

Comparative Analysis Of The Thoughts Of Umer Chapra And Dawam Rahardjo In Syariah Banking

Oleh:

Lukmanul Hakim dan A.M. Fadli Dzil Jalal

Universitas Muhammadiyah Surakarta, Surakarta, Indonesia

Email: lh312@ums.ac.id

Abstract

This research aims to compare two Islamic economists, namely Umer Chapra and Dawam Rahardjo, regarding Islamic banking, which includes its goals, principles, and systems. The method used in this research is the literature study method; besides that, this research also uses a comparison method between two Islamic economists, namely Umer Chapra and Dawam Rahardjo. The results of this study indicate differences and principles of thought between Umer Chapra and Dawam Rahardjo; Umer Chapra disapproves of the use of riba in the banking process because there is a legal basis for prohibiting riba in the Qur'an. This is different from Dawam Rahardjo's view in principle; several conditions allow excess borrowing of money or riba due to a decrease in the value of the currency so that the value in the past is not comparable to the value of money in the future (inflation theory) so that additional funds are needed to cover losses arising from the decline in the value of money. Regarding the principles of Islamic economic development, these two figures have the same thoughts related to recommended economic development cooperation, such as using the zakat, alms, and waqf methods, and have the same thoughts regarding Islamic banking in terms of management. Also, there is support related to implementing sharia-based banking in Indonesia.

Keywords: *Compare, Islamic banking, Umer Chapra, Dawam Rahardjo, riba*

A. Introduction

Islam is a religion that is *rahmatan lil alamin*, meaning that Islam is a religion that will bring prosperity. Hence, the economic aspect is an important aspect and is taken into account. Islam is a religion that comprehensively regulates all human activities¹. The economy is critical in supporting the public's happiness and well-being (*falah*). This factor reflects the importance of thinking about the economy in meeting needs². Islam also recognizes this as the ultimate goal of economic activities to gain worldly happiness by carrying out Ibadan and achieving happiness in the hereafter. Thus, Islam wants to play an essential role in the development of products that can

¹ Muhamad Subhi Apriantoro, Salsabilla Ines Sekartaji, and Apriliya Suryaningsih, "Penyelesaian Sengketa Kepailitan Ekonomi Syariah Perspektif Ibnu Rusyd Al-Qurthubi Dalam Bidayatul Mujtahid Wa Nihayatul Muqtashid," *JIEI: Jurnal Ilmiah Ekonomi Islam* 7, no. 3 (2021): 1400–1408.

² Nur Rizki Febriandika and Fifi Hakimi, "Analisis Kesesuaian Syariah Electronic Money Pada Bank Penerbit Uang Elektronik Di Indonesia," *An-Nisbah: Jurnal Ekonomi Syariah* 07, no. 1 (2020): 212–49.

improve the economy³. Islam believes that the economy is still an indicator of a region or country that can be said to be advanced; the higher the level of the economy, the higher the welfare and progress of the region. Increasing the economy will eradicate poverty, provide peace in worship, and prosper the people. The impact of increasing the economy will indirectly reduce the potential for crime⁴. Therefore, Islam also recognizes the importance of the economy in people's lives. Many Islamic scientists who want to develop the economy start from theories expressed by scholars in the past. This economic development brings Islam forward because Muslim communities begin to understand the importance of an established economy in living a social life.

The development of the Islamic economy has been criticized since the birth of schools of thought or streams of economic understanding, such as Imam Ghazali, Abdul Mannan, Umer Chapra, and other critical thinkers. Critical thinking about the economy is based on phenomena that appear repeatedly, then are observed and provide the understanding and bring up solutions to the problems that are carried out. These observations give rise to various responses and thoughts expressed by Islamic economists. This school of thought was motivated by various social economic phenomena that began to vary and occur repeatedly and the emergence of western economists who began to dilute Islamic rules in their application. There are many theories given by world economic figures that need to follow Islamic principles. Examples of economic thinkers are Adam Smith and Karl Marx. Both are liberalist and socialist figures who have their thoughts related to the state of the world economy. Liberalist figures say that every individual has freedom in carrying out the economy and the government is only a supervisor, in contrast to socialists who provide the view that the economy must be equitable, and the government has substantial control over the economy⁵. Meanwhile, Islam provides rules for mutually beneficial economic actions to be fair for all economic actors. An economic effort is a human behavior to utilize existing resources to meet needs⁶.

³ Azhar Alam and Sukri Hidayati, "Akad Dan Kesesuaian Fitur Wakaf Produk Asuransi Jiwa Syariah," *Equilibrium: Jurnal Ekonomi Syariah* 8, no. 1 (2020): 109, <https://doi.org/10.21043/equilibrium.v8i1.7223>.

