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Original Article

The Validity of Submission in Credit Agreements Based on Sharia Principles

Prawatya Ido Nurhayati[1*], Yeni Oktafia[2]

[1,2]Legal Studies, Faculty of Law, Universitas Brawijaya, Malang, Indonesia
Email: [1)] iid_ndul@yahoo.com, [2)] yeni_oktafia@ub.ac.id

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Abstract

The purpose of the study is to investigate on the concept of submission in legs of credit agreements based on Shariah concept. This research is intended to measure the legality of these agreements based on the requirements of contract in accordance with the stipulation set out in Article 1320 of the Option of Contractual Law, so that only those agreements in respect of the law, so that all concerned parties must comply with the legal principles set forth by law. Moreover, this research also aims to evaluate and determine the authority of the Religious Court to resolve disputes arising from implementation of Shariah credit agreement entries. This study used a normative juridical research method to analyze the relationship between credit agreements and Shariah. The motivation for this study is the increasing number of Shariah credit agreements formed lately, some of which are not based on the basic principles of Shariah credit agreements. The results of the research show that the jurisdiction of Religious Courts to resolve these disputes is governed by Law Number 3 of 2006 concerning the Religious Courts, so that although there is wide jurisdiction for these courts in principle, there are still limitations in the authority of these courts to resolve disputes arising from the execution of the Shariah credit agreement.

Keywords: Competency of Religious Court, Contract Validity, Islamic Commercial Law, Self Submission, Shariah Credit Agreement.

1. Introduction

National development is a planned and integrated process carried out to improve the welfare of the people in a comprehensive and sustainable manner, increase the welfare of the people, reduce poverty rates, and promote justice (Usman et al., 2024). The aim is to uphold the principles stated in the Preamble of the 1945 Constitution of the Republic of Indonesia (referred to as 'UUD NRI 1945'), which includes safeguarding the Indonesian nation and its unity, advancing public well-being, educating the populace, and contributing to the creation of a global system rooted in independence, everlasting peace, and fairness. This development encompasses various dimensions such as economic, social, political, legal, cultural, educational, and environmental aspects, characterised by comprehensiveness, sustainability, participation, and justice. The ways in which it is put into action can be observed in official planning papers like the National Long-Term Development Plan (referred to as RPJPN) and the National Medium-Term Development Plan (referred to as RPJMN) (Bappenas, 2023). It is also evident in specific initiatives such as the progress of the National Capital (referred to as 'IKN'), the empowerment of Micro, Small, and Medium Enterprises (referred to as 'MSMEs'), and the advancement of the digital economy to promote fair and lasting growth across Indonesia.

The relationship between a country's national development and credit is very close because credit is an important instrument in driving economic growth and supporting the

implementation of national development. Credit, whether provided to individuals, businesses, or local governments, serves as a source of financing for productive activities such as infrastructure development, MSME development, production capacity enhancement, and investment in the education, health, and technology sectors (Handayani, 2017). With easy and affordable access to credit, economic actors can expand their businesses, create jobs, and increase people's purchasing power, which ultimately contributes to improved welfare and national economic growth. Therefore, inclusive and sustainable credit policies are essential to support successful development in various sectors.

As per the Banking Law amendment stated in No. 10 of 1998, credit is explained in Article 1(11) as the provision of money or equivalent bills through an agreement between a bank and a different party. The borrower is then obligated to repay the borrowed amount along with interest within a specified duration. This definition highlights key components such as fund provision by the bank, a mutual agreement, the borrower's responsibility towards repayment within a set timeframe, and the inclusion of interest as a form of compensation. Credit is the primary instrument in the banking system, where funds collected from the public are channelled back in the form of loans for various purposes, both productive and consumptive.

In the Banking Law, Section 1(12) discusses financing according to Islamic principles, which involves providing money or its equivalent through an agreement between a bank and a third party. The recipient of the financing is required to repay the amount with a profit-sharing reward within a specified timeframe (Agusta & Zia, 2022). Unlike conventional credit concepts that use interest as a service fee, sharia financing is based on the principles of partnership and fairness through a profit-sharing system (Nurfadilla et al., 2025). This reflects the philosophical differences between conventional banking and sharia banking, where the latter avoids usury and emphasises transactions that are in accordance with Islamic sharia principles. Sharia-compliant financing is also involved in promoting national progress by offering financial options that adhere to religious principles and morals, thus catering to a broader audience, especially individuals opting for sharia-aligned financial services.

According to Article 1 point 13 of the Banking Law, Islamic principles refer to contractual regulations rooted in Islamic legal doctrines, encompassing various contracts such as *mudharabah* (profit-sharing), *musyarakah* (capital partnership), *murabahah* (buy-sell), *ijarah* (lease), and *ijarah wa iqtina* (lease with transfer of ownership), as also regulated in Article 1 point 25. In practice, sharia financing is carried out through contracts, namely written agreements between sharia banks and customers that contain the rights and obligations of each party in accordance with sharia principles (Rifa'i, 2017; A. P. N. Sari & Maharani, 2022).

