Proceeding of International Conference on Islamic and Interdisciplinary Studies (ICIIS), 2025
ISSN: 2963-5489
Website: https://jurnal.uindatokarama.ac.id/index.php/iciis/about

The Role of Religious Courts in the Resolution of Sharia Economic Disputes in Indonesia

Mohamad Arif[1]*
[1]*Islamic Religious Education Study Program State Islamic University Datokarama Palu, Indonesia*

***Corresponding Author**: **Mohamad Arif,** E-mail: moh.arif0271@gmail.com

ARTICLE INFO

Volume: 4
ISSN: 2963-5489

KEYWORDS

Sharia Economic, Religious Court.

ABSTRAK

Religious Courts play a crucial role in the resolution of sharia economic disputes in Indonesia. In this context, the court functions not only as a conflict resolution institution but also as a mediator ensuring compliance with sharia principles. This research aims to explore in-depth the role, challenges, and effectiveness of Religious Courts in resolving sharia economic disputes, as well as to provide recommendations for improving the dispute resolution system in the future.

1. Introduction

Sharia economics in Indonesia has shown significant development in recent years. According to data from the Financial Services Authority (OJK), sharia banking has experienced an average growth of 10% per year since 2015, and by 2021, the total assets of sharia banking reached over 500 trillion rupiah (OJK, 2022). This growth is accompanied by increasing complexity in transactions and the potential for disputes that may arise. In this regard, Religious Courts serve as institutions that handle disputes related to sharia economics, including issues in banking, insurance, and sharia-based trade contracts. The importance of the role of Religious Courts lies not only in legal aspects but also in the social and cultural dimensions of the Muslim community in Indonesia. As institutions recognised by state law, Religious Courts provide a sense of justice and legal certainty for individuals engaging in transactions based on sharia principles. However, the challenges faced by Religious Courts in resolving sharia economic disputes are considerable, particularly regarding the diverse understanding of sharia law among judges and the community.

2. Literature Review

The formulation of the problems in this research encompasses several crucial aspects, including: First, what is the mechanism for resolving sharia economic disputes in Religious Courts? Second, what challenges do Religious Courts face in handling sharia economic disputes? Third, how effective are Religious Courts in delivering fair decisions in accordance with sharia principles? Fourth, what recommendations can be made to improve the performance of Religious Courts in resolving sharia economic disputes? By answering these questions, it is hoped that this research can provide a comprehensive overview of the role and challenges of Religious Courts in the context of sharia economics. Additionally, this research also aims to contribute to the development of the sharia legal system in Indonesia.

3. Methodology

***Mohamad Arif** is a Student of Islamic Religious Education Study Program at Postgraduate School, State Islamic University Datokarama Palu, Indonesia. This paper was presented at the 4th International Conference on Islamic and Interdisciplinary Studies (ICIIS) 2025, as a presenter, held by the Postgraduate School State Islamic University Datokarama Palu, Indonesia.

3.1 Subhea

Religious Courts are judicial institutions that have the authority to handle cases related to Islamic law, including sharia economic disputes. Based on Law Number 7 of 1989 as amended by Law Number 3 of 2006 and the second amendment by Law Number 50 of 2019 concerning Religious Courts, this court is established to provide justice for the Muslim community in Indonesia. Religious Courts function as a means to resolve disputes that are not only civil in nature but also encompass other legal aspects relevant to Islamic law. This judicial system operates under the principles of sharia sourced from the Qur'an and Hadith, thus the decisions made by Religious Courts are not only based on positive law but also consider the moral and ethical values of Islam. This makes Religious Courts a strategic venue for individuals seeking to resolve sharia economic disputes, given that the decisions rendered will be more aligned with the beliefs and norms adhered to by the disputing parties. In the context of sharia economics, Religious Courts play an important role in ensuring that transactions and contracts conducted by individuals or business entities comply with sharia principles. For instance, in cases of sharia financing, Religious Courts can render decisions clarifying whether a contract or agreement adheres to sharia provisions. This is crucial for maintaining public trust in the sharia economic system that is developing in Indonesia.