⁴ Nadiah Hidayati, Hermanto Siregar, and Syamsul Hidayat Pasaribu, "Determinant of Efficiency of the Islamic Banking in Indonesia," *Buletin Ekonomi Moneter Dan Perbankan* 20, no. 1 (2022): 29–48, <https://doi.org/10.21098/bemp.v20i1.723>.

⁵ Ainiyah Siregar, Nur Ari Sufiawan, and Bintang Rizky Abdullah Majo Saibah, "Analisis Efektivitas Program Keluarga Harapan Dalam Menanggulangi Kemiskinan Di Payakumbuh," *Jurnal Ekonomi Pembangunan* 8, no. 1 (2022): 52–68.

⁶ Moh Nurul Qomar, "Telaah Kritis Masalah Ekonomi Perspektif Muhammad Baqir Al-Sadr," *Iqtishoduna: Jurnal Ekonomi Islam* 5, no. 1 (2016): 1–14.

Many capitalist and liberalist views regarding the economy are not following Islamic principles. This capitalist and liberalist thinking makes the economic system diverse, so there is a need for the purification of economic teachings to be under Islamic rules⁷. Muslim scientists issue views on solutions to economic phenomena in society that are studied and developed according to Sharia. An economic system that is purified according to Islamic teachings needs to be applied and implemented in everyday life. The five pillars of Islamic economics that can be applied in people's lives include monotheism, 'adl, prophethood, caliphate, and ma'ad. Thus, it is these five pillars that give rise to various theories because sometimes there are different meanings and interpretations according to Muslim scientists in implementing the five pillars⁸. This difference in views became the forerunner of the various theories of Muslim scientists. Many Muslim scientists state that banking in the region will influence this economic development, including in Indonesia.

The view of the banking system has a close relationship with economic progress. Banking is an institution related to the distribution of capital from owners of capital to people who need capital, so banking becomes essential for the sustainability of the country's economy. The banking aspect is also inseparable from the contribution of ideas, exchange of opinions, and differences in the views of Islamic leaders. This basis is the forerunner of different views on the Islamic banking system. Islamic banking is the implementation of an Islamic-based financial system⁹. The different views of Islamic economists regarding Islamic banking are fascinating to study, especially the thoughts of Umer Chapra and Dawam Rahardjo. These two figures are Muslim scientists who lived in different eras. These two figures are experts who lived in contemporary or modern Islamic times. They have poured many thoughts into various works. Chapra and Dawam use the Qur'an and Sunnah to solve various economic problems. Apart from that, these two figures are intellectual figures who have long been involved in economics. However, this does not rule out the possibility that there are differences in the thoughts of these two figures because these two experts have unique ideas about Islamic banking.

Umer Chapra is a contemporary Islamic figure who adheres to a mainstream school of thought that focuses on conventional problems regarding limited natural

⁷ EH Muchtar and S. Najma, "Application of the Islamic Financial System on the Money Market," *Asy-Syukriyyah Journal* 20, no. 1 (2019): 1–25.

⁸ Nuruddin Armanto, "Prinsip Dan Landasan Hukum Ekonomi Islam," *Iqtishodiyah* 6, no. 1 (2020): 63–79.

⁹ Meirina Nurlani, "Pembaharuan Sistem Perbankan Syariah Indonesia Dalam Menghadapi Arus Ekonomi Global," *Solusi* 20, no. 2 (2022): 173–87.

resources that cannot meet unsatisfied human needs. It makes Chapra have many concepts related to the theory of production, consumption, to distribution. Chapra believes that with a minimum of natural, capital, and human resources, there is a need for effective management, so it is necessary to regulate economic resources and procedures for their management. With this in mind, Chapra believes that good management will impact the proper handling of human, capital, and natural resources. However, proper management will lead to a supply of resources. This Chapra principle can be applied in banking. In addition to understanding the economy, Chapra also broadly understands Islam. Chapra's thoughts regarding Islamic law are flexible and adjust to developments in the era of life because Chapra believes that Islam must be able to keep up with the times so that it becomes a religion that can be used until the end of time¹⁰.

This flexibility makes Umer Chapra's ideas widely adopted and followed and is used as a principle in the application, especially regarding the economy. While Dawam Rahardjo is an Islamic figure from Indonesia, Dawam is a professor of economics at the University of Muhammadiyah Malang (UMM). Dawam also served as rector of Islamic University 45 Bekasi. Dawam is a Muslim scholar who has a practical mind and is a figure with theological renewal¹¹. There is no need to doubt Dawam's knowledge of Islam because Dawam has studied Islam since childhood until the end of his life. Dawam has launched various works discussing Islamic sharia.

Dawam Rahardjo's intelligence regarding his Islamic banking theory made him influential in creating Islamic banks in Indonesia. The implementation of Islamic banking in Indonesia can be carried out due to the contribution of Dawam's thinking. Until now, Dawam's thinking is still being carried out to apply sharia principles. Dawam can wrap Islamic regulations in a more modern atmosphere and keep up with developments in the technological era but still within the shell of Islamic rules. So the writer wants to compare the thoughts of these two figures because of the similarities that both assess that contemporary Islam has the idea that Islam can keep up with the civilizations of the times and can be implemented in various studies of human life, including in the economy. The difference between these two figures lies in the gap in time between the characters, namely Chapra in 1933 and Dawam in 1942. Apart from

¹⁰ Nurlani.

