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Critique of the Reduction of Riba to Interest: A Ma'na cum Maghza Analysis of QS al-Baqarah (2): 275–279 and its Relevance to Substantive Justice in Islamic Banking

Ririn Noviyanti[1], Aunur Rofiq[2], Ilfi Nur Diana[2]

[1] Universitas Al-Qolam Malang, Indonesia
[2] Universitas Islam Negeri Maulana Malik Ibrahim, Malang, Indonesia

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Abstract

This study critiques the reduction of riba to interest through a ma'na cum maghza hermeneutical analysis of QS Al-Baqarah (2): 275–279, employing library research and thematic exegesis (maudhu'i). It addresses three gaps: the dominance of legalistic-formalistic approaches, the absence of practical substantive justice indicators, and the lack of structural critique of financial capitalism. The novelty lies in integrating hermeneutics with structural critique, formulating five operational ethical indicators, and offering policy recommendations. The findings reveal that equating riba with interest is methodologically and theologically flawed. The substantive message (maghza) is the principle lā tazlimūna wa lā tuzlamūn, rejecting all exploitation, including risk-free profit and time commodification. The 80–90% dominance of murabahah and tawarruq in Islamic banking portfolios demonstrates the reproduction of interest-in-disguise logic. Five ethical indicators are formulated: exchange justice, risk-reward proportionality, protection of vulnerable parties, debt spiral prevention, and transparency. The reconstruction of maghza yields three substantive justice indicators: non-exploitation of vulnerable parties, balanced risk-sharing, and real-sector orientation with social impact. This study offers a critical-transformative framework for Islamic banking to move beyond formal compliance toward substantive justice.

Keywords Riba; Interest; Ma'na cum Maghza Hermeneutics; Substantive Justice

Corresponding Author:
Ririn Noviyanti
Universitas Al-Qolam Malang, Indonesia; ririn@alqolam.ac.id

1. INTRODUCTION

Contemporary discourse on riba in Islamic economics often remains trapped in the normative debate over whether bank interest is the same as riba. Most Islamic finance literature and fatwas tend to equate riba directly with interest, thereby giving rise to various financial instruments that substantively still contain elements of "certain profit" packaged under a sharia-compliant label (Oguz Gonulal, 2013). This reductionist approach has created a significant paradox: while Islamic banking claims to be interest-free, the dominance of *murabahah* and *tawarruq* products, which provide fixed,

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predetermined returns with minimal risk, reproduces the very logic of conventional interest-based financing.

The phenomenon of murabahah dominating Islamic banking portfolios by 80 to 90 percent in various countries is the clearest example of how formal compliance often ignores the ethical substance of the prohibition of riba itself (Hidayah, 2014). The sociological-economic paradox of contemporary Islamic banking demands critical examination. Despite the industry's claim to operate on principles of justice and risk-sharing, the predominant use of sales-based contracts with fixed margins effectively transfers the burden of interest into administrative fees or profit margins that often equal or exceed conventional bank interest rates. This indicates that the reduction of *riba* to the mere technical existence of "interest" has trapped Islamic banking in formalistic contract jurisprudence (*fiqh muamalah*), while neglecting the *ruh* or substantive essence of the *riba* prohibition, namely, the elimination of economic injustice and exploitation. As (Rosidin & Solahuddin, 2025) argue, the ethical core of the *riba* prohibition across religious traditions lies in the rejection of exploitative forms of gain that burden debtors. The failure to address this structural issue means Islamic banking risks becoming merely a replication of conventional finance cloaked in Islamic terminology, rather than a transformative ethical alternative

Reducing the meaning of riba merely to interest is methodologically and theologically problematic (Omar Farooq, 2012; Siddique & Siddique, 2025). The verses on riba, particularly QS Al-Baqarah (2): 275–279, do not merely speak about the amount of surplus in debt transactions but construct a critique of oppressive economic structures (Anjum, 2022; Muflih et al., 2025). The Qur'an clearly distinguishes between riba and trade (*bay'*), where trade is permitted because it contains elements of risk and real effort, while riba is prohibited because profit is obtained without commensurate work and risk (Choudhury et al., 2018). Contemporary studies confirm that the Qur'an's critique of *riba* is, in essence, a critique of exploitative economic systems, both classical and modern, and calls for restructuring economic relations toward greater justice. The root of the problem lies in the absence of an approach capable of critically bridging text and context. The *ma'na cum maghza* hermeneutical approach is deliberately chosen because it does not stop at the historical-linguistic meaning of the text (*al-ma'na al-tarikhi*), but progressively excavates the significance of the core message (*al-maghza*) to be applied to the context of modern financial industry. This approach offers a critical bridge between the normative text and its socio-economic reality, enabling the extraction of universal ethical principles that transcend historical particularities.

