



A FINANCIAL SYSTEM WITHOUT Usury IN CONTEMPORARY ISLAMIC ECONOMIC THOUGHT: A SOLUTION TO THE DEBT CRISIS AND FINANCING INEQUALITY IN INDONESIA

Alya Nur Fadiyah F. N,¹ ^{1,2,3,4,5} Universitas Islam Negeri Sunan Ampel, Surabaya, Indonesia

Arian Farid As Sidik,²

Gebi Firyanti N,³

Sri Wigati⁴

(* Email Corresponding author : alyanurfadiyah24@gmail.com,

ABSTRAK

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Keuangan

Penelitian ini bertujuan untuk menganalisis konsep sistem keuangan tanpa riba dalam pemikiran ekonomi Islam kontemporer serta relevansinya sebagai solusi terhadap krisis utang dan ketimpangan pembiayaan di Indonesia. Metode penelitian yang digunakan adalah studi kepustakaan dengan pendekatan kualitatif deskriptif melalui analisis karya para pemikir ekonomi Islam modern serta data terkait kondisi pembiayaan nasional. Hasil penelitian menunjukkan bahwa sistem keuangan tanpa riba, yang berlandaskan prinsip keadilan, bagi hasil, dan transparansi, menawarkan alternatif yang lebih stabil dan inklusif dibandingkan mekanisme berbasis bunga. Penerapan prinsip tersebut berpotensi mengurangi beban utang masyarakat, memperluas akses pembiayaan bagi UMKM, serta meningkatkan pemerataan ekonomi. Dengan demikian, sistem keuangan Islam memiliki kontribusi signifikan bagi perbaikan struktur pembiayaan di Indonesia.

Kata kunci: Ekonomi Islam, Ketimpangan Pembiayaan, Krisis Utang, Riba, Sistem Keuangan

ABSTRACT

This study aims to analyze the concept of a riba-free financial system in contemporary Islamic economic thought and its relevance as a solution to Indonesia's debt crisis and financing inequality. The research employs a qualitative-descriptive library method by examining the works of modern Islamic economic scholars and data related to national financing conditions. The findings show that a riba-free financial system, based on the principles of justice, profit-and-loss sharing, and transparency, offers a more stable and inclusive alternative compared to interest-based mechanisms. The application of these principles has the potential to reduce household debt burdens, expand financing access for MSMEs, and improve economic distribution. Therefore, the Islamic financial system provides a significant contribution to strengthening Indonesia's financing structure.

Keywords: Islamic Economics, Financing Inequality, Debt Crisis, Riba, Financial System

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1. INTRODUCTION

The interest-based (*riba*) financial system that dominates modern financial practices is often associated with increasing household debt burdens, financial sector instability, and unequal access to financing in various developing countries. In Indonesia, the high level of consumer credit and the prevalence of high-interest online loans indicate that the national financing structure is unable to provide a fair and inclusive mechanism (OJK, 2022). This situation demands an alternative financial system that does not create an exploitative burden for low-income communities.

Contemporary Islamic economic thought offers a *riba*-free financial system based on the principles of justice, transparency, and profit-sharing mechanisms. Thinkers such as M. Umer Chapra (2016), Kahf (2019), and Mandiri et al. (2022) emphasize that the prohibition of *riba* is not only normative but also has a strong economic basis because it prevents the accumulation of risk on debtors and encourages real economic activity. Several recent studies have shown that profit-sharing Sharia-based instruments such as *mudharabah* and *musyarakah* are more inclusive in financing MSMEs and can reduce inequality in access to capital (Ascarya, 2020).

Amid the growing need for equitable, productive financing, a *riba*-free financial system has the potential to provide a solution to the debt crisis and national financing inequality. However, the implementation of this system still faces challenges in the form of low Islamic financial literacy and the suboptimal utilization of profit-sharing instruments in financial institutions. (Kasri & Azzahra, 2020) Therefore, a conceptual study of the relevance of a *riba*-free financial system in the Indonesian context is necessary.

Based on this background, this study aims to analyze the concept of a *riba*-free financial system in contemporary Islamic economic thought and examine its relevance as a solution to the debt crisis and financing inequality in Indonesia.

2. LITERATURE REVIEW

The development of contemporary Islamic economic thought has shown significant progress in efforts to build a financial system free from usury (*riba*). Numerous studies over the past decade have highlighted that usury practices not only contradict Sharia principles but also contribute to economic instability, debt crises, and financing inequality. Recent empirical studies in Indonesia have found that the public's heavy reliance on interest-based loans, including online loans, has increased household debt burdens and exacerbated unequal access to capital. It is in this context that the concept of a *riba*-free financial system, proposed by contemporary thinkers such as Chapra, Siddiqi, and Askari, gains relevance. They emphasize that the principles of profit-sharing, distributive justice, and transparency are the main foundations for creating long-term economic stability.