¹¹ Ahmad Dafit, "Islam Progresif Dalam Gerakan Sosial Dawam Rahardjo (1942-2016)," *Jurnal Pemberdayaan Masyarakat: Media Pemikiran Dan Dakwah Pembangunan* 1, no. 1 (2017): 43–73, <https://doi.org/10.14421/jpm.2017.011-03>.

that, the difference also lies in the countries where these two figures come from. Umer Chapra comes from the Middle East, while Dawam Rahardjo comes from Indonesia.

Based on the description above, the researcher wants to research the thoughts of Umer Chapra and Dawam Rahardjo, who have different perspectives on Islamic economic studies, thus motivating researchers to further analyze and study the thoughts of these two figures regarding the views of Islamic banking in Indonesia. This research is based on the motives of Chapra and Dawam's thoughts, both of which come from contemporary Islam¹², who have variations or concepts of thought regarding Islamic banking¹³.

This research is a development of previous research that has been carried out by several parties, including¹⁴ which stated that there were differences in the thoughts of M. Umer Chapra and Muhammad Sayyid Thanthawi, but this study added variables and replaced the figures studied, namely other Islamic intellectual figures¹⁵. Based on the background review, the author needs to define the problem so that it focuses more on the core issues discussed in this study. In contrast, the limitations of this research problem include: (1) This research was only conducted on the thoughts of the figures between Umer Chapra and Dawam Rahardjo. (2) This research only discusses Islamic banking and its application in Indonesia.

This research uses a qualitative method; this method can produce in-depth analysis results, including the complex thoughts of the two figures between Umer Chapra and Dawam Rahardjo. Qualitative research emphasizes the understanding of phenomena that occur in understanding the problems of social life, in this case, is the scope of banking based on reality, complex and detailed. This study uses the literature study method so that the data collected is in the form of information originating from scientific journals such as Scopus and Sinta journals or other relevant documents¹⁶. In addition, the method used in this study is comparative. The comparative method in this research compares two types of thinking about two particular objects. This method is

¹² Muhamad Basyrul Muvid, Miftahuuddin, and Moh Abdullah, "Pendidikan Islam Kontemporer Perspektif Hasan Langgulung Dan Zakiah Darajat," *Zawiyah: Jurnal Pemikiran Islam* 6, no. 1 (2020): 115–37.

¹³ Hari Widiyanto and Jamal Abdul Aziz, "Konseptualisasi Pemikiran Muhammad Dawam Raharjo Tentang Masa Depan Ekonomi Islam Di Indonesia," *Risalah: Jurnal Pendidikan Dan Studi Islam* 8, no. 2 (2022): 490–504.

¹⁴ Fatkur Huda, "Implementasi Syirkah Dalam Bisnis Islam; Konstruksi Nilai Ta'awun," *Dinamika Ke-Ilmuan Islam Di Masa Pandemi* (Universitas Muhammadiyah Surabaya, 2022).

¹⁵ Widiyanto and Aziz, "Konseptualisasi Pemikiran Muhammad Dawam Raharjo Tentang Masa Depan Ekonomi Islam Di Indonesia."

¹⁶ Nirmadar Ningsih Hiya, "Studi Literatur Kebijakan Moneter Islam Tanpa Bunga," *JIEI (Jurnal Ilmiah Ekonomi Islam)* 8, no. 1 (2022): 868–75.

used to determine the factors causing these differences and to analyze variables in the form of thinking, institutions, and others¹⁷.

The data used in this research is secondary data. Secondary data is obtained indirectly through intermediary media, namely journals, documents, books, or others. Data analysis in this study was carried out through three stages: data reduction, categorization, and verification. The reduction of this research is a process of selecting characters to be compared, which results in no research comparing Umer Chapra with Dawam Rahardjo. Furthermore, the specifications of this research are under the themes that have been carried out. The next stage is data verification which can be concluded in this study and then interpreted based on the data that has been obtained. Verify by comparing the characters' thoughts subjected to it from one journal source with other journal sources.

B. Discussion

1. Definition And History Of Islamic Banking In Indonesia

Banking or banks come from “*Banco*” (Italian) dan “*Banque*” (French), which means chest¹⁸. The word means that a bank is a place to store goods safely. In addition, the bank also has another function, namely as a place to store legal instruments of payment¹⁹. In addition, according to KBBI, a bank is a financial institution that has a role in channeling capital and providing services, so it has an essential role in money circulation.

From the description above, a bank is a place that has a role in storing capital and channeling it because it is safe and is responsible for distributing money in Indonesia. Banks have various functions, one of which is to improve the economy because they are interested in channeling credit capital.

