

Reconstruction of Contract Theory in the Digital Economy: The Maqashid Sharia Approach to the Transformation of Electronic Contracts

Asep Risnandar * 1,a, Oyo Soenaryo Mukhlis 2,b Burhanuddin 3,c

^{1,2,3} Universitas Islam Negeri Sunan Gunung Djati, Bandung, Indonesia

^a Email Author *; asep_risnandar73@yahoo.com oyosunaryomukhlis@uinsgd.ac.id
burhanuddin@uinsgd.ac.id

* Corresponding Author: asep_risnandar73@yahoo.com

Abstract: The rapid development of digital technology has fundamentally transformed economic transactions, giving rise to electronic contracts executed through digital platforms such as e-commerce, fintech, and blockchain. This transformation presents complex legal and ethical challenges for Islamic contract law (*fiqh mu'amalat*), particularly concerning contractual validity, consent, trustworthiness, and justice in digitally mediated agreements. This study examines how Islamic law responds to electronic and algorithm-mediated contracts through a *maqāṣid al-shari'ah* approach. Using qualitative, normative, and conceptual analysis based on library research, the study explores classical contract theory, contemporary digital contracting practices, and the methodological relevance of *maqāṣid al-shari'ah* in reconstructing contract theory. The findings demonstrate that Islamic law does not prohibit electronic contracts in principle, provided that the essential elements and conditions of a valid *akad* are fulfilled. Digital contracts are understood as a transformation in form rather than substance and may realise the ethical principles of *riḍā* (mutual consent), *amānah* (trustworthiness), and justice when transparency, informed consent, and accountability are ensured. Furthermore, smart contracts and algorithmic mechanisms are acceptable insofar as they function as technical instruments executing human intent and remain subject to ethical and legal safeguards. This study contributes a conceptual model of digital contracts grounded in *maqāṣid al-shari'ah*, reinforcing the adaptability and ethical coherence of Islamic law within the evolving digital economy.

Keywords: Digital Contracts; Maqāṣid al-Shari'ah; Islamic Contract Law

Introduction

The development of digital technology is one of the main markers of the transformation of human civilisation in the 21st century. These changes have not only affected communication patterns and information flows, but have also significantly reconfigured the economic, social and legal structures that support them. In this context, the global world is currently moving towards an order known as the digital economy, which is an economic system that uses digital technology as the main infrastructure in the process of creating, distributing, and exchanging value. Along with this shift, business transactions no longer depend on physical meetings between parties, but are conducted virtually, across geographical boundaries and across time zones. This condition has given rise to a new form of agreement known as an electronic contract, which is an agreement executed through an electronic system using digital media such as e-commerce, financial technology (fintech) and blockchain. In Indonesia, the Ministry of Communication and Information Technology of the Republic of Indonesia notes that the national digital economy has reached USD 130 billion and is projected to continue to increase significantly until 2030. This data shows that digital contracts are no longer a marginal phenomenon but have become an integral part of contemporary muamalah practices (Kominfo RI, 2025).

However, the acceleration of transaction digitalisation brings increasingly complex legal and ethical implications. Contracts, classically understood as 'an agreement between two parties that is valid according to Sharia law and has legal consequences for the object' (Zuhaili, 1984), are now faced with different forms, mechanisms, and media. The process of *ijab* and *qabul* often takes place automatically through electronic systems, even without the direct presence of the parties. This reality raises a number of fundamental questions, including: how does Islamic law view contracts made through electronic systems; to what extent do digital contracts still fulfil the elements of consent, trust, and justice as required by Sharia; and how are the principles of contract validity applied when the binding process is mediated by algorithms or smart contracts. These changes

require a conceptual reconstruction of the theory of contracts so that it remains relevant to social and technological dynamics. Islamic law, as a normative system based on revelation, is essentially dynamic and adaptive in nature. In this context, *maqāṣid al-sharī‘ah* is a methodological approach that has strong relevance. The *maqāṣid* approach does not stop at the textual dimension of legal norms, but emphasises the substantive objectives of the Sharia, namely the preservation of five main principles: religion (*hifz al-dīn*), life (*hifz al-nafs*), intellect (*hifz al-‘aql*), progeny (*hifz al-nasl*), and wealth (*hifz al-māl*).

