



Maslahah Najmuddin Al-Thufi: A Framework for Fintech Benefit Realization in Indonesia

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ABSTRACT

This study explores the concept of *maslahab*, according to Najmuddin Al-Thufi, as a realization of fintech development in Indonesia. Najmuddin Al-Thufi developed a theory of *maslahab* that emphasizes flexibility and adaptability to dynamic socio-economic contexts. This study integrates the theory with the development of fintech in Indonesia. This descriptive and qualitative research provides a more comprehensive picture of the concept of *maslahab* at-Thufi and the phenomenon of fintech in detail and depth and using a phenomenological approach. Data sources come from secondary data from relevant and reliable journals related to the discussion of *Maslahab* Najmuddin at-Thufi and fintech. The results showed that applying Najmuddin al-Thufi's *maslahab* concept to the development of fintech in Indonesia can be implemented for effective regulation and support the growth of fintech in an inclusive, safe, and equitable manner. The *maslahab* principle, which focuses on the public good, can deal with challenges such as consumer protection, data security, financial inclusion, and business ethics. By applying this principle, regulations can be more adaptive and responsive to technological dynamics, ensuring that society's real benefits always prioritize every regulatory decision.

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1. INTRODUCTION

Financial technology, commonly known as fintech, is an innovation in financial services that uses and utilizes the role of technology to make financial services and transactions more effective and efficient (Lova, 2021). The development of fintech financial technology began to become famous in Indonesia in 2015 and grew increasingly rapidly in 2016. The number of fintech in Indonesia in 2016 reached 142 companies with a transaction value throughout 2016 of IDR 199 trillion (Siti Nur Annisa Amalia, 2018). Based on data from the Financial Services Authority (OJK), Fintech companies in Indonesia are divided into several sectors, namely: 1) financial planning, 2) lending, 3) crowdfunding, 4) aggregators, 5) payments, and 6) other fintech. According to Hadad (2017), fintech companies in Indonesia dominate with the payment sector at 42.22%, the lending sector at 17.78%, the aggregator sector at 12.59%, the financial planning sector at 8.15%, the crowdfunding sector at 8.15%, and other fintech sectors at 11.11% (Nafiah & Faih, 2019).

The presence of fintech has had an impact on economic development in Indonesia. Research (Rusdianasari, 2018) shows that the fintech metamorphosis that is developing in the financial sector has become an essential instrument in accelerating financial inclusion as one of the development acceleration programs. Furthermore, research (Winarto, 2020) shows that many MSMEs are already using applications and collaborating with banks and savings and loan cooperatives to provide easy access to various types of financial services from banks and savings and loan cooperatives. Fintech has also opened up more accessible and faster access to business financing from banking institutions and savings and loan cooperatives. The role of fintech in financial inclusion in MSMEs has a significant impact on empowering MSMEs and the local economy. Apart from that, Financial Technology (fintech) has had a positive impact during the Covid-19 pandemic. Research conducted by (Kurniati et al., 2022) shows that COVID-19, which has occurred since March 2019, has impacted 100 Muslim communities in Makassar using electronic payment methods since then. In line with this (Wulandari & Mangole, 2021) stated that during the COVID-19 pandemic, MSME turnover experienced a decline, and many MSMEs did not have business capital reserves. Borrowing capital from banks is considered very difficult. However, the presence of fintech makes it easier to fund to help economic recovery in Indonesia, especially MSMEs, to survive during the pandemic and maintain their businesses and operational expenses.

As revealed in research (Marginingsih, 2021), the contribution of fintech has dramatically helped people still not served by formal financial institutions to carry out financial transactions according to their needs. Apart from that, (Artika & Shara, 2021) stated that fintech as a payment system makes it easier to understand financial technology services based on inclusive finance that are quality, timely, smooth, and safe at affordable costs according to individual needs and abilities. In line with that (Wajuba et al., 2021) stated in their research that financial technology peer-to-peer (P2P) lending influences economic growth because the more rapid the growth of peer-to-peer lending in Indonesia, the more positive the impact will be on the Indonesian economy, especially on during the Covid-19 pandemic. Furthermore, according to (Putri & Christiana, 2021), fintech plays a role in increasing the financial literacy of society, especially MSMEs, because fintech forces MSME owners to be able to use fintech applications as well as possible so that MSMEs force to study finance and fintech. The combination of finance and technology in fintech contributes well to increasing the financial literacy of MSMEs, coupled with the government's efforts to call for a national movement for non-cash transactions.