Other research confirms that Sharia instruments such as *mudharabah* and *musyarakah* have proven to be more inclusive for productive sectors, particularly MSMEs, which have traditionally been marginalized in access to conventional financing. A recent study by (Ascarya,

2012) shows that profit-sharing financing has a positive correlation with economic equality and reduced income inequality. Furthermore, reports on the development of national Islamic finance over the past five years indicate that the interest-free model can strengthen the economic resilience of the community by suppressing speculative practices and encouraging real economic activity.

Contemporary state-of-the-art research also points to the integration of the Islamic financial system with digital technology, including Islamic fintech and Sharia-compliant peer-to-peer platforms, which open wider access to interest-free financing. However, recent literature also notes that public understanding of Islamic financial principles remains a major challenge. Without adequate literacy, the effectiveness of an interest-free financial system is difficult to optimize even when the instruments are readily available.

Based on these findings, this study hypothesizes that implementing an interest-free financial system within a contemporary Islamic economic framework has the potential to be a real solution to reducing the debt crisis and financing inequality in Indonesia. By integrating principles of justice, profit-sharing mechanisms, and strengthening Islamic financial literacy, this system is expected to create a more stable, inclusive, and equitable financing structure..

3. METODE

This research uses a qualitative approach using library research to examine the concept of a riba-free financial system in contemporary Islamic economic thought and its relevance as a solution to the debt crisis and financing inequality in Indonesia. This approach allows for an in-depth exploration of the ideas, theories, and conceptual findings developing in Islamic economic literature, while connecting them to the structural conditions of the Indonesian economy.

The research data sources consist of primary and secondary materials. Primary materials include the key works of contemporary Islamic economic thinkers such as Muhammad Umer Chapra, Monzer Kahf, Abbas Mirakhor, and other authors who extensively discuss riba-free financing mechanisms, economic stability, and the principle of justice in capital distribution. Furthermore, fatwas from the National Sharia Council (DSN-MUI) related to the prohibition of riba and Islamic financing instruments also serve as primary references. Secondary materials include nationally and internationally indexed scientific journals from the past 5-10 years, official reports from Bank Indonesia, the Financial Services Authority (OJK), and the Ministry of Finance containing the latest data on household debt burdens, MSME financing inequality, and the development of the Islamic finance industry. Because this research is non-field-based, the research location does not refer to a physical location, but rather to the national economic context that is the focus of the analysis. The study population encompasses all literature on usury, Islamic financing, and the Islamic financial system; while the sample was selected purposively, meaning only relevant, credible, and up-to-date literature was analyzed.

Data collection was conducted through searches of various scientific databases such as Google Scholar, DOAJ, Garuda, Scopus, institutional repositories, as well as official government documents. The research instrument, a data extraction sheet, was used to organize information on the concept of anti-usury, profit-sharing financing instruments, Islamic thinkers'

critiques of the interest system, and empirical data on the debt crisis and financing inequality in Indonesia. This sheet included categories such as key concepts, theoretical arguments, empirical findings, and relevance to the Indonesian context, ensuring a systematic analysis process.

Data were analyzed using content analysis techniques. The analysis process included data reduction by selecting the most relevant literature; data presentation through thematic groupings, particularly regarding the relationship between usury and economic instability, the advantages of profit-sharing instruments, and issues of access to financing; and data analysis and drawing conclusions by connecting the contemporary Islamic economic framework with the actual conditions of the Indonesian economy. This analysis enables researchers to formulate a comprehensive understanding of how a riba-free financial system can be a fairer and more sustainable alternative to address the debt crisis and unequal access to capital in Indonesia.

Through this qualitative, literature-based approach, the research is expected to produce a strong conceptual picture of the relevance of a riba-free financial system in addressing national financing challenges and supporting more stable and inclusive economic development.

4. RESULTS AND DISCUSSION

Based on a literature review of Islamic economics literature in the form of recent journal articles, it can be found that the Islamic economy's interest-free financial system is built on three interrelated fundamental pillars. The first pillar is the prohibition of usury as the foundation of economic morality and ethics. Frequently mentioned in classical literature such as the works of Imam Syafi'i and Al-Ghazali, it emphasizes that usury is an element that can trigger disruptions in economic balance and social justice. This explanation is then expanded by contemporary literature such as Muhammad Abdul Mannan, highlighting the impact of interest on modern financial stability. (Safii, 2024) Dini Anggreini Khairunnisa and Nofrianto (2023) also present specific data related to Islamic finance, showing significant growth in Islamic financial assets in 2021, with capital valued at US\$132.7 billion, a capital adequacy ratio of 13.17%, and stable financing risk (gross NPF of 3.2%). This data demonstrates the effectiveness of a riba-free financial system in addressing financing inequality and the debt crisis.

