fintech*, including in the P2P *Lending* model, can be implemented as long as it fulfils the applicable provisions. In relation to this research, there is a significant difference in the analysis of laws and regulations related to *Fintech* P2P *Lending* in Indonesia, which will more deeply discuss the perspective of sharia economic justice.

Meanwhile, (Prayuda 2017) in his research entitled *"Economic Justice in the Perspective of Islamic Law* " examines the concept of economic justice as a whole in Islamic economics. Prayuda explained that in Islamic economics, justice means a balance between the rights and obligations of each individual. Economic justice in this context includes not only the distribution of wealth, but also the enforcement of individual obligations in their respective capacities. Prayuda's research highlights that Islamic economics prioritises balance and emphasises the importance of morality principles in economic activity, in contrast to the capitalist system which is more inclined to free market mechanisms. In relation to the current research, the difference lies in the legal analysis of *Fintech* P2P *Lending* from the perspective of sharia economic justice, which will focus more on the regulation and application of sharia law in the practice of financial technology.

Research conducted by (Amsari, Harahap, and Nawawi 2024) with the title *"Transformation of the Economic Development Paradigm: Building a Sustainable Future through the Perspective of Sharia Economics"* focuses on the transformation of the economic development paradigm with an Islamic economic approach. Amsari and his colleagues explained that sharia economics offers an alternative to development that is more sustainable and based on moral principles that promote community welfare. This approach emphasises the importance of inclusive and sustainable development in the long term. In this study, the difference lies in the legal and regulatory analysis of P2P *Lending,* which is seen from the perspective of sharia economic justice, as well as a more normative and doctrinal approach in applying the principles of Islamic law.

Next, (Nafiah and Faih 2019) in their research entitled *"Analysis of Islamic Financial Technology (Fintech) Transactions* from the *Maqashid Syariah Perspective* " focuses on analysing *Fintech* transactions from the *maqashid* syariah perspective. They found that Islamic *Fintech* has a clear foundation based on the five principles of maqashid sharia, namely protecting religion, soul, offspring, mind, and property. In this study, they emphasised that the existence of Islamic *Fintech* has met the criteria of *maqashid* sharia and has received adequate legal protection. This research reveals that Islamic *Fintech* can run well if it is in accordance with the values of *maqashid* sharia. However, in this research, there will be more emphasis on legal analysis of *Fintech* P2P *Lending* transactions and their implementation in the context of more in-depth sharia economic justice, using a normative and doctrinal legal approach.

(Atik Abidah et al. 2022) in his research entitled *"The Role of Al-Quran and As-Sunnah in the Development of Islamic Economics: Studies, Opportunities, and Challenges of Islamic Fintech"* examines the role of the main sources of Islamic law in the development of Islamic economics, especially in the aspect of Islamic *Fintech*. The research shows that although Islamic *Fintech* offers great innovation, public understanding of the differences between conventional and Islamic *Fintech* is still limited. One solution offered is closer collaboration between Islamic economic actors and those responsible for regulation. In this context, the difference lies in analysing the legal and regulatory aspects of *Fintech* P2P *Lending* with a focus on Islamic economic justice which is more focused on the application of fair laws in the development of financial technology.

Another study was conducted by Sri Wahyuni et al. (2023) titled "The Concept of Islamic Economic Justice", which explores an in-depth understanding of the concept of economic justice in Islam. This research explains that in the Islamic economic system, economic justice focuses on equitable distribution to avoid disparities that harm society. In this study, the principle of justice is upheld to create equal welfare without disadvantaging any party. In contrast, the current research places greater emphasis on the legal analysis of Fintech P2P Lending practices from the perspective of sharia economic justice, particularly regarding the implementation of fair legal principles. Next, the work of Mujib (2017) in his study titled "Global Islamic Economy in the Realm of Fiqh" examines the principles of Islamic economics from a fiqh perspective in a global context. His research emphasizes the importance of understanding the economic principles derived from the Qur'an and Sunnah as the foundation for building a just economic system. Although previous studies have contributed to our understanding of applying Islamic fiqh economics globally, this study has a more specific focus namely, analyzing the legal aspects of financial technology developments, particularly the P2P Lending model, within the framework of sharia economic justice in Indonesia.