The growth and development of fintech in Indonesia are very rapid, based on data on the page <https://fintech.id/id>, which shows that fintech companies in Indonesia have reached 352 companies, including conventional fintech and sharia fintech. Thus, this can be related to the condition of Indonesia, which has the largest Muslim population in the world and has very strategic potential in developing the Sharia economy, including in the field of Sharia fintech. The needs of the Indonesian people for Sharia-based financial transactions can be met, one of which is through Sharia fintech, especially since the ease of transactions offered is an advantage of fintech in supporting the implementation of financial inclusion in Indonesia (Mulyati et al., 2021).

Along with the rapid development of fintech, the need arises to ensure this innovation remains in line with the principles of justice and social welfare. So, its suitability in *muamalah fiqh* is based on Sharia principles and has *maslahah*. In general, *maslahah* can be interpreted as anything beneficial to humans, both in the sense of being attractive or productive, such as generating profit or peace, or rejecting or avoiding, such as avoiding harm or damage. So, anything that contains benefits should be called *maslahah*. (Huda & Shadqomullah, 2022) Regarding the use of fintech, (Berlian and Sapri, 2023) revealed that fintech services provide an efficient, fast, and safe transaction process, which can attract consumers' interest in using these services. It is evident from the number of fintech users, which has increased with the benefits provided and the efforts of fintech publishers, namely minimizing all possible risks, taking *maslahah*, and avoiding the most crucial harm following the concept or perspective of *maslahah murlah*.

The concept of *maslahah* has existed for a long time and developed with several classical and contemporary *fiqh* thinkers, one of whom is Najmuddin al-Thufi. In this context, the *maslahah* proposed by Najmuddin al-Thufi becomes relevant. Al-Thufi, a cleric and Islamic legal expert from the 14th century, put forward the theory that *maslahah*, or public benefit, can be the primary basis for determining law. According to him, if a regulation or policy provides real and significant benefits for society, then it must be prioritized, even above specific legal texts that may be unchangeable (rigid). The exciting thing about *maslahah* al-Thufi is that his thoughts are considered controversial throughout the history of Islamic legal thought because his ideas and thoughts reflect the concept of *maslahah* supremacy, which is seen as too radical and liberal which is solely based on independent reason (*ra'y*). (Maimun, 2014)

Based on the reviews above, it can be understood that the presence of fintech has benefited its users. However, several issues or challenges are faced by the fintech industry in Indonesia, including regulation and supervision, data security and privacy, financial inclusion, and ethics and trust. By referring to al-Thufi's *maslahah* theory, fintech policies and regulations in Indonesia can be designed to protect consumer interests, increase financial inclusion, and ensure that the development of this technology indeed provides maximum benefits for society. *Maslahah* principles can help policymakers be more flexible and responsive to the dynamics of fintech development while maintaining a balance between innovation and consumer protection. Therefore, this research aims to explore the concept of *maslahah* al-Thufi as it can be applied in the context of fintech in Indonesia and offer practical solutions to overcome various challenges this industry faces. In this way, it is hoped that an inclusive, safe, and fair digital financial system can be realized, following the principles of benefit in Islamic law.

2. METHODS

This qualitative descriptive study provides a more comprehensive picture of the concept of *maslahah at-Thufi* and the fintech phenomenon in detail and in depth. This research uses a phenomenological approach. The phenomenological approach in qualitative research focuses on an in-depth understanding of individuals' subjective experiences of a phenomenon. Secondary data was obtained from relevant and trusted books and journals related to discussions regarding the Najmuddin at-Thufi issue and fintech. Then, it was reviewed to become a reference source. This research aims to provide a comprehensive understanding of the formulation of *maslahah at-Thufi* in the context of fintech implementation in Indonesia.

