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The Validity of Artificial Intelligence (AI)–Based Business Contracts from the Perspective of Islamic Economic Law and Maqasid al-Shari'ah

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ABSTRACT:
The advancement of artificial intelligence (AI) technology has introduced a new dimension to modern business contracts. Amid the growing digitalization of the global economy, human roles in contractual relations have shifted from direct participants to system controllers operating through intelligent algorithms. This shift raises legal and ethical concerns in Islamic economic law regarding the validity and moral accountability of contracts executed by non-human systems. Using a normative and conceptual approach, this study examines classical *fiqh muamalah* principles, *maqāṣid al-sharī'ah*, and Indonesian positive law. The findings indicate that AI cannot serve as an independent legal subject because it lacks volition (*irādah*) and moral responsibility (*taklīf*). AI functions only as an intermediary (*wakil bi al-tanfīẓ*) executing human intent, while legal responsibility remains with the human controller. Contracts executed through AI are valid if conducted under human authorization, reflect mutual consent (*tarāḍin*), and are free from *gharar*, *tadlīs*, and injustice. From the *maqāṣid al-sharī'ah* perspective, AI utilization is permissible when it promotes welfare, efficiency, and protection of economic rights. This study highlights how *sharī'ah* values can creatively engage with technology, synthesizing classical Islamic legal traditions with the evolving dynamics of modern digital law.

Keywords: *Contract Validity; Business; Artificial Intelligence (AI); Islamic Economic Law; Maqāṣid al-Sharī'ah.*

INTRODUCTION

The advancement of artificial intelligence (AI) technology has brought significant changes to various aspects of human life, including the fields of economics and business. The application of AI is no longer limited to data analysis or work automation; it has also expanded into legal and business transaction domains, particularly through the concept of *smart contracts*. In this system, agreements or transactions are executed automatically based on pre-programmed algorithms without requiring human intervention at every stage of implementation. This phenomenon presents new challenges for Islamic economic law, especially in determining the validity of contracts executed automatically by AI systems.

In Islamic legal thought, a contract (*'aqd*) represents the manifestation of the parties' mutual intent, where awareness (*idrāk*), volition (*irādah*), and consent (*riḍā*) form the basis of a valid agreement. When parts of the human function are replaced by automated intelligent systems, fundamental issues arise regarding the legal validity and accountability of such contracts. This

creates both juridical and ethical problems that must be examined deeply within the framework of modern Islamic economic law.[1]

The emergence of AI-based contracts requires a re-examination of the essential elements (*rukn*) and conditions (*syarṭ*) of contracts in Islamic law. In *fiqh muamalah*, the validity of a contract is determined by four primary components: (1) the contracting parties (*al-'āqidān*), (2) a lawful and well-defined object (*ma'qūd 'alayh*), (3) the expression of offer and acceptance (*ṣīghah*), and (4) a legitimate purpose aligned with *sharī'ah*.[2] Therefore, if AI acts as a substitute for humans in any of these elements, it must be assessed whether such a system can be regarded as a representation of human will or merely a mechanical instrument lacking legal capacity (*ahliyyah*).[3]

In the Indonesian context, the use of AI in digital economic activities has grown rapidly. Islamic financial institutions and financial technology (fintech) companies have begun employing AI algorithms to assess financing eligibility and detect transaction risks.[4] Some platforms have even experimented with blockchain-based smart contracts to ensure transparency and efficiency in Islamic financing. Nevertheless, this technological development has not been fully matched by comprehensive Islamic economic legal studies addressing the validity of contracts executed by AI systems.

Based on these realities, this study focuses on two main research problems: first, how AI-based business contracts are structured and implemented in modern economic practices; and second, how the validity of AI-based business contracts can be understood from the perspective of Islamic economic law.

The objectives of this study are to analyze in depth the forms, characteristics, and mechanisms of AI-based business contracts, and to examine their conformity with the principles of Islamic economic law, particularly regarding the elements, conditions, and purposes of contracts in the framework of *maqāṣid al-sharī'ah*. Accordingly, this study aims to provide a more comprehensive understanding of AI's legal position as an instrument in *sharī'ah*-compliant business transactions.