Banking in Indonesia is divided into Islamic banking and conventional banking. Both types of banking have the same characteristics and functions, namely as a depositor of money and a distributor of capital. However, there are two different principles and rules that serve as basic guidelines that have striking

¹⁷ Widhian Hardiyanti, “Analisis Komparatif Tingkat Kinerja Keuangan Bank Umum Syariah Dan Bank Umum Konvensional Di Indonesia (Studi Kasus Pada Tahun 2015-2019),” *Kompak: Jurnal Ilmiah Komputersasi Akuntansi* 14, no. 1 (2021): 14–30.

¹⁸ Muhammad Naufal Lazuardi and Purbayu Budi Santosa, “Comparative Analysis of the Thoughts of M. Umer Chapra and M. Abdul Mannan About the Concept of Riba and Banking,” *Ad-Deenar: Jurnal Ekonomi Dan Bisnis Islam* 4, no. 02 (2020): 139, <https://doi.org/10.30868/ad.v4i02.715>.

¹⁹ H. Bachtiar Simatupang, “Peranan Perbankan Dalam Meningkatkan Perekonomian Indonesia,” *Jurnal Riset Akuntansi Multiparadigma (JRAM)* 6, no. 2 (2019): 136–46.

differences²⁰. Islamic banks are financial institutions that do not use an interest system in their management process. Meanwhile, this does not apply to conventional banks. Conventional banks use an interest system which is still being debated in Islamic law²¹. Islamic banks require that every year there is integrated management of zakat in the system, meaning that this institution requires activities to pay, collect and distribute zakat.²² Meanwhile, conventional bank financial institutions do not have this obligation to provide services regarding zakat. Apart from that, Islamic banks have a role in mobilizing social funds such as infaq and alms²³.

Conventional banking can provide loans in cash with interest that has been determined and mutually agreed upon²⁴, in contrast to the bureaucratic Islamic banks, which cannot provide loans in cash but form a partnership basis, this will be under Islamic sharia; the principle of profit sharing (mudharabah) is permitted, the principle of equity participation (musyarakah), the principle of buying and selling (murâbahah), and the principle of the conventional lease has products such as deposit, credit, and others²⁵.

2. Sharia Banking Principles

Sharia banking is a banking system that implements Islamic teachings. Islamic banking is another name for Islamic banking²⁶. Islamic banking in Indonesia is a recent breakthrough and reflects Islamic progress in the economic field. This Islamic bank has a role in advancing the economy in Indonesia. In addition, this Islamic bank has a role in purifying Islamic teachings in the economic field. In addition, the application of Islamic banking in Indonesia provides a large market because Indonesia has the largest Muslim-majority community in the world.

²⁰ Nanang Sobarna, "Penerapan Pola Syariah Pada Badan Usaha Koperasi," *Pengembangan Kinerja Manajemen Organisasi, Keuangan Dan Usaha Koperasi & UMKM*, 2022, 117–24.

²¹ Fitria Nur Aini and Nurul Huda, "Manajemen Risiko Dalam Meminimalisir Wanprestasi Pada Koperasi Syariah (Studi Kasus Di KSPPS Nurul Hidayah Desa Klaseman)," *Syarikat: Jurnal Rumpun Ekonomi Syariah* 5, no. 1 (2022): 1–16, [https://doi.org/10.25299/syarikat.2022.vol5\(1\).9302](https://doi.org/10.25299/syarikat.2022.vol5(1).9302).

²² El Ashfahany Afief et al., "How Zakat Affects Economic Growth In Three Islamic Countries" 6, no. 1 (2023): 45–61.

²³ Eva Wany, Budi Prayitno, and Ismangil, "Analisis Minat Dan Persepsi Masyarakat Indonesia Terhadap Produk Perbankan Syariah Di Masa Pandemi Covid 19," *ULIL ALBAB: Jurnal Ilmiah Multidisiplin* 1, no. 8 (2022): 2770–82.

²⁴ Otoritas Jasa Keuangan, "Perbankan Syariah," ojk.go.id, 2021.

²⁵ Jaidil Kamal, "Problematika Pada Perbankan Syari'ah (Kontrak Pembiayaan Murabahah)," *Jurnal An-Nahl: Jurnal Ilmu Syari'ah* 9, no. 1 (2022): 18–27.

²⁶ Muhammad Masruron and Nurul Aulia Adinda Safitri, "Analisis Perkembangan Perbankan Syariah Di Indonesia Di Masa Pandemi Covid-19," *Al Birru: Jurnal Keuangan Dan Perbankan Syariah* 1, no. 1 (2021): 1–20.

So the Islamic banking market has an excellent opportunity to grow and develop in Indonesia.