3. RESULTS AND DISCUSSION

General Review of Financial Technology

Fintech, according to Bank Indonesia as stated in PBI Number 19/12/PBI/2017, concerning the Implementation of Financial Technology, is the use of technology in the financial system that produces new products, services, technology, and business models and can have an impact on monetary stability and financial system stability, the efficiency, smoothness, security, and reliability of the payment system. Activities that define fintech include payments and transfers using mobile applications, investments and payments via cryptocurrencies, peer-to-peer lending and insurance, crowdfunding through platforms such as Kickstarter, insurance comparison websites, and investment advice and asset management (Panagariya, 2022). On the one hand, financial technology developments have proven to provide benefits for consumers, business actors, and the economy on a national scale. However, fintech has potential risks. If efforts are not made to prevent these risks, it will undoubtedly disrupt the financial system (Granita, 2020). According to Amer, quoted by (Yahya and Rahayu 2020), fintech is the same as using technology to transfer several solutions in the financial sector. In connection with innovation, the term we know is disruptive innovation, which can offer ease of transactions, access, comfort, and costs and is practical.

The functions of financial technology organizers are categorized into several types (Pakpahan et al., 2020);

1. Payment systems seem to be authorization, clearing, and payment implementation. Examples of financial technology implementation in the payment system category include using blockchain technology or distributed ledgers for transactions, such as fund transfers, electronic money, and mobile payments.
2. Investment management and risk management are the provision of online investment and online insurance products.
3. Market support, namely the existence of fintech, uses electronic technology or information technology to facilitate the provision of information to the public quickly or more easily regarding financial services or products.
4. They are financing (financing/funding), loans (lending), and capital provision (capital raising). This category includes peer-to-peer lending services and information technology-based financing or fundraising.
5. Other financial services include payment systems, investment management, risk management, market support, loans, financing, and capital provision.

Fintech has many services and products that the public can use. The various products offered by fintech to meet financial needs, such as crowdfunding, mobile payment, and money transfer services, have given rise to various changes in the business world (Rahmawati et al., 2020). Crowdfunding financial services can easily be used to get funds from various countries, even if they come from people we have never met before. Fintech services also make it easier to send money globally. Direct financing through P2P lending, part of fintech, has emerged and developed rapidly as a new means for borrowers without high credit ratings, especially among households and small and medium businesses (Yeo & Jun 2020). Peer-to-peer (P2P) lending is a new source of online financing, which is different from financing in traditional banks (Jørgensen, 2018). In essence, fintech is expected to solve problems faced by lower class and poor communities regarding capital (Kusumawardhany et al., 2021). Thus, it is hoped that financial technology can be a solution to alleviate poverty and increase welfare for society.

Financial Technology in Islam

The conventional and sharia financial industries have widely adopted fintech. However, there is a difference between sharia fintech and conventional fintech because the suitability of the transactions carried out must, of course, be following sharia principles in both the terms and conditions of the contract.

Sharia financial institutions in their operations must be based on the Sharia system to avoid *usury*, *gharar* (unclear contract), *maysir* (unclear/non-transparent), *dharar* (danger), *zhulm* (loss of one of the parties) and *haram*. There should be more encouragement for the profit and loss sharing system as a replacement. Many Muslim experts have explained that interest is strictly prohibited because it can lead to injustice in the economic order of society. In contrast, Sharia economic institutions are conceptually based on the principles of partnership based on equality, fairness, and honesty (transparency) and only seek *halal* profits (*falah oriented*) (Mulyati et al., 2021).

The contracts contained in fintech, as long as they do not conflict with Sharia principles, are permitted (*Al-ashlu fil muamalah al ibahah*). Fintech also refers to one of the other principles of *muamalah*, *inter-taradhin*, which means mutual approval between the two. The existence of fintech is an effort to make it easier for everyone to make transactions and investments based on Sharia principles. Several Sharia principles regulate how processes and final goals can be carried out correctly and adequately (Narastrri & Kafabih, 2020).

The National Sharia Council-Indonesian Ulema Council (DSN-MUI) (Nafiah & Faih, 2019) has issued DSN-MUI Fatwa No.117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles which consists of eight parts: 1) general provisions; 2) legal provisions; 3) legal subject; 4) provisions related to general guidelines for information technology-based financing services; 5) information technology-based financing service model; 6) provisions related to mechanisms and contracts; 7) dispute resolution; 8) closing provisions. The general provisions of the fatwa define Information Technology Financing Services based on Sharia principles, namely the provision of financial services based on Sharia principles that bring together or connect financing providers with financing recipients in order to carry out financing contracts through an electronic system using the internet network (Mulyati et al., 2021).