Al-Syātibī in *Al-Muwāfaqāt fī Uṣūl al-Syarī‘ah* emphasises that all provisions of Islamic law aim to realise benefit (*maṣlahah*) and prevent harm (*mafsadah*). Therefore, social and technological changes should be understood as a space for the actualisation of Sharia values, not as a threat to their authenticity. In the context of digital contracts, *maqāṣid al-syarī‘ah* serves as an evaluative instrument to assess the extent to which digital transformation maintains the principles of justice, honesty, and responsibility. These normative principles have a strong foundation in the primary sources of Islam. The Qur'an emphasises: 'O ye who believe! Fulfil your covenants' (QS. al-Mā'idah [5]: 1). This verse indicates that the obligation to maintain the integrity of contracts is universal, regardless of the form and medium used, including in the digital context. This is reinforced by the words of the Prophet Muhammad SAW, 'Muslims are bound by the terms (contracts) they make' (HR. Abū Dāwūd), which emphasises the flexibility in contracting as long as the substance of willingness and justice is maintained.

Based on this framework, reconstructing contract theory based on *maqāṣid al-syarī‘ah* has become an urgent necessity. This effort is not merely aimed at adapting Islamic law to technological developments, but also at ensuring that fundamental values such as justice, honesty, and benefit remain the ethical foundation of digital economic practices. Therefore, this study aims to formulate a conceptual model of digital contracts oriented towards *maqāṣid al-syarī‘ah*, so that Islamic law is not only present as a set of formal norms, but also as an ethical and philosophical guide in facing the ever-evolving dynamics of the digital economy.

Based on the preceding discussion, it can be observed that classical contract theory within *fiqh mu‘āmalāt* has not yet provided an adequate explanation of contractual mechanisms operating within digital systems. The emergence of electronic contracts, which are automated, transboundary, and mediated by information technology, reveals a methodological gap between traditional *fiqh* approaches and contemporary contractual practices. Moreover, *maqāṣid al-sharī‘ah* has not been extensively employed as a paradigm for the renewal of contract theory, resulting in the absence of a comprehensive conceptual framework capable of bridging Islamic legal principles with digital technology.

In order to maintain analytical focus and depth, this study is confined to a theoretical examination of contract theory in *fiqh mu‘āmalāt* and its application to digital contracts. The primary methodological framework adopted is *maqāṣid al-sharī‘ah*, which serves as the principal lens for analysis and reconstruction. Accordingly, the scope of the study is normative and conceptual in nature and does not address technical aspects of positive law, such as electronic transaction legislation or civil law provisions. Within this framework, the study seeks to examine the construction of contract theory in classical *fiqh mu‘āmalāt*, the transformation of contractual forms and mechanisms in the modern digital economy, and the extent to which *maqāṣid al-sharī‘ah* may function as a methodological approach for reconstructing contract theory. On this basis, the research aims to formulate a conceptual model of digital contracts that is consistent with the objectives of Islamic law.

The objectives of this study are to elucidate the foundational principles of contract theory in classical *fiqh mu‘āmalāt*, to identify structural and procedural changes in contracts within the digital context, and to analyse the relevance of *maqāṣid al-sharī‘ah* as a paradigm for the renewal of Islamic law. Ultimately, the study seeks to propose a conceptual model of digital contract theory grounded in *maqāṣid al-sharī‘ah*. From a theoretical perspective, this research is expected to contribute to the development of Islamic economic law, particularly in advancing the epistemological renewal of *fiqh mu‘āmalāt* in the digital era. From a practical standpoint, the findings may serve as a reference for regulators and Islamic financial institutions in designing electronic contract systems that are transparent, equitable, and aligned with the values of *maqāṣid*

al-shari'ah. Academically and socially, the study aims to enrich Islamic legal scholarship by offering an integrative model that connects *maqāsid* with technology, while also fostering digital ethics rooted in Islamic values such as trustworthiness, honesty, and responsibility.