The significance of this study can be viewed in three dimensions. First, theoretically, it expands the body of Islamic economic law in the digital era by offering an analysis of a relatively unexplored legal phenomenon. Second, practically, the findings can serve as a reference for

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[1] M. S. Antonio, *Bank syariah: dari teori ke praktik* (Gema Insani, 2001). https://books.google.co.id/books?id=r3yFiZMvgdAC.

[2] W. Zuhayli, *Al-Fiqh al-Islami wa-Adillatuh* (Dar Al-Fikr Al-Mouaser, 1989). https://books.google.co.id/books?id=68byzAEACAAJ.

[3] M. Z. M. A. Prof. Dr. H. Satria Effendi, *Ushul Fiqh: Edisi Pertama* (Prenada Media, 2017). https://books.google.co.id/books?id=zxW3DwAAQBAJ.

[4] Siti Makhmudah. « PERAN ARTIFICIAL INTELLIGENCE DALAM PENGEMBANGAN PRODUK KEUANGAN SYARIAH », *Jurnal Ekonomi Islam* 2, nº 2 (2025) : 340-59.

regulators, legal practitioners, and Islamic financial institutions in formulating policies and implementing digital contracts consistent with *sharī'ah* principles. Third, socially, the study encourages ethical awareness that the application of AI in business must uphold justice, accountability, and public welfare as core principles of the Islamic economic system.

Previous studies on smart contracts in Islamic economics have been conducted by several scholars. For instance, Gunawan (2025) discusses the integration of blockchain and smart contracts in Islamic finance in Indonesia, emphasizing system efficiency and security.[5] Similarly, Kurnaini and Rohmah (2024) examine the application of the theory of sale (*al-bay'*) within *sharī'ah*-based e-commerce platforms.[6] However, these studies remain focused on technological implementation rather than the legal validity of contracts in the context of autonomous AI use. Hence, this research differs significantly by concentrating on the validity and legal accountability of AI-based business contracts from the perspective of Islamic economic law.

The novelty of this study lies in its effort to integrate classical *fiqh* principles with modern technology. As AI assumes the role of a digital agent in business transactions, new questions emerge that remain unanswered in both *fiqh* literature and positive law: Can AI be considered to possess legal capacity (*ahliyyah al-'adā'*)? How should legal liability be determined when AI systems make errors? And to what extent can automated contracts reflect genuine human intent? Therefore, this study seeks to open new scholarly discourse within Islamic economic law that is relevant to contemporary technological developments.

Methods

This study employs a qualitative approach using the library research method, which involves collecting, examining, and analyzing various relevant literature sources such as books, scholarly journals, fatwas, and Islamic economic law regulations related to the concept of Artificial Intelligence (AI) based business contracts. This approach is chosen because the topic under study is normative and conceptual in nature, making it more suitable for analysis through a review of Islamic legal norms and theories of muamalah. Data analysis is conducted through a descriptive-analytical method, describing the phenomenon of AI-based business contracts and subsequently analyzing it through the principles of Islamic economic law, including the pillars and conditions of contracts (rukun and syarat akad), the principle of legal accountability, and the objectives of Islamic law (maqāṣid al-sharī'ah). In addition, this study also employs a comparative approach by

[5] Didik Gunawan. « Penerapan Smart Contract dalam Keuangan Syariah: Tinjauan Literatur tentang Integrasi Cryptocurrency dan Blockchain », *Jurnal Ilmiah Ekonomi Islam* 11, n° 1 (2025).
[6] Amy Dwi Kurnaini et Lailatul Rohmah. « Analisis Teori Al-Ba'i Terhadap Praktik Smart Contract Pada Platform e-Commerce », *Muslim Heritage* 9, n° 1 (2024) : 45-60.

examining the views of classical and contemporary scholars on contracts involving technology and relating them to national regulations on electronic transactions and digital consumer protection in Indonesia. The primary sources of this study include classical fiqh texts such as *Al-Fiqh al-Islāmī wa Adillatuh* by Wahbah al-Zuhaili and *Fath al-Qarīb al-Mujīb* by Abu Syuja', while secondary sources comprise Islamic economics journals, reports from the Financial Services Authority (OJK), and recent studies on smart contracts and AI in Islamic financial systems. All data are analyzed inductively and deductively to derive comprehensive and well-argued conclusions regarding the validity of AI-based business contracts from the perspective of Islamic economic law.