The basis for issuing this fatwa is supported by several sources, namely in the QS. al-Maidah/5:1; QS.al-Isra/17:34; QS.an-Nisa/4:29. Apart from that, there is also a hadith of the Prophet Muhammad SAW which was narrated by Muslims, which means "from 'Aisyah and from Thabit from Anas: "You know better about the affairs of your world." Furthermore, the rules of *Fiqh* state, "Basically, all forms of *muamalat* are permissible unless there is an argument that prohibits it"; "Customs can be established as law; "Where there is benefit, there is God's law."

The National Sharia Council of the Indonesian Ulema Council issued this fatwa considering several things, including 1) The increasing development of technology and the faster access required by micro, small, and medium-scale business actors; 2) the public needs an explanation regarding legal provisions and regulations related to technology-based financing.

Contracts and meetings between producers and consumers (sellers and buyers) in one place/assembly in every transaction are indeed one of the legal requirements fulfilled. However, these two aspects are eliminated in the concept of financial technology. Because human movement is very high, time is increasingly limited, and transactions are fulfilled, making contracts and meetings unnecessary. Financial technology can replace these two aspects with online agreements and meetings.

According to the General Chair of the Indonesian Sharia Fintech Association (AFSI), Ronald Yusuf Wijaya, quoted in (Yudhira, 2021), six types of contracts are permitted in Sharia Fintech, namely;

1. *Al-bai'* (sale and purchase), namely a sale and purchase contract in which there is an exchange of goods and services between the trader and the consumer, which results in the transfer of property rights;
2. *Ijarah* is a contract made by giving *ujrah* or wages for goods or services whose use rights/benefits have been transferred;
3. *Mudharabah* is a cooperation agreement entered into by the capital owner and the capital manager with the condition that the profits from the business will be shared according to the agreed ratio. Meanwhile, if a loss occurs, it will be borne by the capital owner;
4. *Musyarakah*, is a partnership agreement between two or more groups in creating/opening a particular business activity, where all parties contribute in the form of business capital;
5. *Wakalah bi al ujrah* is a contract to grant authority to a person or business to carry out specific legal activities accompanied by compensation in the form of *ujrah* (wages);
6. *Qardh* is a loan agreement (a loan given by a donor) with the condition that the loan recipient is obliged to return the money received following the time and method previously agreed.

The difference between conventional and Sharia fintech lies in its basic principles. Conventional fintech uses an exciting system, while Sharia fintech uses Islamic law. However, Sharia and conventional fintech must comply with OJK Number 77/POJK.01/2016 regulations in business activities.

Biography and Concept *Maslahah Najmuddin Al-Thufi*

Najamudin Abu ar-Rabi Sulaiman bin Abd al-Qawi bin abd al-Karim bin Said at-Tufi as-Sarsari al-Baghdadi al-Hanbali commonly known as al-Tufi (Al-Thufi, n.d.) Tufi is the name of a village in the Sarsar area of Iraq, his birthplace (Bahri, 2015). Apart from that, he is also famous as Ibn Abu Abbas. Al-Tufi was born in 657 H/1259 AD and died in 716 H/1318 AD (Basri, 2011).

He was a scientist who had a thirst for various knowledge, so in history, he was recorded studying *fiqh*, ushul *fiqh*, Arabic, Manthiq Science, Kalam Science, hadith, tafsir, history, and *jadat* science or discussion science so during his education he was known as an intelligent student who has high intellectual intelligence and strong memory. Apart from that, he visited various places of knowledge, including Sharshari, Baghdad, Damascus, Egypt, and other places known then as places of famous intellectual scholars.

Al-Tufi's primary education began in his hometown, where he studied with several teachers (ulama). He studied and memorized the book of *fiqh* Mukhtashar al-Kharaqi (summary of the book al-Kharaqi) by Umar bin al-Husein bin Abdullah bin Ahmad al-Kharaqi and the book al-Luma' (Specification of Arabic Grammar) by Abu al-Fath Usman bin Jani. Then, he also returned to Sharshar to continue studying jurisprudence with Shaykh Zainuddin 'Ali bin Muhammad al-Sharshari, one of the Hanbali school of jurisprudence experts known as al-Bauqi.