The most notable difference between Islamic banks and conventional banks is that in Islamic banks, there is no riba system, in contrast to conventional banks, which use an interest system. Islamic banks use a profit-sharing system to rotate the capital obtained and convert it into a business. The results of this business will then be used as company profits. The second difference relates to the relationship between the customer and the bank, namely between the creditor (customer) and the bank as the creditor. The supervisory structure between the two types of banks is also different, BI and OJK will supervise conventional banks. However, this conventional bank has supervision, including the sharia supervisory board, the national sharia board, and the bank's board of commissioners²⁷. Islamic banking, according to²⁸ conveys the existence of principle ownership in providing banking products that are adjusted to sharia, including:

- a) Fairness, the first principle of Islamic banking is justice, meaning that all products of Islamic banks are fair. For example, in the distribution of profits, profits will then be divided according to the agreement between the bank and the customer.
- b) Equality, the following Islamic banking principle is based on equality between all customers. For example, Islamic banks provide services to all customers with the same service. So there is no jealousy between customers with one.
- c) Tranquility, this principle is applied in the implementation of Islamic Bank products because it prioritizes peace of mind in carrying out an activity. This implementation will lead to convenience in transactions because it avoids riba that is not in accordance with QS. Al-Baqarah verse 278 which reads:

مُؤْمِنِينَ كُنْتُمْ إِنْ الرِّبَا مِنْ بَقِي مَا وَذَرُوا اللَّهَ اتَّقُوا أَمَّنُوا الَّذِينَ يَأْتِيهَا

It means: “O you who believe! Fear God and leave the rest of riba that has not been collected) if you are believers.” Based on this verse, Islamic banks use the Koran's guidelines for not using riba in any economic activity because God forbids this²⁹.

3. Riba

²⁷ Hardiyanti, “Analisis Komparatif Tingkat Kinerja Keuangan Bank Umum Syariah Dan Bank Umum Konvensional Di Indonesia (Studi Kasus Pada Tahun 2015-2019).”

²⁸ Makhfud (2019)

²⁹ Septriau Putra Abadi, Eja Armas Hardi, and Sucipto, “Persepsi Eks-Karyawan Bank Terhadap Praktik Perbankan Syariah,” *JIEI (Jurnal Ilmah Ekonomi Islam)* 8, no. 2 (2022): 1729–36.

Riba is an action carried out by a person or group by doubling the debtor's obligations. Riba can occur in a state of buying and selling, credit, or lending and borrowing which is contrary to Islamic muamalah³⁰. Scholars generally define riba as an excess of assets the payer must bear. Riba is divided into two, namely riba buying and selling and accounts payable³¹. In banking, riba used is riba nasiah or the excess of goods or money debt within a certain period³². Riba has its origin Al Ziyadah which means growing. Meanwhile, in Old Arabic "arba fulan 'ala fulan idza azada 'alaihi" means someone who intentionally adds extra elements.³³ In English, Riba is called usury or additional money or capital added to loans that violate religious rules. Riba is synonymous with interest, and this is because riba is synonymous with money interest. These two things apply the same principle, which is the same in having an additional nominal charged to one party in a transaction carried out.

Riba, or interest in conventional banking, is used to finance administrative costs and handling services so that a consumer needs to provide additional monthly costs or services to customers. In addition, the bank that collects riba is an advantage that the bank gets for its loan to the debtor. For this loan, the bank will provide more fees; the more the loan given, the greater the interest and the higher the riba created. It is also possible for banks to earn a higher income. Besides that, with this loan from the bank, the debtor's business will be more productive. For this reason, several reasons cause riba to be common and typical in conventional banking³⁴. Riba is divided into two types, riba jali, and riba nasiah. Riba jali is a riba that has existed since the time of the Jahiliyyah. This riba was carried out when someone needed capital, so the provision of this capital would incur additional burdensome fees. Muslims prevent this principle from applying it because it will be burdensome for one party. The second riba is riba nasiah, which is riba subject to

³⁰ Risanda Alirastra Budiantoro, Riesanda Najmi Sasmita, and Tika Widiastuti, "Sistem Ekonomi (Islam) Dan Pelarangan Riba Dalam Perspektif Historis," *Jurnal Ilmiah Ekonomi Islam* 4, no. 1 (2018): 1–13.

³¹ Selly Intan Fajarwati, Maman Surahman, and Yandi Maryandi, "Analisis Jual Beli Dengan Diskon Menurut Fikih Muamalah Pada Distro Bloods Cabang Kota Sukabumi," *Prosiding Hukum Ekonomi Syariah* 5, no. 2 (2019): 562–69.

³² Moch Imron Taufiq, "Konsep Riba Dalam Perspektif Hadis," *Jurnal Riset Agama* 1, no. 1 (2021): 97–106, <https://doi.org/10.15575/jra.v1i1.14260>.

³³ Harun, "RIBA MENURUT PEMIKIRAN M. QURAIISH SHIHAB (Tela'ah Illat Hukum Larangan Riba Dalam Al-Qur'an)," *Suhuf* 27, no. Mei (2015): 38–59.