Result

Forms and Mechanisms of Artificial Intelligence (AI) Based Business Contracts in Modern Economic Practice

The Fourth Industrial Revolution, characterized by massive digitalization and system automation, has ushered in a new era of business relations in which Artificial Intelligence (AI) has become one of the primary pillars of decision-making and transaction management. In the context of modern business law, the use of AI is no longer limited to data processing or market analysis but has extended into the substantive realm of contractual relationships. AI now functions as an operational entity capable of performing risk analysis, negotiating contracts, and executing contractual obligations without direct human intervention.[7]

In practice, the implementation of AI in business contracting systems is commonly referred to as *autonomous contracting* a form of agreement executed by AI systems with a certain level of autonomy.[8] These systems are typically based on algorithms programmed to assess business parameters such as price, time, collateral, and risk, and then make automated decisions based on those analyses. This phenomenon has transformed the contractual paradigm from the traditional *consensual agreement* model to an *automated agreement* model, impacting fundamental legal concepts such as consent, intent, and liability.[9]

Under conventional Indonesian civil law, a contract is deemed valid if it meets four essential elements as stipulated in Article 1320 of the Civil Code (*Kitab Undang-Undang Hukum Perdata*): mutual consent of the parties, legal capacity to contract, a specific subject matter, and a

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[7] Ayuni Nilam Cahya, M. Amir Maksum, et Tubagus Akbar Satria Primadana. « Transformasi budaya hukum dalam era digital (implikasi penggunaan AI dalam perkembangan hukum di Indonesia) », *IKRA-ITH HUMANIORA: Jurnal Sosial Dan Humaniora* 8, nº 2 (2024) : 361-73.

[8] Sanjeevani Shandilya. « Intersection of AI and Agency Law: Accountability, Consent, and the Evolution of Legal Frameworks for Modern Contracts », *Consent, and the Evolution of Legal Frameworks for Modern Contracts (April 12, 2025)*, 2025.

[9] Lawrence B. Solum. « Legal personhood for artificial intelligences », dans *Machine ethics and robot ethics* (Routledge, 2020), 415-71.

lawful cause.[10] However, in the context of AI contracts, the element of consent often occurs between systems that interact autonomously, without human involvement at the moment of *offer and acceptance* (*ijab* and *qabul*). This raises a critical legal question: can consent formed by non-human systems be regarded as *consensus ad idem* as recognized by positive law? This question becomes even more relevant when such contracts are executed across national borders, different jurisdictions, and blockchain-based systems that transcend geographical boundaries.[11]

In digital economic practice, the most prevalent application of AI in business contracts can be found in the use of *smart contracts* operating on blockchain networks.[12] A smart contract is a computer code that automatically executes the terms of a contract when predefined conditions are met. In this system, AI plays a role in managing transaction logic, verifying party data, and triggering contractual obligations such as payments, deliveries, or transfers of digital assets without intermediaries. Examples of such applications can be seen in platforms like Ethereum, Binance Smart Chain, and Hyperledger Fabric, which enable transactions between users with high levels of security and transparency through decentralized ledgers.[13]

The presence of AI in contract systems provides remarkable efficiency in business operations, particularly in the financial and investment sectors. In the context of Islamic economics, AI has even been integrated into Islamic FinTech systems, such as *robo-advisory* management, *halal* risk assessment, and automated financing systems based on Sharia principles. Through the utilization of *big data analytics* and *machine learning*, AI can assess customer eligibility, conduct *halal* product screening, and ensure financing structures comply with Sharia contracts.[14]

Nevertheless, the use of AI in business contracting cannot be separated from legal and ethical dilemmas. In Islamic law, a contract (*'aqd*) requires the presence of awareness, intent, and moral responsibility from the contracting parties. Although AI can mimic human intelligence, it remains a non-biological entity devoid of intention (*qashd*) and free will (*irādah*). According to classical jurists (*fuqahā'*), the validity of a contract depends on *ittihād al-irādatayn* (the concurrence of wills) between the parties involved.[15] Therefore, contracts conducted entirely by AI systems without human supervision may lack the element of *ridā* (mutual consent), which forms the moral foundation of transactions in Islam.