In 691 AH, he moved to Baghdad to study and memorize the al-Muharrar *fiqh* book (a handbook of the Hanbali school). He discussed it with Shaykh Taqiyuddin al-Zarirati, one of the Iraqi *fiqh* experts. Apart from the specifications of the sciences mentioned above, he also learned the science of how to discuss (al-jail) so that he was good at expressing his main ideas systematically, learned how to discuss and criticize the texts of the Qur'an, learned the science of logic and the science of method. Division of inheritance (*'ilm al-faraidh*) connection with studying *al-jadl* al-Qur'an, he compiled a book al-Iksir fi Qawa'id al-Tafsir and explained in the preface of his book that his writing was addressed to those who want to develop their intellectual thinking struggles to seek the truth, not to them. Who is bound by other people's opinions or seeks the truth through other people's opinions (Maimun, 2014).

Al-Tûfi left behind approximately 42 books on various topics, especially themes related to the Koran, jurisprudence, logic, Arabic language, and literature. However, most of these books were lost or wasted in the realm of damaged manuscripts in the deplorable condition of the library. However, some other information that can be known about his life has been researched and published by Mustafa Zayd in his work "al-Maslahah fi al-Tûfi al-Islâm wa Najm ad-Dîn al-Tûfi" (Hermanto, 2017).

Etymologically, *maslahah* is the single word from al-mashâlih, the same as al-shalâh, namely, bringing goodness. The word *al-maslahah* is often contrasted with *al-mafsadat* as its opposite. *Maslahah* means something with a lot of goodness and benefits, while *mafsadat* brings a lot of damage or harm (Hudiyani, 2019). *Maslahah* can also be interpreted as one of the analytical methods used by ushul scholars in establishing laws (*istinbat*) whose issues are not explicitly regulated in the Qur'an and Hadith, and only this method emphasizes the direct aspect of benefit. (Salma, 2016)

Maslahah, according to Najmuddin at-Thufi, is an expression of the causes that lead to the goal of syara' in worship or custom (Al-Thufi, 1998). Najmuddin al-Thufi's view of *maslahah* departs from the concept of *maqashid asy-syari'ah*, which emphasizes that Islamic law is prescribed to realize a universal human benefit. According to him, the essence of all Islamic teachings in the texts is mashlahah (benefit) for humanity. Therefore, all forms of benefit are prescribed, and this benefit does not need to be supported by texts, either by specific texts or by the meaning contained in

several texts. According to him, *maslahah* is the strongest argument that can independently be used as a reason in determining sharia law.

Al-Tufi's view of *maslahah* comes from the discussion (*syarah*) of hadith No. 32 of the Arba'in Nawawi hadith, which reads *la darâra wa lâ dirâra*, which means do not cause harm or loss to other people and do not repay one loss with another loss (Fawa'id, 2014). Al-Thufi's discussion of hadith no. 32 is quoted in full and in whole, originating from the discussion of Shaykh Kamaluddin al-Qasimi, a Damascus cleric who has attempted to separate the discussion of al-Tufi in the hadith, then quoted it as a separate treatise (Hamdi, 2017)

According to Najmuddin Al-Thufi, *maslahah* is the most substantial evidence that can independently be used as a legal basis. He did not share the problems as the general ulama did. There are four principles adhered to by Al-Thufi regarding *maslahah* (Basri, 2011), which cause his views to differ from those of the majority of ulama, namely:

1. Reason is free to determine the benefit and harm (harm), especially in *muamalah* and custom. Just reason is enough to determine something, including whether it is beneficial or detrimental. This view differs from the majority of ulama who say that even though benefit and harm can be achieved with reason, that benefit must receive support from texts or *ijma'*, both in form, nature, and type.
2. *Maslahah* is an independent argument for establishing law. Therefore, no supporting arguments are needed to prove the *maslahah* because the *maslahah* is based on reason alone.
3. *Maslahah* only applies to matters of *muamalah* and customs. In contrast, matters of worship or the measures determined by sharia are not included in the object of *maslahah* because matters of worship are the right of Allah alone.
4. *Maslahah* is the strongest Islamic argument. Therefore, he also said that if the text or *ijma'* contradicts the *maslahah*, the *maslahah* takes precedence using *takhsis* text (specification of the law) and bayan (details or explanations).