Previous scholarship on contract (*akad*) within classical *fiqh mu'amalāt* has been extensively developed by jurists such as al-Sarakhsī and al-Kāsānī, and subsequently systematised and elaborated in the works of al-Zuhaylī. These studies establish a strong normative foundation for understanding the legal structure, constituent elements, and conditions of validity of contracts in Islamic law. Nevertheless, research that explicitly connects contract theory with digital transformation remains relatively limited and is largely confined to legal-formal analysis, without sufficiently engaging with the broader ethical and philosophical implications of technological mediation. Contemporary Islamic legal thinkers, most notably Jasser Auda, have underscored the importance of employing a *maqāsid al-shari'ah* approach to bridge the gap between normative legal texts and emerging social realities. By contrast, modern literature on digital contracts has predominantly focused on perspectives derived from positive law and technological development particularly in relation to blockchain technology, smart contracts, and automated transactions while offering limited engagement with the *maqāsid* dimension of Islamic law (Tapscott & Tapscott, 2018; Reed & Murray, 2021). This divergence in the literature reveals a substantive conceptual gap, which constitutes the principal space for the present study's contribution: the construction of a conceptual bridge between classical contract theory and contemporary digital contracting practices through the framework of *maqāsid al-shari'ah*.

On the basis of this literature review, the conceptual framework of the present study is developed through the integration of three interrelated theoretical foundations. Classical contract theory in *fiqh mu'amalāt* provides the normative principles and legal structure governing contractual relationships in Islamic law. *Maqāsid al-shari'ah* supplies the philosophical and methodological basis for the renewal and contextualisation of Islamic legal theory in response to evolving social and technological conditions. In addition, theories of electronic contracting elucidate the legal and technological environment within which digital transactions operate in the contemporary economy. The integration of these three theoretical perspectives forms the foundation for reconstructing a model of digital contract theory grounded in *maqāsid al-shari'ah*, which is expected to address the challenges currently faced by *fiqh mu'amalāt* in the digital era in a coherent and normatively grounded manner.

Methods

This study adopts a qualitative research approach employing a descriptive-analytical method combined with a normative juridical perspective (Novianti, 2024). The qualitative approach is considered appropriate as the research seeks to examine concepts, principles, and normative constructions of contract (*akad*) within Islamic law, particularly in response to the transformation of contractual practices in the digital economy. The normative juridical approach is utilised to analyse Islamic legal doctrines, classical and contemporary scholarly opinions, and relevant conceptual frameworks that govern contractual validity and ethical considerations in electronic transactions. The data for this study are derived from library-based research, conducted through a systematic examination of authoritative and relevant sources, including classical and contemporary books, peer-reviewed academic journals, previous research findings, and legal documents (Novianti, 2023). Particular attention is given to scholarly works that discuss contract theory in *fiqh mu'amalāt*, *maqāsid al-shari'ah*, and the legal and ethical dimensions of digital and electronic contracts, including recent studies on the transformation of normative concepts in Islamic law, such as the shift from traditional 'urf to digital 'urf in contemporary social relations (Zulbaidah et al., 2025).

The collected data are analysed inductively to generate systematic, factual, and in-depth findings that are aligned with the objectives of the research (Novianti, 2020). Inductive analysis enables the researcher to move from specific textual and doctrinal observations towards broader theoretical generalisations, particularly in formulating a reconstructed model of contract theory that is responsive to technological change while remaining grounded in Islamic legal principles.

Methodologically, this research employs qualitative documentary analysis in conjunction with thematic content analysis. This combined approach treats documents as the primary data source and involves the identification, coding, and systematic organisation of key themes to uncover underlying meanings, patterns, and discursive tendencies within the texts. Such an approach allows for a nuanced understanding of both the content and the contextual dimensions of legal and doctrinal sources, making it especially suitable for legal research, public policy analysis, and socio-humanities studies that are oriented towards interpretative inquiry and normative implications. Within the context of this study, documentary and thematic content analysis facilitates a comprehensive examination of how *maqāṣid al-shari‘ah* may be operationalised as a methodological framework for reconstructing contract theory in the digital economy and for addressing the ethical and legal challenges posed by the transformation of electronic contracts.