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[10] « KUH Perdata », s. d.
[11] Yose Indarta, *Cyber Law: Dimensi Hukum dalam Era Digital* (Pustaka Galeri Mandiri, 2025).
[12] Nick Szabo. « Smart contracts: building blocks for digital markets », *EXTROPY: The Journal of Transhumanist Thought,(16)* 18, nº 2 (1996) : 28.
[13] « ANALISIS HUKUM ISLAM TERHADAP PENGGUNAAN TEKNOLOGI BLOCKCHAIN DALAM TRANSAKSI KEUANGAN SYARIAH », s. d.
[14] Mas' ut Mas' ut et al. « Model Manajemen Resiko pada Lembaga Keuangan Syariah », *Indonesian Journal of Humanities and Social Sciences* 4, nº 3 (2023) : 725-40.
[15] FIQH MUAMALAH Kajian Komprehensif Ekonomi Islam. « FIQH MUAMALAH Kajian Komprehensif Ekonomi Islam », 2020.

Another issue arises concerning legal liability (*liability*). In AI systems, contractual errors may occur due to bugs, algorithmic failures, or unforeseen decisions made by the system. In such cases, it becomes ambiguous who bears legal responsibility the developer, the owner, the user, or the AI itself. From an Islamic legal perspective, the principle of *al-ghurm bi al-ghunm* (risk corresponds to reward) provides that the party receiving the greatest benefit from a contract must also bear the associated risks and potential losses. Hence, although AI acts as the technical executor, moral and legal accountability remains with the human party who employs the system for economic gain.[16]

Furthermore, AI introduces a new form of uncertainty (*gharar*), since the algorithms it employs often function as "black boxes," meaning the rationale behind their decisions cannot be fully understood by users or even developers themselves. In Islamic law, *gharar* invalidates a contract when the uncertainty affects the essential elements such as the object, price, or time of delivery.[17] Therefore, to ensure the validity of AI-based contracts, algorithmic transparency and supervision by Sharia authorities are required to ensure that system decisions align with principles of justice, honesty, and accountability.

From an implementation standpoint, AI may be utilized in both *tijarah* (commercial) and *tabarru'* (non-profit/social) contracts. In *tijarah* contracts, such as *bay'* (sale), *murābahah* (financing), and *ijarah* (leasing), AI optimizes operational efficiency, analyzes transaction feasibility, and facilitates automatic price negotiations. In *tabarru'* contracts, such as *zakah*, *infaq*, *sadaqah*, and *waqf*, AI can help identify beneficiaries more accurately by using socio-economic data analysis.[18]

Normatively, AI-based contracts do not contradict Islamic legal principles as long as the fundamental pillars and conditions of a valid contract are met: the presence of legally competent human parties, a lawful object, a clear *ijab* and *qabul*, and a purpose consistent with *maqāṣid al-sharī'ah*.[19] In this context, AI functions as a means (*wasīlah*), not as a legal subject (*mukallaf*). Therefore, the validity of AI contracts depends on the extent of human involvement in monitoring and authorizing the final decisions made by the system.

In conclusion, the forms and mechanisms of AI-based business contracts represent a new phase in the evolution of modern economic transactions, where technology becomes an integral part of the contractual system. The primary challenge lies not in the existence of technology itself,

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[16] Dudang Gojali. « Implementasi Hukum Ekonomi Syariah Pada Lembaga Keuangan Syariah », *AKSY: Jurnal Ilmu Akuntansi dan Bisnis Syariah* 1, nº 2 (2019) : 130-43.

[17] N. Agus Adyatma Narwadi, I. Nyoman Budiana, et I. Gede Agus Kurniawan. « Reconstruction of Business Legal Ethics from the Perspective of the Principles of Good Faith and Contractual Fairness », *Pena Justisia: Media Komunikasi dan Kajian Hukum* 24, nº 2 (2025) : 7025-41.

[18] Andika Dwiputra et J. Juliana. « DIGITALISASI ZAKAT: TRANSFORMASI PENGELOLAAN ZAKAT MELALUI FINTECH SYARIAH », s. d.