The second pillar is the implementation of profit-sharing contracts, such as Mudharabah and Musyarakah. These contracts serve as a substitute for the interest-bearing loans commonly used in conventional financial systems. Based on literature analysis, the majority of respondents stated that profit-sharing financing is more adaptive to changing economic conditions and does not create fixed burdens such as interest. This makes this financing model more efficient in dealing with external shocks. (Azmi & Mahardika, 2020)

The third pillar is the Islamic financial system's orientation toward distributive justice. The literature shows that unequal access to financing, particularly for low-income communities and MSMEs, is rooted in interest structures that require fixed payments regardless of income. (Santoso, 2023) A riba-free system is considered capable of opening up more inclusive financial access through a risk-sharing mechanism. Thus, in general, the results of the literature review indicate that a financial system without interest is not only normatively ideal, but also has the potential to be a structural solution to the debt burden and financing inequality that currently

exist in Indonesia. Dini Anggraeni Khairunnisa and Nofrianto (2023) detailed data on the contribution of 60% of MSMEs' GDP as a main pillar of Indonesia's economic recovery after the Covid-19 pandemic, absorbing up to 97% of the workforce. From this, it can be seen that MSMEs have made a significant contribution to the recovery of the Indonesian economy. Therefore, it is important not to complicate MSME activities with soaring interest rates.

Table 1. Synthesis of Research Findings and Analysis

No	Statement	Explanation	Description
1	Interest-Bearing Debt Crisis	Households increasingly burdened by loan interest	Main impact of the usury system
2	Financing Inequality	MSMEs struggle to access interest-bearing credit	Strengthening economic inequality
3	Advantages of a Usury-Free System	Profit sharing is more stable and equitable	Structural solutions
4	Theory Integration	Findings in line with the Islamic economic paradigm	Conceptual strengthening

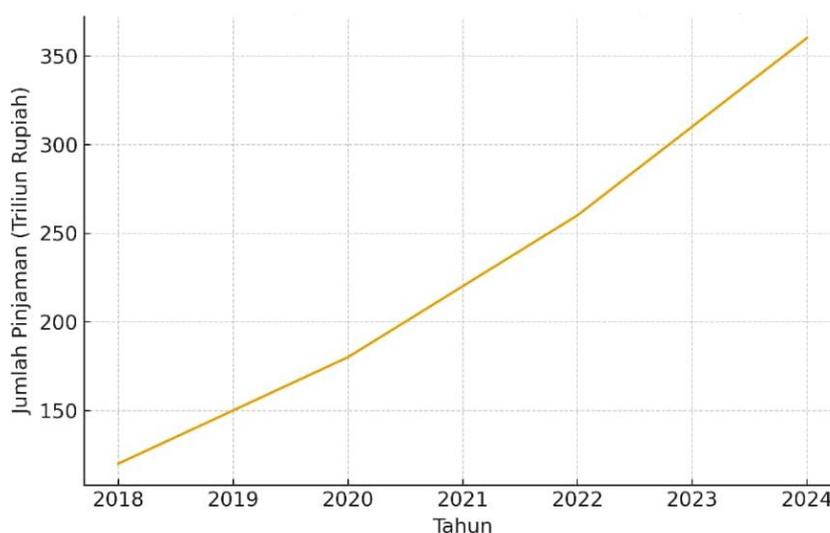


Figure 1. Trend of Increasing Interest-Based Consumer Loans from 2018-2024 Based on OJK Secondary Data

The results of this literature review demonstrate that a riba-free financial system can be understood not merely as a theological concept, but as an alternative economic model with empirical relevance to conditions in Indonesia. In the conventional financial system, interest creates a fixed burden that continues to pressure borrowers, especially low-income groups. High effective interest rates on online loans are a major factor causing many households to become

entangled in prolonged debt and experience repayment difficulties. (Efendi et al., 2024) This is also due to the high demand for loan services from 2018 to 2024, as evidenced by data publicly disclosed on the OJK website and shown in Figure 1.

The profit-sharing concept offers a more flexible solution because profits and losses are distributed according to the customer's business conditions and income. Various journals have deemed this approach more humane and aligned with the principle of distributive justice. Furthermore, profit-sharing-based financing also has the potential to reduce default rates because it does not impose fixed payment obligations amidst income uncertainty.