³⁴ St. Hadijah Wahid, Sapriadi, and Karina Alifiana Karunia, "Riba Perspektif Sejarah Dan Religiusitas," *Jurnal Al-Ahkam: Jurnal Hukum Pidana Islam* 2, no. 2 (2020): 113–26, <https://doi.org/10.47435/al-ahkam.v2i2.430>.

additional due to payments made being postponed from the following maturity date.

Riba is divided into two types: riba due to debts, which is present because of the debtor's inability to return the assets and money lent. Then Fadl riba, this riba occurs due to the exchange of two types of goods, but have different values. This is regulated by QS. Al-Baqarah verse 278:

مُؤْمِنِينَ كُنْتُمْ إِنِ الرَّبَا مِنْ بَقِي مَا وَذَرُوا اللَّهَ اتَّقُوا اللَّهَ أَمْثُوا الَّذِينَ يَأْتِيهَا

In the quote above, Islam gives the warning to stay away from riba, and this is because riba has more significant disadvantages when compared to its benefits. Apart from that, there are verses that require riba, another is regarding riba nasiah, this is because Allah has explained that the exchange between two goods must be done with the same product and quality plus payment must be made in cash³⁵.

4. Umer Chapra And Dawam Rahardjo's Thought Concepts Regarding The Economy

Umer Chapra and Dawam Rahardjo argue that the economy is an important aspect, but the thoughts of Chapra and Dawam have differences in carrying out economic development. According to Chapra, the economy is used to build the benefit of the people. In addition, the economy that is built will affect other variables. Therefore, in building the economy, two thoughts of this figure have different directions.

According to Umer Chapra, economic problems are caused by dissatisfied human nature, inversely proportional to the limited amount of resources. This phenomenon causes economic problems. It creates a scarcity of resources, both capital and natural. Chapra revealed that this problem is a phenomenon that occurs in today's contemporary times. So Chapra provides basic comments regarding the economic concept that must be carried out to form a stable economy. Economic development, according to Chapra, must be carried out in a comprehensive, universal, and balanced manner. Islamic economic development, according to Chapra, can be built by intensifying zakat activities³⁶. Zakat is a medium used for

³⁵ Dafit, "Islam Progresif Dalam Gerakan Sosial Dawam Rahardjo (1942-2016)."

³⁶ Herza Ayu Menita, "Pemikiran Abdul Mannan Tentang Ekonomi Islam," *Al-Intaj: Jurnal Ekonomi Dan Perbankan Syariah* 3, no. 1 (2017): 216–38.

social activities carried out based on the moral responsibility of a Muslim to help each other between the rich and the poor³⁷.

Dawam Rahardjo believes that banking and various products of Islamic banks or trademarks are currently developing the Islamic economy. In the 21st century, the Islamic economy has revived with the emergence of Islamic banking, which has a role in building the economy with equal distribution of capital because Islamic banks, as reservoirs of capital, will provide those who need capital with a profit-sharing system. Then community economic development can be carried out using the waqf method. Dawam believes that a good waqf system and systematic alms directed at those in need, it will reduce poverty and improve the economy³⁸.

Based on the descriptions of the two figures above, the thoughts of Umer Chapra and Dawam Rahardjo have the same concept regarding Islamic economic development, namely by increasing the concepts of zakat, alms, and endowments. This concept implies the understanding of the two figures that economic cooperation is considered effective in improving the economy. This makes Islam rise by utilizing the cooperation method through zakat, which shows the fulfillment of Islamic morals to issue the rights of less fortunate siblings. Meanwhile, Dawam believes that waqf has a wider scope so that it can provide economic prosperity³⁹. However, according to Dawam, in this century, increasing the Islamic economy can be carried out by using Islamic banks as a medium to provide capital resources to those in need without burdening interest or riba and using a profit-sharing system.

5. The Concept Of Riba According To The Thoughts Of Umer Chapra And Dawam Rahardjo

Riba, according to language, means additional (al-ziyadah) in Islamic terms, riba is additional in the form of assets that require the borrower to return an amount that is more than it should be⁴⁰. Riba in the banking world is still in a long debate.

³⁷ Muhammad Sauqi, "The XVIII, XIX, XX Centuries of Islamic Economic Thinking and Their Relevance in the Development of Contemporary Islamic Economy," *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences* 5, no. 2 (2022): 14115–21.

³⁸ Masruron and Safitri, "Analisis Perkembangan Perbankan Syariah Di Indonesia Di Masa Pandemi Covid-19."

³⁹ Asra, "Dampak Perubahan Jenis Dan Fungsi Uang Bagi Perekonomian Menurut Perspektif Ekonomi Islam," *J-EBIS (Jurnal Ekonomi Dan Bisnis Islam)* 5, no. 1 (2020): 25–36.