Musjtari, Roro, and Setyowati (2022), in their study titled "Islamic P2P Lending As An Alternative Solution For The Unfair Conventional Platform In Indonesia," focus on sharia-based P2P Lending as an alternative solution to conventional platforms that are considered unjust. They propose that sharia compliance and good faith are the key solutions in strengthening Islamic fintech. The study also emphasizes the need for clear regulations and the development of competent human resources in sharia law to ensure that P2P Lending platforms operate in accordance with Islamic principles. In the context of the current research, the distinction lies in a more in-depth analysis of the legal framework and the challenges in implementing sharia principles in Fintech P2P Lending. The study conducted by Hamin and Aziz (2022), titled "Fintech in Islamic Finance: Theory and Practice," provides insights into the challenges faced by fintech, particularly regarding fraud in online transactions. The research highlights the importance of strict supervision and more selective registration of institutions to reduce fraud cases. However, while the study focuses on oversight and problem prevention in Islamic finance, the present research is more focused on the legal analysis and regulation of P2P Lending within the context of Islamic finance and sharia economic justice.

Finally, the study conducted by Salsabila et al. (2023), titled “Analysis of the Use of Sharia Financial Technology (Fintech) from the Perspective of Islamic Economics,” examines how the use of sharia fintech is based on Islamic economic principles and clear legal regulations. They explain that sharia fintech complies with the applicable legal standards in Indonesia, particularly regarding consumer protection and electronic transactions. The main difference from the current research lies in the analysis of the development of Fintech P2P Lending in Indonesia from the perspective of sharia economic justice, with a deeper focus on the application of sharia principles within regulatory frameworks.

METHOD

This research analyzes the theory of Islamic economic justice through a comprehensive literature study in relation to its implementation.*Peer To Peer Fintech* (P2P) Lending using normative legal research methods with a doctrinal approach. This research was conducted through a literature study of previously existing research literature related to, 1) Economic Justice; 2) Financial Technology; and 3) Development Paradigm. In this study, an identification of current legal problems was carried out by determining legal issues that are closely related to the use of Fintech Peer To Peer (P2P) Lending in Indonesia and determining how the concept of sharia economic justice is applied in the Fintech regulation itself. Furthermore, a doctrinal approach was carried out by analyzing regulations through legal entities in force in Indonesia such as Laws, Government Regulations, Financial Services Authority, Bank Indonesia Regulations, DSN-MUI Fatwa’s, and so on that regulate the regulation and law of Fintech Peer To Peer (P2P) Lending. The focus of this research is to analyze the theory of economic justice by Amartya Sen reviewed from the perspective of sharia economic law. This literature analysis focuses on fintech in the context of Islamic finance by conducting literature analysis from various sources. This is done to understand how fintech has influenced society towards the implications of using Peer To Peer (P2P) Lending based on the perspective of Islamic economic justice. Fintech Peer To Peer (P2P) Lending can develop sustainably and generate great benefits for society by using an integrated approach. In order for Peer To Peer (P2P) Lending financing to provide maximum benefits, it is necessary to implement a business model that is fully consistent with Islamic principles, supported by increased financial literacy, investment in relevant technology, and strict supervision. Thus, P2P Lending financing can be an effective solution in increasing financial access for the community, while contributing to sustainable and inclusive economic growth. Therefore, this study aims to provide an in-depth analysis of the regulation and law of Fintech Peer To Peer (P2P) Lending in Indonesia and how Fintech Peer To Peer (P2P) Lending reflects the principles of Islamic economic justice.

This research also aims to provide recommendations that can help improve the suitability of Fintech Peer To Peer (P2P) Lending with sharia principles, so that it can support accurate fintech growth. This will provide a more comprehensive and holistic picture of how Fintech Peer To Peer (P2P) Lending regulations and laws in Indonesia can be developed to be more in accordance with sharia principles, and ensure fairness for all parties involved. The analysis method that will be carried out in this study is to conduct an in-depth analysis of Amartya Sen's theory of economic justice by looking for a relationship or connection with the economic welfare that applies in society and its relationship with the command in Islamic law to prosper society. The data sources that will be used by the author are literature sources related to Fintech Peer To Peer (P2P) Lending which reflect the principles of sharia economic justice, namely the book On Economic Inequality by Amartya Sen and the book Al-Kits: Economic Justice in Islamic Perspective by Dr. Djumadi Tambu Djunaidy M. Hi and various other literature related to this. This research method provides a strong foundation for explaining the phenomenon of Fintech Peer To Peer (P2P) Lending by collecting data from various sources. The results of the literature analysis and data obtained will help us find important problems, trends, and implications. This will allow us to provide more in-depth information in this research journal (Norrahman 2023).