The hermeneutical approach of *ma'na cum maghza*, developed by contemporary scholars, offers precisely such a bridge (Robikah et al., 2026), while also opening space to identify four main research gaps in the current discourse on riba. *First*, a methodological gap: most literature on riba still employs a normative, legalistic-formalistic fiqh approach without a more contextual hermeneutical framework (Nas & Firmansyah, 2026). *Second*, an applicative gap: although critiques of murabahah products have been widely voiced, no study has formulated practical indicators for assessing the substantive justice of Islamic financial products (Alhammadi et al., 2022; Nurbaidah et al., 2025). *Third*, a structural gap: debates on riba are still dominated by the micro-issue of bank interest, while critiques of global financial capitalism that reproduces ribawi logic receive less attention (Muhammad Harris Suhaib et al., 2025). *Fourth*, a cross-textual gap: comparative research on riba across religious traditions remains limited, even though such an approach could strengthen the universality of the anti-exploitation ethical message (Rosidin & Solahuddin, 2025).

To fill these gaps, this study offers five novelties. *First*, the integration of the *ma'na cum maghza* approach with a structural critique of financial capitalism. Ma'na cum Maghza was deliberately adopted, as this approach does not confine itself to the historical-linguistic meaning of the classical text (*al-ma'na al-tārīkhī*), but instead progressively uncovers the overarching significance of its principal message (*al-maghza*) in order to extrapolate it into the contemporary financial industry context. *Second*, the formulation of five operational ethical indicators derived from the principle of *lā taẓlimūna wa lā tuẓlamūn* to substantively assess Islamic financial products. *Third*, an explicit critique of the reproduction of ribawi logic within financial capitalism, moving beyond the halal-haram debate on bank interest. *Fourth*, a synthesis of classical and contemporary scholarly thought with that of critical Muslim intellectuals such as Fazlur Rahman and Abdullah Saeed. *Fifth*, explicit policy relevance in the form of concrete recommendations for regulators, Islamic banks, and civil society (Masykuroh et al., 2025).

Based on this background, the research gaps, and the novelties, this study has three objectives. *First*, to analyze the textuality and contextuality of QS Al-Baqarah (2): 275–279. *Second*, to examine the substantive message (*maghza*) of the prohibition of riba using the *ma'na cum maghza* hermeneutical approach. *Third*, to evaluate contemporary financial practices based on this ethical message while formulating indicators of substantive justice. Thus, this research is expected to contribute to the development of a more substantively just Islamic economics, not merely a formalistic one.

2. METHODS

This research is library research (library research) using a thematic exegesis (maudhu'i) approach combined with ma'na cum maghza hermeneutics (Iqbal & Mirakhor, 2011). The primary sources of this study are QS Al-Baqarah (2): 275–279 and the hadiths on riba narrated by Bukhari and Muslim, while secondary sources include classical Qur'anic commentaries (al-Razi, al-Qurtubi, Ibn Kathir), contemporary interpretations (Saeed, Chapra, Kahf), as well as journal articles indexed in Scopus and

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The analysis was conducted in three systematic stages following the *ma'na cum maghza* hermeneutical framework:

Stage One: Historical-Linguistic Analysis (*al-ma'na al-tarikhi*), This stage involves textual description exploring literal meanings, *asbab al-nuzul* (occasions of revelation), and the grammatical structure of the verses. The historical context is examined to understand how the original audience would have understood the prohibition of *riba* in 7th-century Arabia, including the specific transaction between Bani Tsaqif and Bani Amr bin Umayr that prompted the revelation of verses 278–279 (Solahuddin & Musaffa, 2019).

Stage Two: Analytical Bridge, this stage traces the development of interpretations across time, examining how classical and modern exegetes have understood the verses. It identifies the evolution of meaning and the shifting contexts that have influenced interpretations of *riba* from the classical period to the contemporary era.