Agreement by the parties, whether in conventional or sharia credit agreements, is an absolute requirement. In civil law, the validity of an agreement is determined by, among other things, the capacity to enter into a contract *(bekwaamheid),* the consent of the parties entering into the agreement *(toestemming)*, a specific subject matter *(bepaalde onderwerp)*, and a valid cause *(georloofde oorzak)*. Meanwhile, in Islamic law, the requirements for a valid agreement include the subject of the agreement *(Al'Aqidin)*, the object of the agreement *(Mahallul 'Aqd)*, the purpose of the agreement (*Maudhu 'ul'Aqd*), and the offer and acceptance *(Sighat al-'Aqd)* (Nurfadilla et al., 2025).

In both conventional bank credit and Islamic financing, agreements remain the legal basis for the relationship between banks and customers. In conventional banking, credit agreements must meet the requirements for a valid agreement as stipulated in Article 1320 of the Civil Code, namely the existence of an agreement between the parties, competence, a specific matter, and a lawful cause. The same applies to Islamic financing, but the agreement

(akad) is supplemented with Islamic principles that must be adhered to, such as the prohibition of *riba* (usury), *gharar* (uncertainty), and *maisir* (speculation), and must contain elements of justice, honesty, and mutual consent. Thus, although the basis for forming the agreement is similar, Islamic financing provides a stronger ethical and religious dimension, in accordance with the principles of Islamic sharia.

Hence, it can be deduced that agreements or contracts hold great significance in both civil law and Islamic law, serving as the foundation for legal relationships between parties. Both systems regulate the criteria for agreements to be deemed valid, with the primary aim of safeguarding the rights and responsibilities of those involved in the contract. While they stem from distinct legal backgrounds such as Civil Law from the Western legal tradition and Islamic Law from Sharia Law which both underscore the importance of mutual agreement, clarity of purpose, and honesty. Regarding bank credit, whether in conventional or sharia finance, agreements remain crucial for legality, although in sharia financing, Islamic principles such as justice and the prohibition of usury are also taken into account. Thus, there are similarities in objectives despite differences in approach and normative foundations (Romli, 2021).

Initially, Islamic banking emerged in Indonesia as an alternative for people who wanted to conduct financial transactions in accordance with Islamic principles, which avoid usury (interest) and emphasise fairness, transparency, and ethics in business. In addition, Islamic banking also aims to make a positive contribution to the national economy and community welfare. However, over time, Islamic banking customers are no longer limited to Indonesian citizens who are Muslim, but also include non-Muslims. This is supported by various research findings that show Islamic banks have a positive image among the public, including non-Muslims, as they are considered transparent, fair, and prioritise ethical financial principles.

Many consider Islamic banks to be superior in terms of service and convenience, so it is not surprising that some non-Muslims choose Islamic banks. This shows that positive perceptions of Islamic banks are not limited to Muslim customers. Many non-Muslims also find the principles of Islamic banking appealing and comfortable, such as transparency, fairness, and the prohibition of interest, as Islamic economic principles are seen to bring benefits to everyone, not just Muslims (A. Ibrahim, 2021). On the other hand, it has also been found that credit agreements based on sharia principles are increasingly popular among various segments of society, regardless of religious background. This is due to the view that sharia principles provide certain benefits for debtors, particularly in terms of clarity of contract and fairness in transactions.

With the increasing participation of non-Muslims in sharia-based financing agreements, an important question arises regarding the applicability of the principle of submission in the sharia economic legal system. In this context, every individual or legal entity that voluntarily chooses to be bound by a particular legal system is considered to have consciously submitted to the applicable provisions, including the principles of Islamic law in sharia financing contracts. This principle of submission becomes relevant when the legal subject is not Muslim but consciously agrees to the mechanisms and values of sharia law in the agreement. Since the implementation of Law No. 3 of 2006, the Religious Court has gained more power in the realm of Islamic economics, allowing individuals of all faiths to bring cases before it as long as they agree to abide by its legal framework. In the national legal system, which is grounded in Pancasila and the 1945 Constitution, the Religious Court holds a position of equal importance to other judicial bodies, ultimately leading up to the Supreme Court, in accordance with Article 3 paragraph (2) of Law No. 7 of 1989. The Religious Court exercises its authority in accordance with the principles of Islamic law, as outlined in Article 49 of Law No. 3 of 2006.

Although the principle of submission has been recognised and acknowledged in the practice of Religious Court proceedings, especially after the enactment of Law No. 3 of 2006, which expanded the absolute authority of the Religious Court in sharia economic cases, academic studies that explicitly examine the validity of the principle of submission in sharia credit agreements involving non-Muslim parties are still very limited. Previous studies have tended to focus on Muslim legal subjects or Islamic legal relationships between fellow Muslims.

In practice, however, an increasing number of non-Muslim customers are actively involved in financing based on sharia principles. There is a pressing need to examine the legal issues surrounding the acceptance of Islamic legal principles by non-Muslims in sharia banking contracts and the potential impact on the authority of the Religious Court in case of a disagreement. The absence of a thorough understanding of the legal foundation, contract validity principles, and practical aspects of interfaith submission in this area highlights the significance of this topic for future investigation.