However, the implementation of a *riba*-free financial system in Indonesia still faces several structural challenges. First, the share of profit-sharing financing in Islamic banking remains relatively small, dominated by *murabahah* financing, which is more similar to conventional credit. This is due to relatively high monitoring costs, limited human resources, and the need for banks to maintain liquidity stability. Second, public Islamic financial literacy remains relatively low, resulting in many parties still not understanding the fundamental differences between Islamic and conventional financing. This lack of education leads people to prefer fast loan products, even though they carry relatively high interest rates. Third, the existing legal and regulatory system does not fully support the optimal development of profit-sharing contracts. Regulatory harmonization is needed so that Islamic banks can expand the application of this financing with more measurable risks.

Despite facing various obstacles, the interest-free financial system still holds significant potential as a long-term solution for the community to address the debt crisis and financing inequality in Indonesia. With a strengthened Islamic financial system, increased literacy, and regulatory support, this system can become the foundation of a more just, inclusive, and stable economy. According to the thinking put forward by Fikri Haikal (2025), possible solutions to the debt crisis and financing inequality in Indonesia include adopting a *riba*-free financial system that eliminates excessive interest to reduce the national debt burden and financing inequality, actively contributing to the government's distribution policy to encourage fair Islamic financial instruments, and sustainably managing resources by upholding the principle of justice in economic transactions to avoid social hostility. (Lukman Hakim et al., 2022)

Table 1 explains that in the context of the Indonesian economy facing the challenges of an interest-bearing debt crisis and financing inequality, the *riba*-based financial system is increasingly proving to be a significant burden, especially on the lower and middle classes. Furthermore, financing inequality exacerbates the economic situation, making it difficult for MSMEs to access burdensome interest-bearing credit, while financing is more readily provided to large corporations. This reinforces existing economic disparities and hinders equitable distribution of prosperity within society. As a solution to this problem, a *riba*-free financial system offers a more stable and equitable profit-sharing financing mechanism. The profit-sharing approach does not burden business actors with fixed interest rates, thus managing the risk of shared losses effectively and making profit distribution more vibrant and equitable. This system also helps build a healthy economic foundation free from exploitation. Furthermore, the integration of Islamic economic theory into contemporary financial practices provides

conceptual reinforcement for the development of a riba-free financial system that prioritizes justice, balance, and social welfare. Combined with the practical needs of the modern economy, it creates a relevant framework for addressing global and national challenges.

5. CONCLUSION

This research examines in depth how a riba-free financial system in contemporary Islamic economics can provide a real solution to the debt crisis and financing inequality in Indonesia. In a modern financial structure dominated by an interest-based system, low-income individuals are often trapped in a persistent debt burden due to fixed and inflexible payment obligations. The phenomenon of high-interest online loans is a clear example of how the conventional financial system can create new problems in the form of increased financial stress and a heightened risk of default.

Meanwhile, modern Islamic economic thought, as developed by Chapra, Kahf, Siddiqi, and Askari, emphasizes that the prohibition of riba is not only a normative requirement but also a solution to the economic instability generated by the interest system. A riba-free system offers a fairer approach through a profit-sharing scheme, where profits and risks are distributed according to business performance. This approach is considered more in line with economic realities, especially for MSMEs with uncertain incomes. Recent studies also show that profit-sharing financing has a positive correlation with small business growth, reduced inequality, and increased economic inclusiveness.

In addition to theoretical aspects, this study also highlights the empirical development of the Islamic finance industry in Indonesia, which shows positive trends, including the growth of Islamic financial assets and the stability of the financing ratio. This demonstrates that the application of Islamic financial principles has a strong foundation for broader implementation in the national financial system. The significant contribution of MSMEs to Gross Domestic Product and employment further reinforces the urgency of implementing a riba-free financing system to support national economic sustainability.

However, several obstacles still hinder the full implementation of a riba-free system, such as the dominance of murabahah-based financing products in Islamic banking, low public literacy levels, and regulations that do not fully encourage the optimization of profit-sharing contracts. However, these challenges are not permanent obstacles but rather encourage the need for increased education, strengthened regulations, and innovation in Islamic financial technology, such as profit-sharing fintech.

Overall, this study confirms that a riba-free financial system has significant potential to become a structural alternative in building a fairer, more stable, inclusive, and exploitation-free financing system. Implementing this system can help mitigate the household debt crisis, expand access to productive financing, and improve national economic distribution. With the right policy support and increased literacy, a usury-free system has the potential to become the main foundation for financing and economic development in Indonesia in the future.

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