Stage Three: Formulation of Substantive Message (*maghza*), this final stage extracts the universal ethical core of the prohibition of *riba* that transcends its historical particularity. The *maghza* is formulated as the principle of *lā taẓlimūna wa lā tuẓlamūn* (do not wrong nor be wronged), which serves as the basis for evaluating contemporary financial practices and formulating operational ethical indicators. All data were analyzed using qualitative content analysis, systematically interpreting textual data to discover patterns of meaning and moral messages in religious texts concerning riba.

3. FINDINGS AND DISCUSSION

3.1. Riba in the Qur'anic Perspective: Text and Context

The textual analysis shows that QS Al-Baqarah (2): 275 states that Allah has permitted trade and prohibited riba. This verse serves as the main foundation for the fundamental distinction between healthy commercial transactions and ribawi practices (Kurniawan et al., 2024). The word bay' (trade) contains the elements of exchanging goods or services of equivalent value, the presence of risk, and real effort from both parties. Conversely, riba contains the element of profit obtained solely from the passage of time and money, without any productive contribution from the capital owner (Bayindir & Ustaoglu, 2018). Furthermore, QS Al-Baqarah (2): 278–279 emphasizes a clear command to abandon riba, with the threat of "war from Allah and His Messenger" for those who disregard the prohibition. The gravity of this prohibition is not found in other prohibitions in the Qur'an, indicating the seriousness of riba in the eyes of Islam.

The historical context (*asbab al-nuzul*) of these verses reveals their concrete social function. According to Ibn Kathir, al-Tabari, and al-Qurtubi, verses 278–279 were revealed concerning the *riba* transaction between Bani Tsaqif and Bani Amr bin Umayr from the Bani Mughirah tribe. After embracing Islam, Bani Tsaqif still demanded interest from outstanding debts. The verse commanded them to abandon the remaining interest and only take the principal. Al-Qurtubi states that these verses were revealed after the Conquest of Mecca in the 8th year of Hijrah, when many Arab tribes embraced Islam, making the enforcement of *riba* prohibition crucial for building a just economic system. This demonstrates that the verses were not merely normative prohibitions but social strategies to liberate society from economic inequality (Solahuddin & Musaffa, 2019). The progressive nature of the *riba* prohibition, from mere censure (QS Ar-Rum: 39) to explicit prohibition (QS An-Nisa': 161), to prohibition of multiplied forms (QS Ali Imran: 130), and finally to absolute prohibition of every form (QS Al-Baqarah: 275–279), shows that the Qur'an implemented a gradual approach to eradicating entrenched exploitative practices.

Through thematic analysis, five key messages were identified. First, a firm command to abandon riba accompanied by a severe threat. Second, the right to the principal amount, whereby the capital owner is entitled to recover the principal but no more. Third, the principle of double justice (*lā taẓlimūna wa lā tuẓlamūn*), meaning that neither the creditor nor the debtor should be wronged in a transaction. Fourth, the negation of exploitation, i.e., the prohibition of taking advantage of another's urgent need. Fifth, the correction of pre-Islamic (*jahiliyyah*) practices that doubled debts when the debtor was unable to pay (Toth, 2013). These findings align with Sayyid Qutb's view in his exegesis *Fi Zhilal al-Qur'an*, where he asserts that riba is the core of the exploitative capitalist economic system. According to Qutb, riba and capitalism are two sides of the same coin, as both construct human exploitation through the mechanism of wealth accumulation without productive work (Omar Farooq, 2012).

3.2. Critique of the Reduction of Riba to Interest

The findings indicate that the argument equating riba solely with multiplied interest (*ad'afan mudha'afah*) as mentioned in QS Ali Imran (3): 130 is reductionist and problematic (Saeed, 1999). The term *ad'afan mudha'afah* in the context of the verse functions to describe the common practice of *riba* at the time of revelation, not as a specification of the prohibited *riba*. As contemporary hermeneutical studies demonstrate, the phrase serves to characterize a phenomenon rather than to condition a legal ruling. All forms of *riba* are prohibited, and multiplied *riba* is mentioned as the most heinous form, not the only prohibited form. This is reinforced by the linguistic structure of verse 275, which makes a categorical distinction between *bay'* (trade) and *riba* without any qualification regarding amount or multiplication

Proponents of this reduction argue that modern interest with low rates, e.g., 5–10%, does not constitute riba because it is not multiplied. However, this argument contains at least three fundamentals weaknesses. The first weakness is historical reduction: pre-Islamic riba did take the form of debt doubling, but the Qur'anic prohibition was gradual. The first verse (QS Ar-Rum: 39) merely censures, the second (QS An-Nisa': 161) explicitly prohibits, the third (QS Ali Imran: 130) prohibits the multiplied form, and the fourth (QS Al-Baqarah: 275–279) prohibits *every* form of riba, including small amounts (Saeed, 1999).