[19] *Wahbah Al-Zuhayli*, s. d.

but in ensuring that the core values of justice, trust, and accountability central to Islamic economic law are embedded within algorithmic systems. Examining this phenomenon is essential, as Islamic law holds significant potential to offer an ethical and juridical paradigm that harmonizes innovation with morality.

Discussion

The Validity of Artificial Intelligence (AI)–Based Business Contracts in the Perspective of Islamic Economic Law and Maqasid al-Shari'ah

A. The New Paradigm of Contracts in the Era of Artificial Intelligence

The development of Artificial Intelligence (AI) technology has transformed the paradigm of global business contracts. In the digital economy era, contracts are no longer limited to agreements between two human individuals but can instead be executed by algorithmic systems capable of making decisions and performing actions autonomously without direct human intervention. Within the framework of Islamic law, this transformation raises a fundamental question: to what extent can the actions of intelligent systems be recognized as valid contractual acts ('aqd), given that a valid contract in Islamic jurisprudence (fiqh al-mu'āmalah) requires the meeting of two conscious, free wills grounded in moral awareness (ittihād al-irādatayn).[20]

In traditional contracts, human intent forms the core of legal binding force. In contrast, AI-based contracts replace that human will with algorithmic operations executing preprogrammed instructions derived from data. This shift presents both legal and ethical dilemmas: can AI be considered a legal subject, or is it merely a technological instrument that performs the will of its human operator? Classical Islamic legal theory stipulates that a contract is only valid when concluded by parties possessing legal capacity (ahliyyah) and moral accountability (taklīf).[21] Therefore, AI cannot be regarded as an independent legal subject, as it lacks consciousness, intention (niyyah), and moral discernment. Consequently, AI should be positioned as a tool of execution (wakīl bi al-tanfīż), while legal responsibility remains with the human who designs, owns, or operates it.

This paradigm carries significant implications for the Islamic business landscape. In digital banking systems, for example, AI is now used to verify customer identities, assess financing eligibility, and even execute automated smart contracts. Similarly, robo-advisory platforms employ AI to design Islamic investment portfolios tailored to individual risk profiles.

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[20] *Wahbah Al-Zuhayli.*

[21] PERSPECTIVES OF FIQH MUAMALAH et TURKEY'S MAJALLAH AL. « COMPARISON OF THE HAWALAH SYSTEM FROM THE PERSPECTIVES OF FIQH MUAMALAH, TURKEY'S MAJALLAH AL AHKAM, AND INDONESIAN CIVIL LAW », s. d.

These innovations demonstrate that the human role is shifting from direct contractual actor to a system controller who expresses their contractual will through technological intermediaries.

B. The Principles of Contractual Pillars (Rukn) and Conditions (Shurūṭ) in the Context of AI

In classical Islamic jurisprudence, the validity of a contract depends on four essential pillars: (1) contracting parties (ʻāqidān), (2) the subject matter (maʻqūd ʻalayh), (3) the offer and acceptance (ṣīghah al-ʻaqd), and (4) the lawful purpose (maqsūd sharʻī). In the context of AI, the most challenging aspects are the ʻāqidān and the ṣīghah.

The requirement of ʻāqidān demands that each party possess legal capacity (ahliyyah) and moral accountability for the consequences of their actions.[22] AI, however, cannot meet this requirement since it lacks independent moral cognition, legal intent, and the ability to distinguish right from wrong. Hence, AI merely functions as an intermediary (wakīl) executing human intention, with ultimate responsibility resting on the human developer, owner, or operator.

The element of ṣīghah offer and acceptance does not necessarily require verbal expression. It can be manifested through written forms, symbols, or any acts signifying mutual consent. The Islamic legal maxim *"al-ʻibrah fi al-ʻuqūd bi al-maʻānī lā bi al-alfāẓ"* (the substance of a contract lies in its meaning, not its wording) affirms that the essence of a contract is determined by its intent rather than its form.[23] Therefore, AI's role in conveying ijāb and qabūl is acceptable as long as the substantive consent originates from human will. However, if AI operates autonomously without human authorization or supervision, the contract loses validity, as it lacks the elements of consent (riḍā) and will (irādah) that constitute the foundation of contractual legitimacy in Islamic law.