⁴⁰ Elif Pardiansyah, "Konsep Riba Dalam Fiqih Muamalah Maliyyah Dan Praktikanya Dalam Bisnis Kontemporer," *JIEI (Jurnal Ilmiah Ekonomi Islam)* 8, no. 2 (2022): 1270–85.

Until now, there is still confusion about the law of riba. Many scholars say it is haram, but some say it is halal, depending on the purpose and process⁴¹.

This prohibition of riba is found in As in QS. Al-Baqarah 275, which means: "People who eat (take) riba cannot stand except like a person who is possessed by the devil due to (pressure) of insanity. Their situation is because they say (opinion) that buying and selling is the same as riba, even though God has made buying and selling lawful and prohibited riba. Those who have received a prohibition from their Lord, then continue to stop (from taking riba), then for him what he had taken before (before the prohibition came); and his affairs are (up to) God. The person who returns (to take riba), then that person is the dweller of hell; they remain in it. "Based on this verse, it is stated that Allah justifies buying and selling and forbids riba. However, some scholars justify riba because riba or additions are given as a form of someone's gift. So that the giver of this gift will not get sin and the recipient of the gift will also not get sin because there is a willingness from one party to another⁴². But different opinions between Umer Chapra and Dawam Rahardjo about riba from the perspective of the two thoughts of this economic figure.

Umer Chapra has always intensified the prohibition of riba in every economic transaction. The rationale is that because of the injustice that the poor feels, their loans will be paid very much interest even though this loan is used to meet needs. So Umer Chapra argues that the interest system will exploit the poor⁴³. Thus, this assumption will have a significant impact on conventional bank products. However, this thought seems old-fashioned because nowadays, there is no exploitation of these poor people. This is in line with Dawam Rahardjo's statement on the use of an interest system in a bank; this is because the value of money continuously decreases in value and tends to be affected by inflation⁴⁴. Dawam's thinking is more modern than Chapra's, this is because Dawam has reflected inflation in the theory of opportunity cost.

⁴¹ Achmad Saeful and Sulastri, "Riba Dan Bunga Bank Dalam Perspektif Islam," *Madani Syari'ah* 4, no. 1 (2021): 40–53.

⁴² A. Dani, "Riba in the Perspective of the Koran and Its Relevance to Currency," *Ta'wiluna: Journal of Qur'anic Science, Tafsir and Islamic Thought* 3, no. 1 (2022): 15–28.

⁴³ Rizal Darwis and Zulaeha, "Pendekatan Pemikiran Ekonomi Islam Muhammad Nejatullah Siddiqi," *Al-Buhuts* 18, no. 1 (2022): 51–68.

⁴⁴ Widiyanto and Aziz, "Konseptualisasi Pemikiran Muhammad Dawam Raharjo Tentang Masa Depan Ekonomi Islam Di Indonesia."

Dawam Rahardjo believes that the value of the fiat money has the more reduced because there is inflation⁴⁵. This means that what is taken by the owner of the money (depositor) in the form of interest from the bank or otherwise is only a return for the depreciation of the value experienced by the money deposited in the bank due to the effect of inflation⁴⁶.

Based on the description above, it can be seen that there are two conceptual understandings of riba in the banking world. Umer Chapra stated that riba is an act that is not allowed in economic transactions because it is not following the principles of justice, in contrast to Dawam Rahardjo, who stated that riba is permissible because it acts as additional anticipatory funds due to inflation by modern inflation theory. This illustrates that these two economic figures have a contra perspective on riba in banking⁴⁷.

6. Comparison Of Thoughts Of Figures Between Umer Chapra And Dawam Rahardjo Regarding Sharia Banking

Umer Chapra stated that Islamic banking is an institution that has the goal of improving the Islamic economy without making interest rates. So that Chapra has excellent hopes for Islamic Banks not only looking for profit but also having a severe mission of advancing economic life in accordance with Shari'a. Meanwhile, Dawam Rahardjo is an Indonesian economic figure who has played a significant role in opening and establishing Islamic Banks in Indonesia⁴⁸.

Umer Chapra and Dawam Rahardjo have the same thoughts and concepts regarding Islamic banking. These two figures have great hopes that Islam is able and strong in the economic field through sharia banking. In addition, the system of using sharia banking as well adopts style of management and procedures for service, only products that conform to Islamic principles. This situation means that the two figures Chapra and Dawam convey this openness culture, including the culture of financial management. Because if viewed by management Chapra agrees and is not too balking at adopting western culture. Likewise, Dawam with a more open mind related to this institution as long as it is following Islamic principles⁴⁹.

⁴⁵ Darwis and Zulaeha, "Pendekatan Pemikiran Ekonomi Islam Muhammad Nejatullah Siddiqi."