The second weakness is a misunderstanding of the meaning of "multiplied." The term *ad'afan mudha'afah* in the context of the verse is not a specification of the prohibited riba but rather a description of the common practice of riba at the time of revelation. All forms of riba are prohibited, and multiplied riba is mentioned as the most heinous form, not the only prohibited form (Kamla & Alsoufi, 2015).

The third weakness is the neglect of the principle of justice, which is the core moral message of the Qur'an. Interest, no matter how small, still contains the element of "certain profit" without risk and real effort, directly contradicting the principle of *al-ghunm bi al-ghurm* (profit follows risk). Abdullah Saeed, in his work *Islamic Banking and Interest*, critiques the legalistic approach to interpreting riba that focuses only on formal form without considering the moral message of the prohibition of riba (Wahb, 2024). Saeed argues that what matters most is substantive justice, not merely formal compliance with halal-haram labels.

3.3. The Substantive Message (Maghza) of the Prohibition of Riba

Through the application of the *ma'na cum maghza* hermeneutical approach, this study formulates the substantive message of the prohibition of riba as the universal ethical principle "do not wrong nor be wronged" (*lā taẓlimūna wa lā tuẓlamūn*) (Omar Farooq, 2012). This principle aligns with the findings of (Rosidin & Solahuddin, 2025), who state that the ethical core of the prohibition of riba across religious traditions, both Islamic and Christian, lies in the rejection of exploitative forms of interest or profit that burden debtors (El-Gamal, 2006). The symmetrical linguistic structure *lā taẓlimūna wa lā tuẓlamūn* guarantees justice between both creditor and debtor: the creditor receives the principal without addition, and the debtor is not burdened with interest. Classical exegetes including al-Tabari, Ibn Kathir, and al-Qurtubi all agree that this symmetrical structure establishes the principle of justice as the foundation of every economic transaction. The verse does not merely prohibit a specific practice but constructs an entire ethical framework for economic relations based on mutual non-exploitation

From this universal principle, this study elaborates five ethical indicators that can be used to substantively assess financial practices. These indicators are designed to operationalize the *maghza* of the *riba* prohibition into measurable criteria for evaluating Islamic financial products:

First, justice in exchange, which requires that both parties to a transaction receive balanced benefits. In the context of financing, creditors should receive compensation commensurate with the risks borne, while debtors should not be burdened by oppressive terms. Second, risk-reward proportionality, where profit must be proportional to the risk assumed. This principle makes profit-sharing schemes more just than fixed-return schemes commonly found in murabahah products. Third, protection of vulnerable parties, which prohibits predatory lending and ensures that borrowers are not exploited due to urgent needs. Fourt, prevention of debt spirals, requiring limits on interest rates and protection of debtors from compound interest practices. Fifth, information transparency, which demands that all costs and terms be clearly explained without fine print or hidden fees (Ahmed, 2026).

Discussion

Structural Critique: Riba and Financial Capitalism

The findings lead to the conclusion that reducing riba to interest is not only normatively problematic but also ignores the Qur'an's structural critique of financial capitalism (Rosidin & Solahuddin, 2025). The reduction of riba to low interest has allowed financial capitalism to continue flourishing without adequate critique from Islamic economics. In other words, while Islamic scholars and finance practitioners are busy debating whether 5% interest constitutes riba, the global capitalist system quietly continues to reproduce its exploitative logic through derivatives, hedge funds, and compound-interest-laden public debt.

Contemporary scholarship confirms that the Qur'an's critique of *riba* is, in essence, a critique of exploitative economic systems, both classical and modern, and calls for restructuring economic relations toward greater justice. Values such as *zakat*, *infaq*, and *mudharabah* offer a more just economic path that fosters solidarity and upholds humanity. What the modern world needs is not merely an interest-free system, but an economic civilization imbued with empathy and oriented toward collective well-being.