A relevant example can be found in blockchain-based smart contracts, which automatically execute once predefined conditions are fulfilled. As long as all parameters are preapproved and controlled by humans, the system merely functions as an executor of agreed terms. Yet, when an unforeseen action occurs due to algorithmic errors, the liability cannot be attributed to the AI itself but remains with the human operator or developer who controls it.

C. The Principles of Consent (Riḍā), Trust (Amānah), and Accountability (Mas'uliyyah) in AI Contracts

Allah SWT declares in Surah an-Nisā' (4:29):

[22] Muhammad Zein et H. Satria Effendi. « Ushul fiqh », 2022.
[23] Jalal al-Din. « Al-Asybah wa al-Nazhair fi Qawaid wa Furu'Fiqh al-Syafi'iyah », 2016.

﴿ يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوْا لَا تَأْكُلُوْٓا اَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ اِلَّآ اَنْ تَكُوْنَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ ۗ وَلَا تَقْتُلُوْٓا اَنْفُسَكُمْ ۗ اِنَّ اللّٰهَ كَانَ بِكُمْ رَحِيْمًا ٢٩ ﴾ (النسآء/4:29)

"O you who believe! Do not consume one another's wealth unjustly, unless it be a trade conducted by mutual consent among you. And do not kill yourselves. Indeed, Allah is ever Merciful to you." (An-Nisā' 4:29)

This verse establishes the principle of consent (tarāḍin) as a cornerstone of all contractual relations. A contract is valid only when founded on mutual awareness and agreement. In the context of AI systems, this principle is translated into the requirement of explicit human authorization over every decision made by the system.

Hence, the *human-in-the-loop* principle becomes an essential ethical guideline in AI-based Islamic business contracts. Humans must remain actively involved in all critical phases of the contracting process defining decision parameters, verifying analytical results, and approving transactional executions. Fully delegating contractual authority to an unsupervised autonomous system would undermine both moral and legal legitimacy, as such contracts no longer represent genuine mutual consent.

Alongside consent, the principles of trust (amānah) and accountability (mas'uliyyah) are foundational in Islamic commercial ethics.[24] Islam regards trustworthiness as a moral condition for all economic interactions. When AI is employed to manage data or execute contracts, full legal and moral accountability rests upon the human beneficiaries of the system. The fiqh maxim *al-ghurm bi al-ghunm* (gain entails liability) further reinforces that one cannot enjoy benefits without bearing the associated risks.[25] Therefore, responsibility for system errors, algorithmic manipulation, or data breaches must remain with humans not the AI itself.

D. A Maqāṣid al-Sharīʿah Approach to the Validity of AI Contracts

The *maqāṣid al-sharīʿah* (objectives of Islamic law) framework provides a comprehensive philosophical basis for assessing AI-based contracts. According to al-Shāṭibī, the purpose of Islamic law is to promote welfare (*jalb al-maṣlaḥah*) and prevent harm (*dar' al-mafsadah*).[26] Within this context, AI applications can be deemed permissible when they bring tangible benefits such as enhancing transparency, improving efficiency, and minimizing fraud (*tadlīs*). Conversely, if they result in harm, exploitation, or uncertainty (*gharar*), they contravene the spirit of *maqāṣid* and thus become impermissible.

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[24] Abdur Rahim. « The principles of Islamic jurisprudence: according to the Hanafi, Maliki, Shafiʿi and Hanbali schools », *(No Title)*, 2006.

[25] al-Din, « Al-Asybah wa al-Nazhair fi Qawaid wa Furu'Fiqh al-Syafi'iyah ».

[26] Muh Ilham Azis et al. « MAQĀṢID AL-SHARI'AH THEORY BY IMAM AL-SYĀṬIBĪ », *ANAYASA: Journal of Legal Studies* 2, nº 1 (2024) : 17-34.