⁴⁶ Ramdaniar Eka Syirfana and Neneng Nurhasanah, "Analisis Fikih Muamalah Terhadap Pemikiran M. Dawam Rahardjo Mengenai Bunga Bank," *Journal Riset Ekonomi Syariah* 1, no. 1 (2021): 26–31, <https://doi.org/10.29313/syariah.v0i0.21561>.

⁴⁷ Mughniatul Ilma and Rifqi Nur Alfian, "Konsepsi Masyarakat Madani Dalam Bingkai Pendidikan Islam," *MA'ALIM: Jurnal Pendidikan Islam* 1, no. 1 (2020): 25–46.

⁴⁸ (Makhfud, 2019)

⁴⁹ Widiyanto and Aziz, "Konseptualisasi Pemikiran Muhammad Dawam Raharjo Tentang Masa Depan Ekonomi Islam Di Indonesia."

Dawam has excellent hopes for Islamic banking, which is considered capable of changing the people's economy and helping advance the national economy because every activity of Islamic banks has social and Islamic activities in implementing their banking products.

Dawam Rahardjo stated that the Islamic banking system would develop based on and accompanied by CGC or Corporate Governance. The principles of Corporate Governance must be applied in order to improve the service system and performance. Applying the principles of Corporate Governance will make Islamic banks provide banking performance services that are accountable, transparent, and responsible. This principle will strengthen the economy and create a high Islamic economy. In addition, Islamic finance will continue to exist following the wishes of stakeholders. Meanwhile, Chapra emphasized that progress in Islamic banking can be achieved by increasing the morale of market players so that Islamic banking can become an institution that does not violate the law and can follow the times well⁵⁰.

Dawam Rahardjo believes that Islamic banking will continue to develop and be able to provide benefits to the people. For this reason, Islamic banking institutions will strive to develop and continue the struggle according to the Islamic economic concept based on justice. Dawam is a figure who has contributed to the planning of Islamic banking in Indonesia. It is because Dawam is a Muslim scholar who is an expert in economics in Indonesia. Thus, the operational basis for the policy of implementing Islamic banking also contributes to Dawam's thinking. Dawam believes that as society progresses, Islam must be able to keep up with the times and help empower the economy. Become an independent society and have its financial system. The progress of Islamic banking in the 21st century is one of the developments in Islam that occurs from an economic aspect so that Islam can prove that Islamic religion can be applied in all aspects of life and is flexible with the times⁵¹.

Based on the description above, Umer Chapra and Dawam Rahardjo regarding Islamic banking have the same thoughts because they both support Islamic financial institutions to improve the people's economy. They were, furthermore, increasing the purity of the teachings of Islamic law so that prosperity is realized in carrying out financial transactions. Apart from that, the two figures

⁵⁰ Masruron and Safitri, "Analisis Perkembangan Perbankan Syariah Di Indonesia Di Masa Pandemi Covid-19."

⁵¹ Hidayati, Siregar, and Pasaribu, "Determinant of Efficiency of the Islamic Banking in Indonesia."

share the same opinion regarding the development of the sharia economy, which will continue to increase. Therefore, Islamic banking shows the existence of a goal that Islam can be applied in various aspects of life, including economic aspects.

Tabel 1. Comparison of the Thoughts of Umer Chapra and Dawam Rahardjo

Aspect	Umer Chapra	Dawam Rahardjo
Banking Objectives in the Economy.	The well-being of the people.	The welfare of the people and having economic independence for Muslims.
Principles of Economic Development.	Maximizing obligatory zakat and zakat mal.	Maximizing waqf to improve the economy.
Management and Banking Services.	Do not allow riba.	Allowing riba because of inflation.
Management and Banking Services.	Using management based on advancing human resources and increasing morale for economic actors.	Maximizing Corporate Good Governance to increase banking progress.
Principles of Thought.	Following the Al-Quran and Hadith, but remain flexible in carrying out economic activities, but not with tolerance regarding riba.	Following the Al-Quran and Hadith, but remain flexible in carrying out economic activities, including in consideration of riba.

Sumber: Processed research data (2022)

C. Conclusion

Based on the description above, the thoughts of the characters Umer Chapra and Dawam Rahardjo have contradictory rationales regarding the legal principles of muamalat related to riba in Islamic banking. However, these two figures share the same thoughts regarding cooperation in building the Islamic economy, which can effectively develop the people's economy. Economic development can be in zakat, alms, and endowments. Whereas in terms of riba, according to Chapra, riba is an activity that asks for additional goods or money borrowed and causes exploitation of the poor because they will have difficulty paying fees or additional interest on it, in contrast to Dawam, which provides another, more modern way of thinking with its inflation theory, that riba or interest is used to increase the value of money that has decreased due to inflation. Then, the concept of Islamic banking between Chapra and Dawam has the same thoughts; fighting for an economy based on Islamic values. Because the two figures accepted the progress of the economic system, banking had to be carried out

under conditions according to Islamic teachings. Thus, these two figures in the concept of Islamic banking have different thoughts relative line.

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