RESULT AND DISCUSSION

Amartya Sen's Theory of Economic Justice

The search for the meaning of justice continues in modern times, as we can see today. Amartya Sen is one of the main thinkers on justice. Sen began the discussion of justice by finding injustice in everyday life. Sen's idea of justice is that we find injustice more easily in our everyday lives. According to Sen, freedom is an important component of the conversation about justice. According to him, freedom consists of two components: opportunity and action. From the perspective of opportunity, we can ask whether people have the opportunity to realize what they want and choose in their lives. While the process perspective discusses whether people can achieve what they want and choose. From these two aspects, Sen offers a capability approach as an appreciation of the rich diversity of human life; the capability approach assesses freedom and justice related to the opportunities and processes that a person has; capabilities are related to the combination of functions of the diversity of situations (Widiono 2018). According to (Foster 1997) In his book On Economic Inequality, he states that the perception of injustice is a major component of societal revolt. However, it is also important to remember that the perception of injustice, and the meaning of this elusive idea, is highly dependent on the fact that injustice exists and must occur. The concepts of equality and justice have undergone many changes throughout history. The concept of inequality has undergone a dramatic transformation as a result of the growing resentment of class differences and discrimination.

Amartya Sen's book On Ethics and Economics connects ethics and economics, a discussion that The book tends to be "under-recognized" by economists because of its contention that it is a "disruption" in the practice of management, business, and development. It is considered a disruption due to the fact that the book, written by (Francis Ysidro Edgeworth 1881) a 19th Century ethical thinker, seems to have influenced economists. The book is considered to be "an application of mathematics to the Feelings, Pleasures, and Pains" in one section, where "the first principle of Economics is that every man is actuated only by self-interest". Therefore, Sen says that, “Such a picture of man has continued to this day in economic models,” in his attempt to examine Edgeworth's economic principles and this basic assumption greatly influenced the basis of economic theory (Foster, 1997). Talking about the economy today means discussing how a person earns a living, at least to be able to live without starving. In other words, discussing the basic welfare of each family literally means discussing how a person earns a living, but causes inequality that makes it difficult for humans to overcome the problems they themselves create. According to Sen, errors in economic and social evaluation give rise to many social dilemmas (Foster 1997). It is often difficult to maintain substantial inequality within the model of “justice,” as shown by the fact that Adam Smith was so concerned with the interests of inequality that it naturally involved his use of the imaginative apparatus of what appeared to be an unbiased observer. Sen showed that there is a close relationship between inequality and rebellion in both directions. Consequently, the perceived inequality as a source of rebellion seems obvious and undisputed. However, it is important to recognize that the perception of inequality and the content of the inclusive idea ultimately depend on the possibility of actual rebellion without a concept of social welfare and normative action based on a clear formulation of social welfare and the harms it causes. In other words, in the context of uprootedness, crises are the most visible symptom of the separation of the economy from the social system and the value order of society (Runes 2023).

The Concept of Welfare in Islam and the Rejection of Usury as a Fair Economic Foundation