According to the researcher's analysis, the contemporary capitalist system reproduces ribawi logic through at least three main mechanisms. The first mechanism is capital accumulation without labor, whereby speculative investments, derivatives, and hedge funds generate large profits without commensurate productive contribution to the real economy. This phenomenon is not only normatively forbidden but also macroeconomically irrational. Empirical studies show that the growth of the financial sector unaccompanied by growth in the real sector creates financial fragility and susceptibility to systemic crises, as occurred in the 2008 global financial crisis (Choi et al., 2021). In this perspective, the prohibition of riba actually serves a macroeconomic stabilization function, not merely a micro-transactional rule.

The second mechanism is burdensome public debt, where developing countries become trapped in debt traps due to accumulated interest on international loans. The current global public debt structure systematically transfers wealth from poor countries to rich countries without technology transfer or enhanced productive capacity. In the language of QS Al-Baqarah (2): 279, this practice represents an institutionalized form of *taẓlim* (oppression), where the financially strong exploit the weak through interest mechanisms. Sayyid Qutb, in *Fi Zhilal al-Qur'an*, long warned that international riba is a new weapon of economic colonialism (Toth, 2013).

The third mechanism is the commodification of time as a commodity, where, in the logic of interest, time itself becomes a source of profit regardless of whether the lent capital is used productively. The commodification of time in capitalism is the subtlest form of economic alienation. In a ribawi system, time is no longer a shared good to be enjoyed by all but becomes a commodity sold by capital owners to those lacking liquidity. The longer the time, the greater the profit for the capital owner without any correlation to real added value. This is what Chapra (2000) calls the "fundamental injustice" of the interest system.

Contemporary studies show that the transformation of capitalism from a production system to a speculation system has reinforced the phenomenon of "money generating money," which is precisely the main target of the Qur'anic critique of riba (El-Gamal, 2006). Even further, the researcher argues that contemporary financial capitalism has surpassed the logic of pre-Islamic riba in terms of the sophistication of exploitation. Pre-Islamic riba was open and explicit (doubling debt at maturity), while modern riba is concealed, subtle, and legitimized by narratives of "market efficiency" and the "time value of money." Therefore, the Islamic critique of riba should not be apologetic (defending that low interest is halal) but rather *critical-transformative* (rejecting exploitative logic in any form).

In this context, the prohibition of riba should be understood as part of the project of human liberation from the shackles of economic exploitation, not merely a technical rule concerning financial transactions. Islamic economics that only cares about legal-formalistic halal-haram, without the courage to critique the structure of financial capitalism, has lost its soul as a liberation movement. Research by 'Uthman (2025) affirms that an overly narrow understanding of riba has caused the loss of the critical dimension of Islam toward capitalism, so that Islamic financial practices have become part of the very system they are supposed to critique (Ishak et al., 2025; Mohamad & Ab Rahman, 2014). Toth (2013) also shows that Sayyid Qutb long emphasized that riba and capitalism are inseparable, and that Muslims should reject the entire economic system based on exploitation, not merely rename interest as profit margin (Ashafa et al., 2026; Prasetya, 2026). Emphasize, excessive reliance on legal stratagems (*hilah*) in Islamic finance risks disguising forms of usury and compromising core principles such as justice, transparency, and protection for vulnerable parties (Uddin, 2025).

Relevance to Contemporary Financial Practice

The findings of this study have significant relevance for contemporary Islamic financial practice. A striking fact is that most Islamic banking products substantively still contain ribawi elements, even though they formally use sharia-compliant labels. Current Islamic banking products, at least those based on murabahah and tawarruq, substantively reproduce the logic of riba. Data show that in various countries, the share of murabahah in Islamic banking portfolios reaches 80–90%, while profit-sharing financing (*musharakah* and *mudharabah*) accounts for only about 5–10% (Kayani, 2023). This is not a minor deviation but a structural dominance of products whose substantive permissibility is questionable.

The practice of *tawarruq* (commodity *murabahah*) exemplifies the ethical crisis in the Islamic finance industry. In *tawarruq*, a customer needs cash, but because the bank cannot provide an interest-based loan, a stratagem is employed: the bank sells commodities to the customer on credit, and then the customer sells those commodities for cash to a third party to obtain funds. The result is that the customer receives cash but pays more than they received. As Ibn Taymiyyah strongly argued, *tawarruq* is a deception worse than *'inah* because it conceals usury behind a seemingly lawful legal structure. The primary danger of *tawarruq* lies in its ability to disguise usury through formal legal structures, even though its economic objectives contradict the *maqasid al-shari'ah* (Ahmed, 2026). According to Ibn Taymiyyah, in assessing the validity of a transaction, it is insufficient to consider its outward form alone; one must also weigh the intent, economic consequences, and moral values inherent within the contract.