Al-Thufi puts forward several reasons to support his opinion in QS al-Baqarah/2:179; An-Nur/24:2; al-Maidah/5:38. According to Al-Thufi, all these verses contain the maintenance of human welfare, namely their lives, property, and honor. Therefore, there is not a single verse that does not contain or bring benefits to humans.

The four basic principles adhered to by al-Tufi are considered to contain contradictions and are not in line with the opinion of most Islamic jurisprudence scholars. According to Husein Hamid Hasan, it lies in the expression *at-tufi*, which is too general and does not limit the meaning of the text, which is specific or explained by the benefit. The controversial position of al-Tufi is considered different from that of other scholars. It is based on placing the opinion of reason higher than revelation or hadith. Al-Thufi's view was contrary to the understanding of most ushul *fiqh* scholars of his time. According to the ushul ulama, *maslahah*, whatever its form, must receive support from sharia through specific texts or the meaning contained in some texts. His views on *maslahah* were what caused him to be alienated from the ushul ulama of his time. However, his thoughts regarding this *maslahah* were widely studied and analyzed by ushul ulama afterward.

Implementation of the *Maslahah* at-Thufi Concept in Fintech in Indonesia

Financial technology, abbreviated as fintech in Indonesian, means financial technology. The Digital Research Center (NDRC) in Dublin, Ireland, defines fintech as innovation in financial

services (Martinelli, 2021). Meanwhile, according to The Oxford Dictionary, fintech is a computer program and other technology used to support and enable banking and financial services. Based on the provisions of the Financial Stability Board, fintech is a technologically enabled financial innovation to produce new business models, applications, processes, or products with related material impacts on financial markets and institutions and the provision of financial services (Rahadiyan, 2022). Financial Technology, according to Bank Indonesia regulation Number 19/12/PBI/2017, is the use of financial system technology that produces new products, services, technology, and business models and can have an impact on monetary stability, financial system stability, efficiency, smoothness, security and reliability of the payment system. Financial technology providers include payment systems, market support, investment and risk management, loans, financing and capital providers, and other financial services. The large population, increasing internet penetration, and smartphone use have become Indonesia's main drivers of fintech development. Fintech in Indonesia has helped increase financial inclusion by providing access to financial services for the unbanked and underbanked. Digital payment services like e-wallets and mobile banking have become very popular, with significant players like GoPay, OVO, and Dana. Peer-to-peer (P2P) lending platforms proliferate despite facing regulation and credit risk challenges. The Financial Services Authority (OJK) and Bank Indonesia (BI) continue to strengthen regulations to ensure the security and stability of the digital financial system.

Based on data from (the Indonesian Fintech Association (AFTECH), 2023), the growth of the fintech industry and digital economic ecosystem in Indonesia has experienced a significant surge in the last few years. The SEA Economy 2022 report by Temasek, Google, and Bain & Company notes that the value of Indonesia's digital economy is USD77 billion in 2022 and is expected to reach USD130 billion in 2025. Bank Indonesia Monetary Policy Report Quarter III 2023 shows the value of Money transactions in Electronics reached IDR 116.54 trillion, and QRIS transactions reached IDR 56.92 trillion, with 41.84 million users and 29.04 million merchants, most of whom were MSMEs. Based on OJK data, outstanding peer-to-peer lending loans as of September 2023 reached IDR 55.7 trillion or grew by 14.28 percent (yoy).

However, the public generally only recognizes fintech as companies that provide credit, borrow money, make purchases, or pay bills (Granita, 2020). Fintech-based companies make it easier for consumers to choose products that suit their wishes (Sihombing, Grece Linda; Nasution, Bismar; Sunarmi; Siregar, 2021). It aligns with the understanding of *maslahab* that everything must provide benefits.