Justice is a central teaching in Islam and is universal. This universal nature can be seen from the existence of humans everywhere and at any time who always yearn for justice. Within humans, there is a spiritual potential that whispers feelings of justice as something that is right and must be upheld. Deviations from justice tarnish the essence of humanity. Therefore, Islam, whose main mission is rahmatan li al-'alamin, the bringer of mercy to all nature, places justice as something basic (Imran 2017). Quraisy Shihab said, there are four meanings of justice, namely first, '*adl* in the same sense, which means equality in rights.*Second*, 'is in the sense of balance. Third, *al'adl* in the sense of attention to individual rights and giving those rights to each owner. And fourth, 'is in the sense attributed to Allah. God's justice is basically His mercy and goodness (Dr. Djumadi 2014). In Islam, to maintain justice in the economic field, especially in community businesses, the profit sharing system is offered as a fair solution. Unlike capitalism which uses interest or usury in economic transactions, Islam emphasizes the principle of anti-usury by prioritizing the profit sharing system. This is reflected in the Qur'an Surah Al-Baqarah verse 275 which emphasizes the sin of usury. In the Tafsir Al-Azhar, consuming usury is explained as a detrimental act. Although earning a living is a natural thing for humans, consuming usury can lead to difficulties in life even though someone has generated great wealth (Husni 2020). Basically, Allah SWT. has strictly prohibited his people from practicing usury. Usury is a practice or system in which interest or additional profit is charged on loans of money or goods, which is usually considered unfair in Islam because it is considered to harm the borrower in an unbalanced way.

Implementation Challenges and Opportunities Peer To Peer Fintech (P2P) Lending Realizing Economic Justice in Indonesia

In Indonesia, the development Peer To Peer Fintech (P2P) Lending increasingly rapid and attracts the attention of many parties. In the context of economic justice, the implementation Peer To Peer Fintech (P2P) Lending in Indonesia raises various questions and debates. However, in the Peer To Peer Fintech (P2P) Lending, there are still many problems related to economic justice that need serious attention. Economic justice for Fintech application users is an important focus in today's modern era. Fintech, with its modern financial technology innovations, offers opportunities to increase access to financial services inclusively. However, the main challenge is to ensure that the development of Fintech not only benefits a few, but also encourages economic justice that is evenly distributed to all levels of society. Sharia economic justice is closely related to the context of maqashid sharia. The principles of maqashid sharia not only provide a philosophical foundation for the Islamic legal system, but also direct the implementation of economic justice in everyday economic practices. In general, all matters relating to sharia are inseparable from the rules of Islam as explained in the Qur'an and in the hadith. The basis of the contract that must be used in this Sharia Fintech must also be in accordance with and not contradict the principles of sharia, which then refers to an-taradim, one of the basic principles in muamalah, which means that both parties who are bound have agreed and are both pleased with the agreement.

"Fintech in the Theory of Maqashid Sharia" written by Kamaruddin Arsyad. The article explains that Fintech must make maqashid sharia the basis for carrying out its business activities. The maqashid sharia in question is hifdz al-din (protecting religion), hifdz al-nafs (protecting the soul), hifdz al-'aql (protecting reason), hifdz an-nasl (protecting descendants) and hifdz al-maal (protecting property) (Hamin and Aziz 2022). According to Abdullah Saeed, economic justice in Islam demands an even and fair distribution of wealth in society. This is in line with the principles of Islamic economics which emphasize justice and partiality to the weak. However, the implementation of Fintech Peer To Peer Lending in Indonesia has not yet fully considered the principles of economic justice at this time (Hartoyo and Arsya, 2021). Meanwhile, according to (Visser, 2019), economic justice must be the main foundation in every economic policy, including in the Peer To Peer Fintech (P2P) Lending.

Development, Regulation, and Role of Fintech Peer To Peer (P2P) Lending in MSME Financing and Sharia Finance in Indonesia

Peer To Peer (P2P) Lending is a platform that brings together borrowers and lenders directly through digital technology. Peer To Peer Fintech (P2P) Lending allows individuals or businesses to obtain loans without having to go through a conventional financial institution, and allows lenders to earn a return on the funds they lend. These platforms often offer faster processing, more flexible terms, and competitive interest rates compared to traditional lending services.(Jørgensen, 2018) describe Peer To Peer Fintech (P2P) Lending as "a new source of online financing, which is different from financing at traditional banks". Peer To Peer Fintech (P2P) Lending *g*one of which can be utilized for MSMEs in obtaining financing and capital. The increase in fund distribution through Fintech has occurred due to the ease of loan requirements compared to banking and other sources of capital. Data from the International Finance Corporation (IFC) shows that Micro, Small, and Medium Enterprises (MSMEs) in Indonesia still experience difficulties in obtaining financing credit from conventional institutions, which limits business development. This difficulty can be seen from the financing gap in the MSME sector, reaching USD 166 billion or around 19% of gross domestic product (GDP) in 2017 (Chandrawan et al., 2023).