Results and Discussion

Islamic Legal Perspectives on Contracts Executed through Electronic Systems

The results of this study demonstrate that Islamic law does not inherently prohibit contracts concluded through electronic systems, provided that the essential elements (*arkān*) and conditions (*shurūt*) of a valid contract are satisfied. Classical *fiqh mu‘āmalāt* defines a contract (*akad*) as a legal bond arising from offer (*ijāb*) and acceptance (*qabūl*), legal capacity of the parties, lawful subject matter, and a legitimate objective. While classical jurists conceptualised these elements within a physical and verbal transactional context, contemporary Islamic legal scholarship emphasises that contractual validity is determined by substance rather than form (Zuhayli, 2011; Kamali, 2007). From a *maqāṣid al-shari‘ah* perspective, electronic contracts represent a transformation in the medium of contractual interaction rather than a departure from Islamic legal principles. Digital platforms function as tools (*wasā'il*) facilitating communication and agreement, comparable to written contracts (*kitābah*) and delegated authority (*wakālah*) recognised in classical jurisprudence (El-Gamal, 2006; Nyazee, 2016). Accordingly, contracts executed via e-commerce platforms, fintech applications, or blockchain-based systems may be deemed valid in Islamic law so long as they ensure clarity, certainty, and the protection of contractual rights and obligations. This finding reinforces the adaptive nature of Islamic law in responding to technological change without undermining its normative foundations (Auda, 2008).

Building upon this analysis, the study further indicates that the permissibility of electronic contracts in Islamic law is inseparable from the realisation of their substantive ethical dimensions, particularly *riḍā* (mutual consent), *amānah* (trustworthiness), and ‘adālah (justice). In the context of digital transactions, mutual consent is expressed through clear and verifiable mechanisms of agreement, such as digital confirmations or electronic signatures, which function as contemporary manifestations of offer and acceptance. These mechanisms are considered valid so long as they are conducted transparently and without coercion or manipulation. Moreover, the principle of *amānah* requires that digital contracting systems ensure honesty, data protection, and full disclosure of contractual terms, as the absence of these elements may compromise the moral integrity of the agreement despite its formal validity. Likewise, the requirement of justice obliges that electronic contracts operate within fair and balanced frameworks, preventing the exploitation of users through opaque algorithms, unequal bargaining positions, or unilateral standard clauses. From a *maqāṣid*-oriented perspective, therefore, digital contracts must be evaluated not only on the basis of procedural compliance but also in terms of their ethical and social consequences. This reinforces the view that technological innovation in contractual practices should serve the broader objectives of Islamic law by promoting fairness, trust, and human dignity within the digital economy.

Ridha, Amanah, and Justice in Digital Contracts

The study further finds that digital contracts are capable of fulfilling the core ethical principles of *riḍā* (mutual consent), *amānah* (trustworthiness), and justice (*‘adl*), which form the moral basis of contractual relations in Islamic law. Mutual consent in digital contracts is realised through informed agreement, transparency of terms, and affirmative actions such as digital signatures or consent clicks, provided that such mechanisms are free from deception or coercion (Rahman,

2019; Kamali, 2011). The principle of *amānah* is closely associated with good faith, reliability, and accountability in contractual dealings. In digital environments, this principle is reinforced through secure technological infrastructures, data integrity mechanisms, and traceable transaction records. Studies indicate that emerging technologies, particularly blockchain, may enhance trust and reduce information asymmetry by ensuring immutability and transparency of contractual data (Tapscott & Tapscott, 2018; Rejeb et al., 2021). Justice in digital contracts is achieved when contractual terms are balanced, non-exploitative, and free from excessive uncertainty (*gharar*) or injustice (*zulm*). From a *maqāṣid* standpoint, justice is assessed through substantive outcomes, particularly the protection of wealth (*hifz al-māl*) and the prevention of harm, rather than through procedural formalities alone (Dusuki & Abdullah, 2007; Auda, 2008).

Building on these findings, the study highlights that the ethical fulfilment of digital contracts cannot be assessed solely at the moment of agreement but must also be evaluated throughout the lifecycle of contractual performance. The realisation of *ridā*, *amānah*, and justice in digital settings depends on the consistency between agreed terms and their actual execution within technological systems. Automated processes, while efficient, must remain aligned with the original intent and understanding of the contracting parties, ensuring that neither party is disadvantaged by technical complexity or informational imbalance. Furthermore, the *maqāṣid*-oriented evaluation of digital contracts underscores the importance of safeguarding parties against potential harm arising from system errors, misuse of data, or rigid automation that ignores contextual fairness. Ethical validity, therefore, requires that digital contracts incorporate mechanisms for accountability, dispute resolution, and corrective intervention when unintended consequences arise. In this sense, technology should function as a means to strengthen moral responsibility rather than replace it. The integration of ethical oversight within digital contracting frameworks affirms that efficiency and automation must remain subordinate to the higher objectives of Islamic law, particularly the promotion of welfare, protection of rights, and preservation of justice in an increasingly digitised economic order.