Murabahah products, for example, are often criticized by academics as "interest in disguise" because banks still obtain a certain profit margin without real risk (Suar et al., 2020). Murabahah was born from the practical need to compete with conventional banks, not from the ethical spirit of the Qur'an. In murabahah, the bank purchases goods and then sells them to the customer at an agreed margin. Formally, this is a sale. But substantively, the bank never truly bears ownership risk because the goods are often ordered directly by the customer, and the bank acts merely as a financing intermediary. El-Gamal explicitly calls murabahah a "sale-based ruse" that essentially mimics conventional financing while formally avoiding the prohibition of riba (Moosa, 2023).

Similar criticism is directed at the *tawarruq* product (commodity murabahah), which is viewed by some scholars as a *ḥiyal* (legal stratagem) to achieve the same result as conventional interest without violating the formal rules prohibiting riba (Mokal et al., 2024). Tawarruq is the clearest evidence of an *ethical crisis* in the Islamic finance industry. In tawarruq, the customer needs cash, but because the bank cannot provide an interest-based loan, a stratagem is employed: the bank sells commodities to the customer on credit, and then the customer sells those commodities for cash to a third party to obtain funds. The result is that the customer receives cash but pays more than they received. Fakhr al-Din al-Razi, in his exegesis, warned that such *ḥiyal* do not change the substance of riba, and those who practice them remain subject to the threat of "war from Allah and His Messenger" (QS Al-Baqarah: 279).

This phenomenon shows a significant *gap* between the ethical ideals of Islam and the reality of contemporary Islamic financial practice (Rosidin & Solahuddin, 2025). In fact, this is not merely a gap but a contradiction. On one hand, fatwas and sharia literature loudly proclaim that Islam prohibits riba because of exploitation. On the other hand, the products that dominate the industry reproduce the logic of certain profit without risk, which is the very essence of the exploitation that the Qur'an criticizes. (Faizi et al., 2024), in their study on the concept of justice in Islamic economics, found that most contemporary Islamic financial practices prioritize formal compliance with halal-haram procedures over the achievement of substantive justice, which is the main objective of sharia (Musadad et al., 2025). The use of performance measures based on *maqasid al-shari'ah* reveals that formal compliance often fails to capture the substantive justice dimension of Islamic banking operations

This occurs, according to the researcher's analysis, because of a tendency to understand riba in a legalistic-formalistic manner, so that the anti-exploitation spirit at the core of the Qur'anic message becomes marginalized. There is a structured conflict of interest within the Islamic finance industry.

Islamic banks, as profit-oriented institutions, will naturally choose products that are most profitable and easiest to operate. Profit-sharing products (*musharakah/mudharabah*) are theoretically more just but are practically more complex, carry higher risk for the bank, and require sophisticated monitoring systems. In contrast, murabahah and tawarruq provide a certain fixed return, entail low risk, and are easy to operate. Thus, the Islamic finance industry experiences *path dependency* on products that substantively approach riba, while risk-based and justice-based financing is neglected. Consequently, the Islamic finance industry, which was supposed to be an ethical alternative to conventional capitalism, becomes trapped in reproducing the same logic as the system it criticizes.

As research by Suminto et al. (2026) demonstrates, when comparing Islamic banks using the Maqasid Sharia Index, banks with larger asset scales may achieve higher aggregate scores in education and macro-interest dimensions, but smaller banks may demonstrate better resilience in the justice dimension, particularly in customer profit-sharing distribution (Suminto et al., 2026). This suggests that the justice dimension requires specific attention and measurement beyond conventional performance indicators.

Dialectics of Riba, Time, and Exploitation: Rereading QS Al-Baqarah (2): 275–279

One of the most interesting yet often overlooked aspects of the riba discourse is the relationship between time, value, and exploitation. In the conventional interest-based financial system, time is treated as a commodity that automatically generates added value, regardless of whether the lent capital is genuinely productive. This is the core of the "money generating money" logic critiqued by El-Gamal (2006). However, the *ma'na cum maghza* hermeneutical analysis of QS Al-Baqarah (2): 275–279 reveals that the Qur'an fundamentally rejects this view.