AI technology in Islamic finance demonstrates strong potential for realizing efficiency and justice. For instance, AI-based credit scoring enables Islamic banks to assess clients' creditworthiness objectively without social bias, provided the algorithm remains transparent and fair. Similarly, robo-advisory platforms can recommend halal investments while avoiding interest-bearing sectors. However, *mafsadah* arises when algorithms operate as "black boxes," producing unexplainable or unauditable outcomes. In such cases, the principle of *ḥifẓ al-māl* (protection of wealth) requires implementing Sharia-compliant auditing mechanisms to ensure transparency and prevent harm to stakeholders.[27]

Moreover, *maqāṣid al-sharī'ah* emphasizes that technological applications in *mu'āmalah* must advance social justice (*al-'adl al-ijtima'i*). When applied responsibly, AI can support this objective through cost efficiency, expanded access to Islamic financial services, and a fairer economic distribution. Therefore, the validity of AI-based contracts must be assessed not only through formal legal criteria but also by their substantive contribution to public welfare and ethical justice.

E. Comparative Perspectives between Islamic Law and Positive Law

In Indonesian positive law, the legal recognition of electronic contracts is established under Article 18(1) of Law No. 11 of 2008 concerning Electronic Information and Transactions (the *ITE Law*), which states that electronic transactions conducted in accordance with legal provisions are valid and binding.[28] Nevertheless, the law has yet to address the legal status of autonomous AI systems explicitly. Indonesian regulation still identifies humans as the primary legal subjects, meaning that every AI action must be traceable to a responsible individual or legal entity.

In contrast, Malaysia and the United Arab Emirates (UAE) have taken more progressive measures to regulate AI in the Islamic finance sector. Bank Negara Malaysia, through its *Shariah Governance Framework for AI Applications in Finance* (2023), stipulates Shariah ethical principles governing algorithmic transparency, data fairness, and auditability of intelligent systems.[29] Similarly, the UAE has issued *Guidelines on Artificial Intelligence in Islamic Finance*, emphasizing the integration of technological innovation with Shariah principles in digital ecosystems. These

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[27] Makhmudah, « PERAN ARTIFICIAL INTELLIGENCE DALAM PENGEMBANGAN PRODUK KEUANGAN SYARIAH ».

[28] Agus Santoso et Dyah Pratiwi. « Tanggung Jawab Penyelenggara Sistem Elektronik Perbankan Dalam Kegiatan Transaksi Elektronik Pasca Undang-Undang Nomor 11 Tahun 2008 Tentang Informasi Dan Transaksi Elektronik », *Jurnal Legislasi Indonesia* 5, nº 4 (2018) : 74-88.

[29] Muhammad Bilal Zafar et Hassnian Ali. « Shariah Governance Standard on Generative AI for Islamic Financial Institutions », *Available at SSRN 5143165*, 2025.

initiatives illustrate that future AI regulation must balance technological efficiency with moral and religious values.[30]

This comparative outlook highlights the adaptive nature of Islamic law in responding to technological and social change. Scholars such as Yusuf al-Qaradawi and Ahmad al-Raisuni assert that Islamic law is dynamic and evolves through *ijtihad* grounded in *maqāṣid al-sharī'ah*.[31] Thus, developing a contemporary legal framework for AI in Islamic business represents a form of *ijtihad mu'āṣir* (modern jurisprudential reasoning) necessary to ensure that technological progress aligns with justice, transparency, and accountability.

F. Normative Implications for Islamic Economic Law in Indonesia

Normatively, the integration of AI into Islamic business contracts in Indonesia requires a renewed approach within the framework of Islamic economic law. National regulations must reinforce the principles of justice (*al-'adl*), honesty (*al-ṣidq*), and accountability (*al-mas'uliyyah*) in every digital contractual system. The National Sharia Board of the Indonesian Ulema Council (DSN-MUI) and the Islamic Financial Services Authority (OJK Syariah) should establish regulatory guidelines ensuring that AI implementation avoids *gharar* (uncertainty), *tadlīs* (deception), or violations of *maqāṣid al-sharī'ah*.[32]

Moreover, Sharia-compliant algorithmic auditing should become an obligatory component of Islamic digital financial governance. From both academic and policy perspectives, developing *fiqh al-mu'āmalāt al-mu'āṣirah* (contemporary Islamic commercial jurisprudence) is an urgent necessity. This evolving jurisprudence must bridge classical Islamic legal principles with modern technological realities, ensuring that Islamic law remains relevant as a source of ethical guidance and moral governance in the digital economy. By doing so, Islamic law can continue to promote social justice, economic equity, and collective prosperity in an increasingly automated world.