In terms of Peer To Peer Fintech (P2P) Lending this, the existing system will bring together borrowers with lenders. As an alternative to loans through official institutions such as banks, cooperatives, credit services, government and so on, the process of which is much more complex, people can apply for loans to the community through the system Peer To Peer Fintech (P2P) Lending. This is certainly different from the nature of loans from banks that apply the 5C principle, namely Character, Capacity, Capital, Collateral, Condition as a reference for eligibility. Credit in general is a loan in the form of money and/or other forms that are given through agreement, with a term and interest (Cita et al. 2018). Every agreement, especially a credit agreement between a bank and a customer, is obliged to apply the principles in the agreement (Mulyati 2016). In line with research (Saiedi et al. 2022)stated that the majority of people choose financing from Peer To Peer Fintech (P2P) Lending. Peer To Peer Fintech (P2P) Lending sharia as a form of development of the sharia financial industry and this has received support from the Indonesian Ulema Council (MUI). MUI has issued a fatwa on Sharia Information Technology-Based Money Lending Services No. 117/DSN-MUI/II/2018. This is Peer To Peer Fintech (P2P) Lending Sharia will adopt the rules that already apply in Islamic financial services which of course must be free from usury (interest), gharar (uncertainty) and also maysir (speculation or gambling) (Purnama and Yuliafitri 2019).According to the

Fatwa of the National Sharia Council of the Indonesian Ulema Council Number 117/DSN-MUI/II/2018, Peer To Peer Fintech (P2P) Lending permitted on condition that it complies with sharia principles. The provisions of the sharia principles in question are 1) avoiding usury, gharar (uncertainty), maysir (speculation), tadlis (hiding defects), dharar (harming other parties), and haram; 2) Standard contracts fulfill the principles of balance, justice, and fairness according to sharia and applicable laws and regulations; 3) The contracts used are in line with the characteristics of financing services such as al-bai', ijarah, mudharabah, musyarakah, wakalah bi al ujrah, and qardh; 4) There is proof of the transaction in the form of an electronic certificate and must be validated by the user through a valid electronic signature; 5) Transactions must explain the profit sharing provisions in accordance with sharia; 6) Service providers may charge fees (ujrah) with the principle of ijarah (Baihaqi 2018).

Access to credit from conventional financial institutions is still a major challenge for most Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. This hampers their growth and results in slow national economic growth. The use of Fintech, especially on the Peer To Peer Lending platform, is present as an alternative financing solution for MSMEs. With this platform, MSMEs can obtain funding more easily and quickly, thus encouraging their growth and contributing to national economic growth.Although Sharia Fintech is still in its early stages of development, its potential to increase financial inclusion and drive equitable economic growth is significant. Innovation in digital technology-based Sharia financial products and services has the potential to expand financial access for people who have not been reached by conventional financial services. This will pave the way for a more prosperous future for individuals and society. Understanding the various problems that arise in the development of Sharia Fintech and efforts to overcome them is very important. With collaboration, innovation, and deep understanding, Sharia Fintech can grow rapidly and provide benefits to all people in Indonesia.As the regulator of the financial services sector in Indonesia, OJK is responsible for supervising Fintech Peer To Peer (P2P) Lending. Regulations, such as OJK Regulation No. 77/POJK.01/2016 concerning Information Technology-Based Money Lending Services, serve as the main legal basis governing the Fintech Peer To Peer (P2P) Lending business in Indonesia. This regulation also requires Fintech Peer To Peer (P2P) Lending organizers to maintain user data and personal information. The purpose of supervising this data management is to avoid misuse and data leaks that can harm users. Although the OJK Regulation covers various legal aspects that apply to Fintech Peer To Peer (P2P) Lending as a whole, the regulation of Fintech Peer To Peer (P2P) Lending in Indonesia must be adjusted to the principles of sharia economics that prohibit the practice of usury (interest) and ensure fair and transparent transactions. Fintech Peer To Peer (P2P) Sharia Lending uses Islamic economic principles such as fairness, transparency and sustainability.(Baihaqi and Rokan, 2024). POJK No. 13/POJK.02/2018 concerning the Implementation of Information Technology Based Insurance Business Activities is one example of a

Financial Services Authority regulation that supports the operation of sharia fintech to ensure compliance with sharia principles.