3.2 Subheading (if any)

The legal basis governing the existence and functions of Religious Courts in Indonesia can be found in several legislative regulations. In addition to Law Number 7 of 1989, there is also Law Number 3 of 2006, which amended several provisions in Law 7/1989, as well as Law Number 50 of 2009, which regulates Religious Courts. These three laws provide a strong foundation for the operation of Religious Courts and establish their authority and procedures for dispute resolution. In the context of sharia economic disputes, Article 49 of Law 3/2006 states that Religious Courts are authorised to examine, adjudicate, and decide cases in the field of sharia economics, including disputes related to agreements, loans, and other business transactions that comply with sharia. This demonstrates the government's commitment to providing sufficient space for resolving sharia economic disputes through legal channels that align with Islamic principles. Statistics indicate that the number of cases filed in Religious Courts has been increasing each year. According to data from the Directorate General of Religious Courts, in 2020, Religious Courts across Indonesia handled over 100,000 cases, the majority of which were related to sharia economic disputes. This reflects the high demand from the community for dispute resolution that adheres to Islamic law and indicates that Religious Courts play a vital role in the judicial system in Indonesia.

4. Results and Discussion

4.1 Stages of the Judicial Process

The process of resolving sharia economic disputes in Religious Courts in Indonesia follows stages regulated by Law Number 48 of 2009 concerning Judicial Power. This process begins with the registration of the case, where the plaintiff submits a written complaint to the Religious Court. The Religious Court has the authority to examine and adjudicate disputes related to sharia economics, including sharia banking, sharia insurance, and business transactions that comply with sharia (Mardani, 2021). After registration, the process continues with summoning the defendant to provide an opportunity for defence. In many cases, the defendant does not attend the first hearing, prompting the court to provide a second opportunity. Data from the Supreme Court indicates that the absenteeism rate of defendants at the first hearing reaches 30% in sharia economic cases (Supreme Court of the Republic of Indonesia, 2022). This highlights the need for better socialisation regarding the importance of attendance in judicial processes. Subsequently, after all parties are present, the trial process begins with hearing witness testimonies and the evidence submitted. The Religious Court has the authority to request expert testimony, especially in cases requiring technical explanations regarding sharia principles. For instance, in disputes related to sharia financing, testimony from experts in sharia economic jurisprudence becomes vital in providing the correct perspective (Sukardi, 2020). Once the entire trial process is complete, the judges will consider all evidence and testimonies presented. Decisions will be made based on principles of justice and applicable legal provisions. The Religious Court is committed to delivering rulings that are not only just but also consistent with the sharia values that underpin the resolution of sharia economic disputes (Ismail, 2021). Finally, the ruling issued by the Religious Court will be communicated to the parties, and if one party is dissatisfied, they have the right to appeal to the High Religious Court. This appeal process is an important part of the judicial system to ensure that every decision can be monitored and corrected if errors in the application of the law are found (Lestari, 2022).

4.2 Mediation and Arbitration

Mediation and arbitration are increasingly popular alternative dispute resolution methods in the context of sharia economics in Indonesia. In this case, Religious Courts encourage parties to resolve their disputes through mediation before proceeding to litigation. Mediation in Religious Courts is conducted by trained and experienced mediators in sharia principles (Husni, 2022). Statistics indicate that the success rate of mediation in Religious Courts is quite high, with over 60% of cases resolved through mediation not needing to proceed to trial (Judicial Authority, 2023). This success demonstrates that mediation is not only faster and more efficient but also more aligned with sharia values that emphasise peace and reconciliation. In practice, mediation in Religious Courts involves open discussions between the disputing parties, facilitated by the mediator. The mediator plays an active role in helping the parties find mutually beneficial solutions, thereby reducing tensions and potential conflicts. A successful case resolved through mediation is the dispute between two companies involved in sharia financing contracts, where the mediator successfully found a compromise that satisfied both parties (Rizky, 2021). Meanwhile, arbitration also becomes an option for parties seeking a more formal resolution outside of court. Arbitration is regulated under Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution. Religious Courts can refer to arbitration institutions specialising in sharia economic disputes, such as the Indonesian National Arbitration Board (BANI), which has a special commission for sharia disputes (Nugroho, 2023). The importance of mediation and arbitration in resolving sharia economic disputes lies in the fact that both methods provide space for parties to negotiate and reach more flexible agreements. This aligns with sharia principles that prioritise deliberation and consensus in every economic transaction (Alfian, 2020). Thus, mediation and arbitration can be considered more harmonious solutions in the resolution of sharia economic disputes in Indonesia.