Conclusion

Based on the discussion presented earlier, it can be concluded that business contracts based on Artificial Intelligence (AI) represent one of the manifestations of digital economic transformation that signifies a paradigm shift in the legal system and contemporary muamalah relations. The emergence of AI has transformed the operation of conventional contracts into

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[30] Ifan Arsyad, Dona Budi Kharisma, et Jamal Wiwoho. « Artificial intelligence and Islamic finance industry: problems and oversight », *International Journal of Law and Management*, 2025.

[31] Wahbah Al-Zuhayli, *Al-Mu'amalat Al-maliyah Al-mu'asirah: Buhuth Wa-fatawa Wa-hulul* (Dar al-Fikr, 2006).

[32] Ana Santika. « Implementasi Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia Nomor: 116/DSN-MUI/IX/2017 Tentang Uang Elektronik (E-Money) », *At-Tasharruf" Jurnal Kajian Ekonomi dan Bisnis Syariah"* 6, nº 1 (2024) : 55-67.

automated, efficient, and algorithm-driven systems, where negotiation, agreement, and contract execution can occur without direct human intervention. In practical terms, AI-based contract models are widely implemented through blockchain-based smart contracts, robo-advisory systems in digital finance, and automated financing mechanisms within Islamic financial institutions. This innovation offers significant benefits, including efficiency, transparency, and high accuracy, while also reducing the risk of moral hazard in business interactions. However, such advancements simultaneously raise fundamental issues concerning legal validity, the status of contracting parties, and the moral and juridical responsibilities involved when contracts are executed by non-human entities.

Within the framework of Indonesian positive law, AI-based contracts are not yet explicitly regulated, but they may be considered legally valid insofar as they fulfill the elements stipulated in Article 1320 of the Civil Code (KUHPerdata) and Article 18 of Law No. 11 of 2008 on Electronic Information and Transactions (ITE Law) namely, mutual consent, legal capacity, a specific object, and a lawful cause. Ethically and normatively, however, Islamic law views that AI cannot replace humans as legal subjects because it lacks will (*irādah*) and moral consciousness (*taklīf*). Therefore, the position of AI within contractual systems can only be regarded as an assisting instrument (*wakīl bi al-tanfīdh*) that executes human intent.

From the perspective of Islamic economic law, the validity of AI-based business contracts is determined by the extent to which the *arkān* (pillars) and *shurūṭ* (conditions) of contracts are fulfilled in accordance with the principles of *fiqh al-mu'āmalah*. A valid contract must involve legally competent parties (*'āqidān*), a lawful and clearly defined object (*ma'qūd 'alayh*), and a declaration of consent (*ṣīghat al-ijab wa al-qabūl*) that reflects mutual willingness (*tarāḍin*). Accordingly, an AI-based contract may be deemed valid if humans remain in control of the decision-making process and the AI system merely serves as a technical executor. Substantively, the application of AI in Islamic business is permissible as long as it does not involve elements of *gharar* (uncertainty), *riba* (usury), or *tadlīs* (deception), and aligns with the objectives of Islamic law (*maqāṣid al-sharī'ah*) particularly the pursuit of public benefit (*jalb al-maṣlaḥah*) and the protection of wealth (*ḥifẓ al-māl*).

An AI system that operates under principles of justice, algorithmic transparency, and ethical supervision can serve as a mechanism to reinforce the integrity of Islamic business transactions. Conversely, if the system operates autonomously without human oversight, creates uncertainty, or potentially harms one of the parties, then the resulting contract becomes *fāsid* (invalid) and lacks *shar'ī* legitimacy. Therefore, Islamic economic law must develop a new adaptive legal framework that responds to technological advancement without compromising moral values, justice, or human accountability. With such an approach, AI can serve as a modern instrument

that strengthens the principles of honesty (*ṣidq*), trustworthiness (*amānah*), and justice (*'adl*) in *mu'āmalah*, ultimately demonstrating that Islamic law can harmoniously adapt to the progress of the times while preserving its ethical and spiritual essence.

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