The Role of Islamic Economics and Amartya Sen's Theory of Economic Justice in Encouraging Welfare Through Fintech Peer To Peer (P2P) Lending

In the development paradigm, Islamic economics focuses on regulating the distribution of wealth and efforts to reduce social inequality. In the context of Islamic economics, it has a very important role in the development paradigm. In addition to encouraging overall economic growth, Islamic economics also emphasizes the importance of equalizing welfare. This is reflected in efforts to develop small and medium enterprises and investment in sectors that provide direct benefits to society, such as education and health. Thus, Islamic economics does not only focus on economic growth alone, but also on sustainable human development. Amartya Sen, a renowned economist and philosopher, developed a theory of economic justice that focuses on the concept of welfare and the capacity of individuals to choose and achieve the life they want (Surya, 2018). According to (Mahfud et al. 2020) it is stated that in Sen's theory, an approach known as the capability approach or capability approach is at the heart of understanding social justice. This approach assesses welfare based on an individual's ability to function effectively in society, not just on material or income measurements. Sen believes that various aspects of human life must be considered when measuring welfare. These include health, education, participation in society, and freedom to choose. This is different from approaches that only measure well-being based on income or consumption. In the capability approach, material wealth is considered as one factor that can support or limit a person's ability to live the life they choose, but is not sufficient to describe overall well-being.

Sen's theory of economic justice offers a tool to assess the extent to which Fintech Peer To Peer (P2P) Lending platforms help individuals achieve economic well-being and justice. With Fintech Peer To Peer (P2P) Lending, individuals and small businesses can obtain credit directly from lenders without relying on conventional banks. Fintech Peer To Peer (P2P) Lending can help reduce economic inequality and improve social welfare by making loans easier and cheaper for people from different backgrounds, including the disadvantaged.(Marginingsih 2021). However, the success of Fintech Peer To Peer (P2P) Lending in achieving this goal depends largely on how the platform is run and managed. It is essential to ensure that the principles of fairness and transparency are applied in all aspects of its operations to ensure that its contribution to improving economic capacity and reducing poverty is as high as possible. This includes ensuring that the risks and benefits of lending are clearly explained and that each participant is served fairly. Fintech Peer To Peer (P2P) Lending can be seen as one of the instruments that can contribute to improving people's welfare by expanding access to financial services, empowering the economy, and reducing inequality. In Amartya Sen's theory of economic injustice, the concept of "capability" is centered on the concept of "capability", which emphasizes the importance of each person's ability to choose and achieve life goals that they consider valuable. According to him, economic injustice is not only seen from the perspective of resource distribution, but more on each person's ability to function effectively in society (Surya 2018).

In the context of Amartya Sen's capability theory, innovations such as Fintech Peer To Peer (P2P) Lending provide new hope in overcoming the challenges of economic injustice. By expanding access to financial resources, Fintech Peer To Peer (P2P) Lending enables individuals to develop their various abilities and improve their quality of life. One effective approach to empowering marginalized groups is to involve them in micro-business activities. Access to adequate funding sources is key to the success of these businesses. Fintech Peer To Peer (P2P) Lending is present as an innovative solution, expanding the reach of financial services and providing opportunities for those who were previously marginalized to obtain business capital. In the Fintech Peer To Peer (P2P) Lending system, interest acts as an incentive for lenders to provide funds to borrowers. This mechanism is at the heart of the Fintech Peer To Peer (P2P) Lending business model, where the platform acts as a liaison between the two parties. When individuals or businesses need funds, they can apply for a loan through Fintech Peer To Peer (P2P) Lending. The platform will then evaluate the borrower's creditworthiness based on various factors, such as credit history, loan purpose, and repayment ability. Therefore, the platform will set an interest rate that reflects the risk profile of each borrower. The interest rate set will be influenced by a number of factors, including the borrower's risk profile, the duration of the loan, and current market conditions. Borrowers with lower risk profiles tend to get more competitive interest rates. Conversely,Borrowers with higher credit risk will be charged higher interest rates as compensation for the risk borne by the lender.