Maslahab can also be understood as something good according to reason, considering that it can bring about goodness or avoid evil for humans (Aginugraha & Mashudi, 2018). *Maslahab* has been put forward by various groups of jurists, one of which is al-Tufi. Al-Tufi's principle of freedom of reason in determining the law on matters of a worldly nature and customs in modern times has received widespread support, especially for reformers of Islamic law in various parts of the Islamic world (Basri, 2011). The following describes the correlation between At-Tufi's *maslahab* and the use of fintech in Indonesia:

First, the *maslahab* proposed by Najmuddin al-Thufi emphasizes that human reason can find and differentiate between *maslahab* (benefits) and *mafsadat* (losses). It is relevant in the context of fintech in Indonesia, where the various benefits identified by stakeholders need to be carefully considered

to achieve optimal benefits. According to Bank Indonesia in the journal (Marsudi & Widjaja, 2019), the very rapid development of fintech in Indonesia can bring many benefits to the relevant stakeholders, namely:

1. Borrowers: Benefits felt by borrowers include increased financial inclusion, alternative loans for debtors who are not yet creditworthy, easy and fast loan processes, and reduced interest rates due to competition.
2. Fintech Investors: For fintech investors, the perceived benefits include investment alternatives with higher returns, the risk of default being spread across many investors, and the ability to choose borrowers according to preferences.
3. Banking: Collaboration with fintech helps banks reduce costs through non-traditional credit scoring, increase Third Party Funds (DPK), increase credit distribution channels, and become an investment alternative for banks.

By referring to al-Thufi's principle of benefit, policies based on actual and significant benefits can encourage more inclusive and equitable fintech development. It aligns with al-Thufi's approach, which places general benefits above specific legal texts that may be rigid as long as the benefits are clear and significant.

Second, the concept of *maslahah* at-Thufi, which places *maslahah* (public benefit) as a sharia proposition without requiring texts (texts from the Al-Qur'an or Hadith), is relevant in the context of fintech regulations in Indonesia. The use of *maslahah* in establishing laws or policies provides space to respond to technological developments and societal needs that are not explicitly regulated in the text.

Maslahah at-Thufi can be used as a basis for developing fintech regulations. Regulations such as PBI No. 18/40/PBI/2016 issued by Bank Indonesia show efforts to create a safe and efficient system for processing payment transactions. Even though these regulations regulate administration, licensing, obligations, reports, and sanctions, there is room for improvement, especially regarding more comprehensive legal protection against fintech risks. However, regarding aspects of legal protection in the implementation of fintech lending, research by (Budiharto et al., 2019) shows that although legal protection from public law aspects is adequate, private law aspects, especially regarding borrower data protection, are still lacking. It shows the need to improve regulations to protect all parties involved in the fintech ecosystem comprehensively.

Based on the principle of *maslahah* al-Thufi, fintech regulations in Indonesia need to be designed flexibly and adaptively to accommodate rapid technological developments. A regulatory approach based on benefits for society at large can help overcome emerging risks, such as consumer protection and financial system stability. Apart from that, data security and privacy are crucial issues in fintech services. By implementing the benefit principle, strict regulations regarding personal data protection must be prioritized. Policies that require fintech companies to adopt the latest data security technology and be transparent in managing consumer data.

Third, the operational field of benefit is *muamalah*. Najmuddin at-Thufi's concept of *maslahah*, which emphasizes the importance of benefit in Islamic law, is very relevant in the context of *muamalah*. Fintech is a financial service innovation that uses and utilizes the role of technology to make financial services and transactions more effective and efficient. It aligns with the goal of

muamalah in Islam: achieving benefit by managing economic and social relations reasonably and beneficially for all parties. Apart from that, sharia fintech is available.

Sharia fintech offers financial solutions that comply with Sharia principles, which are a significant concern for Muslim consumers. With Sharia fintech, consumers can carry out financial transactions safely and follow Islamic rules. It supports the benefit of *muamalah* because it ensures that financial services are efficient, halal, and *thayyib* (excellent and valuable).

The main point of at-Tufi's discussion is to emphasize the problem as the main thing in determining the law on something. This means that when making policies or regulations, including those in the context of fintech, the main focus is on the benefits generated for the wider community, not solely based on existing texts. The *maslahah* principle allows regulators to adapt laws to remain relevant to technological developments. In the case of fintech, laws must not be rigid but flexible to accommodate changes and innovations. For example, if a new technology in fintech is proven to provide significant benefits to society, the law must be adapted to support the implementation of that technology.