4.3 Decisions of Religious Courts

The decisions made by Religious Courts in sharia economic disputes have significant impacts on the disputing parties. After going through the trial process, judges will issue rulings that include legal considerations and facts revealed during the trial. These rulings must not only comply with applicable legal provisions but also reflect the sharia values that underpin the resolution of disputes (Sari, 2021). Statistics indicate that approximately 70% of Religious Court rulings in sharia economic disputes focus on resolutions oriented towards restorative justice, where both parties are given the opportunity to repair their relationships after the dispute (Supreme Court of the Republic of Indonesia, 2022). This indicates that Religious Courts do not merely function as institutions that impose sanctions but also as mediators striving to create peace. An interesting case example is the ruling of the Jakarta Religious Court regarding a dispute between two sharia financial institutions. In this case, the judges decided to prioritise a resolution not only based on positive law but also considering applicable sharia principles. This ruling has become an important reference for other sharia financial institutions in conducting their business practices (Hidayat, 2023). The decisions made by Religious Courts can also set legal precedents that influence the resolution of similar disputes in the future. This is important for creating legal certainty in the field of sharia economics. For instance, a ruling that regulates the profit-sharing principle in sharia financing contracts can serve as a reference for other courts in handling similar cases (Sukma, 2021). However, despite the binding legal force of Religious Court decisions, challenges remain in their implementation. Some parties may feel dissatisfied with the decisions rendered, often resulting in appeals to the High Religious Court. Therefore, it is essential for Religious Courts to continuously improve the quality of the rulings issued to meet community expectations and create true justice (Lestari, 2022).

4.4 Legal Force and Implementation of Decisions

The legal force of decisions made by Religious Courts in sharia economic disputes is crucial to ensuring that justice can be upheld. Every ruling issued by the Religious Court is final and binding for the parties, unless one party appeals to the High Religious Court. In this context, the decisions of Religious Courts have the same legal force as those of other general courts (Husni, 2022). However, the implementation of these decisions often faces various challenges. One of the main challenges is the lack of public understanding regarding the legal decisions made by Religious Courts. Many parties struggle to comprehend the content and implications of the rulings, resulting in improper implementation. Data shows that approximately 25% of Religious Court decisions are not executed by the losing party, leading to prolonged disputes (Judicial Authority, 2023). It is essential to conduct legal socialisation and education for the community to ensure they understand their rights and obligations following a ruling. Religious Courts can collaborate with educational institutions and civil society organisations to disseminate information regarding the decisions made and the steps that need to be taken after the ruling (Ismail, 2021). A good implementation example can be seen in several cases where the losing party in sharia economic disputes voluntarily complied with the Religious Court's ruling. For instance, in a sharia financing case, the losing bank promptly made payments in accordance with the ruling, which in turn strengthened public trust in the judicial institution (Alfian, 2020). Overall, the legal force and implementation of decisions made by Religious Courts greatly depend on the awareness and understanding of the community regarding the importance of executing legal rulings. By enhancing socialisation and education, it is hoped that the compliance rate with Religious Court decisions in sharia economic disputes will increase, thereby enabling justice to be effectively upheld in society (Nugroho, 2023).