Analysis of Bank Interest and Usury Practices from an Islamic Economic Perspective and Its Implications Peer To Peer Fintech (P2P) Lending

Analysis of bank interest from an Islamic economic perspective, especially the view of M. Quraish Shihab, shows that the evolution of conventional banking practices has given rise to a new interpretation of the concept of usury. In the current context, bank interest can no longer be equated with usury practices as understood in classical literature (Bahtiar 2022), for those who think that bank interest is haram, the consequence is to avoid conventional banking transactions altogether, including depositing money. However, if someone considers bank interest to be in the category of doubtful or is forced to take it due to urgent needs, then it is better to use the funds for the public good (Rofiq and Salsabilah 2023). Meanwhile, according to Muhammad Syafi'i Antonio, bank interest is forbidden because the current practice of interest on money has met the criteria of usury that occurred during the time of the Prophet Muhammad, namely usury nasi'ah. Thus, the practice of interest on money in the view of Islam is categorized as usury, which is generally prohibited. However, as a form of tolerance for the diverse conditions of society, there are exceptions for those who live in areas without access to Islamic financial institutions. In an emergency, transactions in conventional financial institutions involving interest can be justified (Bahtiar 2022). The prohibition of the practice of usury is one of the fundamental principles in Islamic law that has been explained in detail in the Qur'an, especially in Surah An-Nisa verse 29. This verse is the basis for Muslims in understanding and avoiding all forms of transactions that contain elements of usury.

The concept of usury in the perspective of Islamic law includes all forms of additions to the principal debt, either in the form of money or goods. Therefore, the practice of providing additional or fines to parties who are late in paying debts is an act that is prohibited in Islam. The prohibition of usury practices is one of the fundamental principles in Islamic law that has been explained in detail in the Qur'an, especially in Surah An-Nisa verse 29. This verse is the basis for Muslims in understanding and avoiding all forms of transactions that contain elements of usury. Every loan usually involves two main components, namely the principal debt and interest. The amount of interest is usually expressed as a percentage and is influenced by the level of risk and alternative investment opportunities (Suherman & Siska, 2021). Although interest is a common financial instrument, from a sharia perspective, this practice is considered usury and is contrary to the principles of Islamic finance. According to Afzalurrahman, usury is defined as an additional payment charged to the principal of a loan in return for the use of funds during a certain period of time (Syazali, 2021). Therefore, alternative financing based on profit sharing such as mudharabah or musyarakah is often a more suitable choice. The eligibility of Fintech Peer To Peer (P2P) Lending from an Islamic perspective depends heavily on how the platform operates and the type of financial products offered. The requirements for accessing Fintech Peer To Peer (P2P) Lending services in Indonesia generally vary from one platform to another. One of the advantages of Peer To Peer (P2P) Lending loans is that people can get capital faster and easier and usually do not require collateral. However, it should be noted that the interest rates offered by Peer To Peer (P2P) Lending platforms are usually higher than conventional loan products.

CONCLUSIONS

Fintech Peer To Peer (P2P) Sharia Lending in Indonesia holds significant potential to promote economic justice aligned with Islamic principles, such as the prohibition of usury, transparency, and equitable profit sharing. However, challenges remain in ensuring consistent sharia compliance and adequate consumer protection. While some platforms adopt sharia-compliant models, implementation is still uneven and often lacks full alignment with Islamic law. Amartya Sen's capability theory highlights the importance of empowering individuals to live dignified lives. In this context, Sharia P2P Lending can expand financial access for underserved communities. To achieve this, regulatory frameworks must be strengthened, financial literacy enhanced, and financing systems made free from usury. Collaboration among regulators, government, and the community is essential to build an inclusive, just, and sustainable Islamic financial system. The research recommends empowering marginalized groups through access to sharia-compliant financial services and entrepreneurship training to boost income and promote welfare. Strengthening regulations, especially around profit sharing contracts like mudharabah and musyarakah, and providing consumer protections are key to ensuring fintech operates in line with sharia principles.

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