Validity of Contracts Mediated by Algorithms and Smart Contracts

A more complex legal issue arises in contracts mediated by algorithms or executed automatically through smart contracts. The findings of this study indicate that Islamic law can accommodate such mechanisms by reinterpreting classical doctrines through a *maqāṣid al-shari‘ah* approach. Algorithms are not regarded as independent legal subjects, but as technical instruments that execute contractual instructions predefined and approved by the contracting parties (De Filippi & Wright, 2018; Malkawi, 2019). In this context, legal intent (*niyyah*) and consent remain attributable to human actors who design, authorise, and deploy the smart contract. Contractual validity is therefore maintained so long as the algorithm faithfully represents the agreed terms, ensures predictability, and provides mechanisms for accountability in cases of malfunction or dispute. From a *maqāṣid* perspective, smart contracts may advance higher objectives of Islamic law by enhancing legal certainty, minimising disputes, and reducing opportunistic behaviour (Auda, 2008; Rejeb et al., 2021). Nevertheless, the study underscores the necessity of ethical and legal safeguards to address risks arising from rigid automation, unforeseen circumstances, or unequal bargaining power. In such cases, *maqāṣid al-shari‘ah* offers a normative foundation for corrective interventions, including human oversight and equitable dispute resolution mechanisms (Kamali, 2011; Nyazee, 2016). The findings affirm that Islamic contract law, when approached through *maqāṣid al-shari‘ah*, provides a coherent and flexible framework for evaluating the legality and ethical integrity of electronic and algorithm-mediated contracts. Rather than perceiving digital transformation as a disruption, Islamic law may engage with it as an opportunity to reaffirm its foundational values of consent, trust, and justice within the evolving architecture of the digital economy.

Expanding upon this analysis, the study further demonstrates that the central challenge posed by algorithm-mediated and smart contracts lies not in their technological form, but in the potential displacement of moral judgment by automated execution. While smart contracts are designed to operate deterministically based on predefined code, Islamic law viewed through a *maqāṣid* framework does not equate legal validity with mechanical compliance alone. Instead, it

requires that contractual mechanisms remain responsive to justice, proportionality, and the prevention of harm. Automated execution that rigidly enforces contractual outcomes without accommodating error, hardship, or contextual inequity risks undermining the ethical substance of the contract, even if its formal structure appears valid. Accordingly, the *maqāṣid al-shari‘ah* approach demands that smart contracts be embedded within broader governance structures that preserve human responsibility and moral agency. This includes the availability of override mechanisms, interpretive flexibility, and institutional oversight capable of intervening when algorithmic outcomes conflict with substantive justice. From this perspective, technology is not an autonomous source of normativity but a subordinate instrument that must operate within ethical boundaries defined by Islamic law. The findings thus suggest that the future viability of smart contracts in Islamic economic practice depends on their ability to integrate legal certainty with moral adaptability, ensuring that efficiency and automation serve, rather than replace, the higher objectives of justice, protection of rights, and public welfare in the digital economy.

Conclusion

This study concludes that Islamic contract law is inherently capable of accommodating electronic and digitally mediated contracts, provided that the essential elements and conditions of a valid *akad* are fulfilled. The transition from conventional to digital contracting represents a change in form rather than substance, as contractual validity in *fiqh mu‘āmalāt* remains grounded in offer and acceptance, legal capacity, lawful subject matter, and legitimate objectives. The findings further indicate that digital contracts can uphold the core ethical principles of *ridā* (mutual consent), *amānah* (trustworthiness), and justice (*‘adl*) when transparency, informed consent, and secure technological systems are ensured. Moreover, contracts mediated by algorithms and smart contracts may be considered valid insofar as such technologies function as instruments executing the pre-agreed intentions of the contracting parties, with legal intent and responsibility remaining with human actors. Through a *maqāṣid al-shari‘ah* approach, this study affirms that the reconstruction of contract theory in the digital economy enables Islamic law to remain both normatively coherent and ethically responsive, offering a purposive legal framework that safeguards justice, trust, and public welfare amid ongoing technological transformation.

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