Several solutions can be applied to fintech in Indonesia based on at-Tuhfi's problem that fintech regulations in Indonesia are: 1) need to be designed flexibly and adaptively to accommodate rapid technological developments. A regulatory approach based on benefits for society at large can help overcome emerging risks, such as consumer protection and financial system stability. For example, strengthening regulations related to personal data protection and supervision of fintech platforms; 2) Security and privacy, implementing the benefit principle, strict regulations regarding personal data protection must be prioritized. It can be done through policies that require fintech companies to adopt the latest data security technology and transparency in managing consumer data; 3) One of the main goals of fintech is to increase financial inclusion, so achieving this goal requires more intensive efforts in digital financial education and literacy, especially in areas that still have minimal access to technology. The benefit principle encourages policies that facilitate more comprehensive access to fintech services, such as financial literacy programs and the development of digital infrastructure in rural areas.

However, apart from the benefits felt by relevant stakeholders, some benefits can arise from using fintech (Granita, 2020): 1) A computer or smartphone connected to the internet is required to access financial technology services. 2) Not everyone understands the use of technology-based financial services, especially those with minimal information. 3) Prone to fraud, quite a few start-up companies offer the lure of high profits, which are ultimately fraudulent. 4) Higher interest costs. In general, fintech lending services in Indonesia mostly rely on traditional finance to distribute loans. It can increase the costs incurred by consumers. In connection with the concept of *maslahah* at-Tufi, if we are an intelligent consumer with extensive digital financial literacy, the problems and *mafsadat* that exist can indeed be differentiated logically or rationally and apply the principle of prudence in using fintech.

According to Al-Thufi, *maslahah* must be the main principle in determining laws and policies and can even override specific legal texts if they conflict with the public interest. In the context of fintech, the principle of *maslahah* can be applied by viewing fintech as a means to achieve general welfare through increasing financial inclusion and providing access to more comprehensive

financial services for the community. This principle aligns with Sharia's objectives (Maqasid al-Syariah) to protect and promote human welfare. In addition, the *maslahah* principle underlines the importance of transparency and fairness in financial transactions. With blockchain technology and smart contracts, Fintech can increase transparency and reduce opportunities for fraud. Sharia fintech thrives by offering products and services that comply with Islamic principles, such as free of *riba* (interest) and *gharar* (uncertainty), reflecting the direct application of *maslahah* in the fintech context.

Applying Najmuddin al-Thufi's *maslahah* concept in developing and regulating fintech in Indonesia as an innovation in the financial sector shows that fintech offers significant benefits to borrowers, investors, and banks. With the right approach, fintech can contribute to financial inclusion, provide attractive investment alternatives, and reduce the operational costs of banking operations. However, the rapid development of fintech also brings challenges that must be faced, such as personal data protection, transaction security, and business ethics. In this context, al-Thufi's principle of *maslahah*, which emphasizes the importance of general benefits and community welfare, can be a strong basis for developing adaptive and responsive regulations responsive to technological dynamics.

Applying the *maslahah* al-Thufi principle can help create a fintech ecosystem that is more inclusive, safe, and fair. Benefit-based regulations can ensure that technological innovation in the financial sector provides maximum benefits for the wider community. Thus, fintech regulations in Indonesia will protect consumers, increase financial inclusion, and encourage ethical and transparent business practices.

4. CONCLUSION

According to Najmuddin Al-Thufi, *maslahah* can be integrated effectively into developing fintech in Indonesia. Al-Thufi emphasized the importance of general welfare or benefit as the primary consideration in making legal and policy decisions. Applying *maslahah* principles in fintech ensures that financial technology innovation is economically profitable and meets society's ethical and social needs. A fintech ecosystem based on social issues can provide broader access to financial services, protect consumers, and prevent economic injustice. In addition, this research provides recommendations for policymakers to adopt *maslahah* principles in fintech regulations, thereby creating a transparent, fair, and socially responsible environment. It is hoped that integrating the *maslahah* concept can encourage sustainable and fair economic growth following Sharia values and the needs of modern society.

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