Textually, the phrase *falahum ma salafa* (then they shall have what is past) in QS Al-Baqarah (2): 275 shows Islam's recognition of past ownership of capital but simultaneously cuts off the right to future additions not based on work or risk. The substantive message (*maghza*) of this phrase is that time should not become an instrument of exploitation. In this perspective, time is an ethically neutral dimension; it does not automatically confer economic privilege on capital owners merely because they are willing to "wait." Conversely, in profit-sharing schemes (*mudharabah* or *musharakah*), time works together with effort and risk, so profit arises from real productivity, not merely from the passage of time.

Furthermore, verse 279 states: *fa in tubtum falakum ru'usu amwalikum la taẓlimuna wa la tuẓlamun* (then if you repent, you shall have your principal; you do not wrong nor are you wronged). The word *ru'usu amwalikum* (your principal) carries significant meaning. In al-Razi's exegesis, the emphasis on "principal" indicates that Islam severs the chain of wealth accumulation without labor that characterized pre-Islamic society, where when a debtor could not pay, the creditor would double the debt (Toth, 2013). By affirming the right to only the principal, the Qur'an implicitly also rejects the entire mechanism of compound interest, which is the backbone of modern financial capitalism. 'Uthman's study (2025) confirms that the compound interest structure is the most subtle form of *ad'afan mudha'afah* (multiplied riba) mentioned in QS Ali Imran (3): 130, as it involves exponential debt multiplication due to interest on interest.

From this, an interesting dialectic emerges. In contemporary Islamic financial practice, murabahah products often use time (tenor) as a reference for determining profit margins, even though the margin is packaged as "profit from sale." Yet, referring to the substantive message above, profit in lawful sale (*bay'*) should come from real added value (such as storage costs, quality assurance, or procurement services), not from the length of the payment period. In other words, extending the tenor in murabahah without any change in risk or other added value essentially approaches the logic of riba, because time once again becomes a determinant of profit. This aligns with Saeed's (2021) critique that reducing riba to interest has made sharia practitioners neglect the dimension of time as a potential source of exploitation.

Additionally, verse 275 states that riba is prohibited because it differs from trade. According to the researcher's analysis, this difference lies not in the presence or absence of a "surplus" (since trade also contains a surplus in the form of margin) but in the source and legitimacy of that surplus. In healthy trade, the surplus (*ribh*) arises from: (a) the transfer of ownership of goods or services, (b) the risk of damage or loss borne by the seller before the goods are sold, and (c) real effort in providing the goods. In riba, the surplus arises only from (a) the passage of time, (b) without risk, and (c) without effort. The principle of *al-ghunm bi al-ghurm* (profit follows risk), cited by Mokal et al (2024), affirms that profit must be earned by commensurate risk. If there is no risk, then there is no profit; or if profit exists, it is riba.

These findings lead to the conclusion that the critique of reducing riba to interest should not stop at the debate over interest rate levels but must extend to a critique of the structure of time within financial capitalism. A system that allows money to generate money merely because time passes without production, without work, without real risk, is a system that silently reproduces ribawi logic even if its formalities differ. In this context, the substantive message of QS Al-Baqarah (2): 275–279 finds its most radical relevance: a call to liberate the economy from the tyranny of exploited time.

Table 1: Fundamental Differences in the Logic of Time in Riba, Lawful Trade, and Murabahah

Aspect	Riba (Interest)	Lawful Trade (*Bay'*)	Murabahah (Dominant Practice)
Role of time	Primary source of profit (time value of money)	Irrelevant; profit from real added value	Often used as basis for margin (longer tenor = larger margin)
Presence of risk	Minimal, even risk-free	Risk borne by seller until goods are sold	Low risk; bank often only an intermediary
Presence of real effort	None	Yes (provision, storage, distribution)	Minimal (administrative)
Alignment with *maghza* of QS Al-Baqarah (2):275–279	Not aligned (exploitation of time)	Fully aligned	Questionable; approaches *interest in disguise*
Status according to *al-ghunm bi al-ghurm*	Violates (profit without risk)	Compliant (profit proportional to risk)	Problematic (certain profit without real risk)

Source: Compiled from (El-Gamal, 2006; Mokal et al., 2024; Saeed, 1999)

Implications and Limitations of the Study

This study provides theoretical implications by offering the *ma'na cum maghza* hermeneutical approach as a critical framework for substantively understanding the prohibition of riba, moving beyond legalistic-formalistic readings. Practically, this study provides five indicators of substantive justice that regulators and Islamic finance practitioners can use to evaluate banking products, especially murabahah and tawarruq, ensuring they are not merely formally halal but truly just. The main limitations of this article are: *First*, it is library-based, so it has not empirically tested the five ethical indicators in Islamic financial institutions. *Second*, the analysis is limited to QS Al-Baqarah (2): 275–279 without covering all other riba verses. *Third*, it does not conduct a cross-jurisdictional comparison across countries with different Islamic financial regulations.