4.5 Legal Aspects

The resolution of sharia economic disputes in Indonesia faces various significant legal challenges. One of the main challenges is the ambiguity and legal uncertainty surrounding the regulation of sharia economics. Although Law No. 21 of 2008 concerning Sharia Banking has provided a legal framework for sharia financial institutions, many aspects still require further clarification. For instance, in practice, there are still differences in interpretation regarding sharia contracts, such as murabahah and ijarah, which can trigger disputes among parties (Fahmi, 2020). Statistics indicate that during the period 2015-2020, there was an increase in the number of sharia economic disputes filed in Religious Courts. According to data from the Supreme Court, in 2020, the number of sharia economic cases reached 1,200, an increase of 15% compared to the previous year. This indicates that more and more people are engaging in sharia economic transactions, but it also highlights the urgent need for clearer and more consistent law enforcement (Supreme Court of the Republic of Indonesia, 2021). Furthermore, the lack of understanding of sharia law among law enforcement officials and lawyers also poses a challenge. Many legal practitioners do not have adequate educational backgrounds in sharia law, making it difficult for them to handle disputes involving sharia principles. This can result in inconsistent decisions that may disadvantage one of the parties (Suhendra, 2019). A relevant case example is the dispute between a sharia financial institution and a customer that occurred in the Jakarta Religious Court. In this case, the customer filed a lawsuit because they felt disadvantaged by the contract terms deemed non-transparent. The Religious Court decided to delve into the sharia principles underlying the contract; however, the decision made still drew criticism from various parties for not fulfilling the principles of justice (Hidayat, 2021). Therefore, to address these legal challenges, collaborative efforts between the government, academics, and legal practitioners are needed to draft clearer regulations and provide training to law enforcement officials regarding sharia economic principles. It is hoped that the resolution of sharia economic disputes can be conducted more effectively and fairly.

4.6 Social Aspects

Social aspects also play a crucial role in resolving sharia economic disputes in Indonesia. The diverse cultural backgrounds of communities in different regions can influence the methods of dispute resolution. In many communities, resolving disputes through mediation or deliberation remains the primary choice before bringing matters to court. This aligns with sharia principles that encourage peaceful resolution (Khan, 2020). However, in some cases, there is resistance to the formal court system, including Religious Courts. The community often prefers resolutions conducted by community leaders or religious scholars, who are perceived to have a better understanding of sharia values. For example, in Aceh, the resolution of sharia economic disputes is often conducted through customary institutions that have their own authority in resolving community issues (Zulfiqar, 2021). Statistics indicate that approximately 60% of sharia economic disputes in Aceh are resolved through non-litigious means, such as mediation or arbitration. Although these methods are often considered quicker and less formal, there is a risk that the outcomes may not always align with the applicable legal principles (Central Statistics Agency, 2022). Another challenge faced is the lack of public awareness regarding their rights in the context of sharia law. Many individuals are unaware that they have the right to file disputes in Religious Courts, resulting in missed opportunities for obtaining justice. Better legal education and broader access to information can help raise this awareness (Sari, 2020). Thus, to enhance the effectiveness of sharia economic dispute resolution, it is important for the government and relevant institutions to conduct legal socialisation and education for the community. Additionally, strengthening the role of community leaders and religious scholars in the mediation process can serve as a bridge to connect local values with more formal sharia legal principles.

4.7 Economic Aspects

Economic aspects also play a significant role in resolving sharia economic disputes. The economic instability experienced by the community often triggers disputes in sharia transactions. For instance, fluctuations in commodity prices can lead to discrepancies between expectations and reality in murabahah contracts, which in turn can cause disagreements among parties (Nasution, 2021). Data from the Financial Services Authority (OJK) indicates that during 2020, the sharia banking sector experienced a 10% decrease in net profit due to the impact of the COVID-19 pandemic. This decline affected customers' ability to meet payment obligations, potentially leading to disputes. In this context, Religious Courts are expected to provide solutions that are not only fair but also consider the difficult economic conditions (OJK, 2021). Moreover, many small and medium enterprises (SMEs) striving to access sharia financing are hindered by complex legal processes and high costs. This can make them reluctant to file disputes in Religious Courts, even though they have the right to do so. A study indicates that 45% of SMEs feel that litigation costs are too high and prefer to resolve disputes informally (Indonesian Entrepreneurs Association, 2020). Astriking case example is the dispute between an SME and a sharia financing institution that occurred in Surabaya. The SME was unable to meet payment obligations due to the economic impact caused by the pandemic. Although the financing institution filed a lawsuit, the Religious Court decided to grant additional time for the SME to fulfil its obligations, considering the economic situation faced (Prasetyo, 2021). To address these economic challenges, policies that support more responsive dispute resolution in line with the community's economic conditions are needed. For instance, the court can implement faster resolution mechanisms and lower costs for cases involving SMEs. This will not only help create justice but also promote sustainable economic growth in the sharia sector.

5. Conclusion

Religious Courts play a vital role in the resolution of sharia economic disputes in Indonesia. Based on data from the Supreme Court of the Republic of Indonesia, during the period 2019-2021, there was a 30% increase in the number of sharia economic cases handled by Religious Courts from the total number of cases filed (Supreme Court of the Republic of Indonesia, 2021). This indicates that the public increasingly entrusts the resolution of their economic disputes to this institution. Furthermore, Religious Courts also function as mediators, providing space for parties to reach agreements peacefully before the examination of the main case. In many instances, this mediation successfully resolves disputes without needing to proceed to litigation, which certainly saves time and costs for the parties involved.

References

Fahmi, M. (2020). "Analysis of Sharia Economic Law in Indonesia." Journal of Law and Development, 50(1), 25-40.

Hidayat, R. (2021). "Sharia Economic Dispute Cases: A Case Study in the Jakarta Religious Court." Journal of Sharia and Law, 12(2), 115-130.

Khan, A. (2020). "Dispute Resolution Through Mediation in Sharia Law." Journal of Islamic Law, 15(3), 200-215.

Nasution, I. (2021). "Economic Impact on Sharia Economic Disputes." Journal of Economics and Law, 8(4), 300-315.

OJK. (2021). "OJK Annual Report 2020." Financial Services Authority.

Prasetyo, B. (2021). "Dispute Resolution for SMEs in Sharia Economics: A Case in Surabaya." Journal of SMEs and Sharia Economics, 9(1), 45-58.

Sari, L. (2020). "Legal Education for the Community in Dispute Resolution." Journal of Legal Education, 14(2), 75-90.

Suhendra, A. (2019). "The Role of Lawyers in Resolving Sharia Economic Disputes." Journal of Law and Practice, 11(2), 150-165.
Zulfiqar, M. (2021). "Dispute Resolution in Aceh: A Sharia Law Perspective." Journal of Customary Law, 5(1), 60-75.
Alfian, A. (2020). Principles of Sharia Law in Economics. Jakarta: Rajawali Press.
Judicial Authority. (2023). Statistics on Dispute Resolution in Religious Courts.
Husni, A. (2022). Mediation in Resolving Sharia Economic Disputes. Yogyakarta: UGM Press.
Ismail, R. (2021). Legal Force of Religious Court Decisions. Journal of Islamic Law, 10(1), 45-60.
Lestari, S. (2022). Challenges in Implementing Religious Court Decisions. Journal of Law and Justice, 8(3), 200-215.
Mardani, M. (2021). The Judicial Process in Religious Courts. Jakarta: Sinar Grafika.
Nugroho, B. (2023). Arbitration in Sharia Economic Disputes. Journal of Arbitration and Mediation, 5(1), 67-80.
Rizky, F. (2021). Case Study of Mediation in Sharia Economic Disputes. Journal of Mediation and Law, 4(2), 90-105.
Sukardi, S. (2020). Fiqh of Sharia Economics. Bandung: Alfabeta.
Sukma, D. (2021). Legal Precedents in Sharia Economic Disputes. Journal of Law and Judiciary, 12(4), 150-165.
R Masykur, M. (2021). "Religious Courts and the Resolution of Sharia Economic Disputes in Indonesia." Journal of Law and Sharia, 12(2), 123-145.
Law of the Republic of Indonesia Number 7 of 1989 concerning Religious Courts.
Law of the Republic of Indonesia Number 3 of 2006 concerning Amendments to Law Number 7 of 1989 concerning Religious Courts.
Law of the Republic of Indonesia Number 50 of 2009 concerning Religious Courts.
Financial Services Authority (OJK). (2021). Statistical Report on Sharia Banking.