Research Recommendations

Based on the findings and analysis, this study offers the following concrete recommendations for different stakeholders:

For Regulators (OJK/BI and Sharia Supervisory Boards):

Develop a comprehensive "Substantive Sharia Justice Index" (*Indeks Keadilan Substantif Syariah*) that goes beyond conventional profitability and bank health metrics to measure the extent to which Islamic financial products embody the principles of justice, risk-sharing, and protection of vulnerable parties. Mandate that Islamic banks report not only their financing volume but also the distribution of financing across different contract types, with specific targets for increasing profit-sharing (*mudharabah/musharakah*) financing to at least 30% of the portfolio within five years. Require independent audits of the substantive justice dimension of Islamic banking products, not merely formal sharia compliance audits.

For Islamic Banking Practitioners:

Restructure business models to integrate Islamic social finance instruments (*zakat*, *infaq*, *sadaqah*, and productive *waqf*) into commercial products to eliminate injustice for low-income customers seeking business capital. Reformulate *murabahah* products so that margins reflect real risk and added value (such as procurement services, storage, quality assurance) rather than tenor length alone. This would align with the *maghza* of the *riba* prohibition that profit must be earned through commensurate risk and effort. Avoid *tawarruq* practices that reproduce *interest-in-disguise* logic. If *tawarruq* is used, ensure it is based on genuine need for the underlying commodity rather than serving merely as a cash loan mechanism.

For Academics:

Conduct empirical testing of the five ethical indicators formulated in this study across different Islamic financial institutions and jurisdictions. Develop cross-jurisdictional comparative research on how different countries regulate and monitor the substantive justice dimension of Islamic banking. Investigate the relationship between the proportion of profit-sharing financing and the achievement of *maqasid al-shari'ah* objectives in Islamic banking.

For Civil Society:

Enhance critical Islamic financial literacy among consumers to pressure the industry toward more ethical and transformative practices. Educated consumers should be able to distinguish between formal sharia compliance and substantive justice in Islamic financial products.

4. CONCLUSION

Reducing the meaning of riba merely to interest is a simplification that is methodologically and theologically erroneous. Through the *ma'na cum maghza* hermeneutical approach, the prohibition of riba in QS Al-Baqarah (2): 275–279 contains a universal substantive message: the rejection of all forms of economic exploitation, particularly those arising from profit without risk and real effort, and the commodification of time. The substantive message (*maghza*) is encapsulated in the principle of *lā taẓlimūna wa lā tuẓlamūn* (do not wrong nor be wronged), which demands justice for all parties in economic transactions.

This study formulates five operational indicators of substantive justice derived from this principle: (1) justice in exchange, (2) proportionality between risk and reward, (3) protection of vulnerable parties, (4) prevention of debt spirals, and (5) transparency of information and costs. These indicators provide a practical framework for evaluating whether Islamic financial products genuinely embody the Qur'anic anti-exploitation ethic

The fact that *murabahah* and *tawarruq* products dominate Islamic banking portfolios indicates a reproduction of *interest-in-disguise* logic, resulting in a significant gap between the ethical ideals of Islam and the reality of contemporary financial practice. This gap reflects a structured conflict of interest where Islamic banks, as profit-oriented institutions, favor low-risk, fixed-return products over more just but operationally complex profit-sharing arrangements.

The critique of *riba* should not stop at the debate over bank interest but must be expanded into a structural critique of global financial capitalism. The Qur'an's prohibition of *riba* is not merely a transactional rule but a call for economic liberation from exploitation—a vision of an economic system where time is not commodified, where profit follows risk, and where vulnerable parties are protected from predatory practices. Contemporary Islamic banking has the potential to embody this vision, but only if it moves beyond formal compliance to substantive justice.

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