Given these considerations, this research seeks to examine the validity of the concept of submission within credit agreements, specifically within a Shariah context. In order to ensure compliance with established legal principles, this study examines whether or not an agreement is valid, according to the provisions contained in Article 1320 of Civil Code requirements. Furthermore, this research will delineate the Religious Courts' jurisdictional scope when ruling on disputes arising from the imposition of shariah credit agreements to pave way for outside on-claws future clarity and possible enforcement of Islamic financial contracting within existing legal structures.

2. Methods

This study involves normative legal research, looking at law as regulations in legislation, legal principles, and legal doctrines (J. Ibrahim, 2005). The main focus is on assessing the validity of the principle of submission in sharia-based credit contracts with non-Muslims. The aim is to explore how this principle can be effectively implemented within Indonesia's diverse legal framework.

The approach used includes a legislative approach by examining the relevant provisions in the Banking Law, Sharia Banking Law, Religious Court Law, Civil Code, and other supporting regulations. In addition, a conceptual approach is used to understand the principles of submission and freedom of contract, as well as a case approach to see the application of these principles in practice through court decisions.

3. Results and Discussion

3.1. Submission as the Basis for the Authority of Religious Courts in Sharia Credit Disputes

The Indonesian legal system restricts the authority of religious courts according to Law No. 3 of 2006, which amended Law No. 7 of 1989, specifically governing matters related to marriage, inheritance, wills, gifts, *waqf*, *zakat*, *infaq*, alms, and sharia economics for Muslims (Faruqi & Syahmedi, 2024). However, in practice, problems arise when one of the parties is not Muslim, especially in civil sharia cases such as sharia banking or sharia financing, raising the question of whether the principle of submission can be used to determine the absolute authority of religious courts.

Article 49 of the Religious Court Law stipulates that the Religious Court has jurisdiction to adjudicate cases between Muslims in certain areas, including Islamic economics. However, in practice, the legal subjects who can litigate in the religious court system are not strictly limited to Muslims, especially when the disputed case involves sharia transactions that also involve non-Muslim parties.

The explanation of Article 49 opens up the possibility that parties who are subject to sharia principles through economic contracts or agreements can automatically submit themselves to the authority of the Religious Court. In this case, the principle of submission becomes a key principle, allowing non-Muslim parties to become subjects in legal proceedings in the Religious Court as long as they voluntarily accept the application of Islamic law in the legal relationships they enter into. This means that when an individual or legal entity, whether Muslim or non-Muslim, agrees to conduct legal relations based on Sharia principles and agrees to the Religious Court as the forum for dispute resolution, such submission is legally valid and binding. Therefore, through this principle, the boundaries of legal subjects in the Religious Court become more flexible in the context of Islamic economics, while also affirming the relevance of the Religious Court as a credible and constitutional forum for handling interfaith disputes based on Sharia.

In this context, the principle of submission is very important to analyse in depth. This principle provides space for the parties to voluntarily declare their willingness to submit to a particular law or forum in resolving disputes arising from the legal relationship they have established. In civil law and arbitration practice, this principle is widely known as part of the principle of freedom of choice of forum or forum selection clause (Syahrin, 2018).

When parties, both Muslim and non-Muslim, enter into a contract that uses Sharia principles and explicitly agree that the dispute resolution forum is within the Religious Court system with a Litigation Dispute Resolution system where the Religious Court has absolute jurisdiction over disputes in the field of Sharia economics, in other words, the principle of submission applies legally and bindingly (Gojali & Setiawan, 2023). In this case, the Religious Court is no longer merely a religious forum based on Islamic status, but rather a forum that is voluntarily chosen on the basis of the applicability of substantive Islamic law in their civil relations.

The principle of submission is essential in handling civil matters related to Islamic economics, even when they do not directly involve the personal status of the legal individuals. This principle allows the Religious Court to address sharia economic cases involving non-Muslims as long as there is a mutual agreement that the court has jurisdiction over dispute resolution. The jurisdiction of the Religious Court in sharia economic cases is determined by the legal matter at hand, rather than the religious affiliation of the parties involved. This approach aligns with the Civil Code's principle of freedom of contract, which states that agreements made within the law are enforceable. By embracing the principle of submission, the national legal system demonstrates its adaptability in accommodating the evolving practices of sharia law that are inclusive and open to different faiths.

Therefore, by broadening the scope of the Religious Court Law and acknowledging the significance of compliance in Sharia financial practices, there is a harmonious relationship between the national legal framework and the concept of contractual freedom in the civil sector. Implementing this concept not only reinforces the authority of the Religious Court in resolving Sharia economic disputes but also demonstrates that Islamic law can serve as a universal guiding principle that transcends religious boundaries. Consequently, the principle of compliance acts as a vital link in allowing the Religious Courts to have jurisdiction over non-Muslim individuals in legal matters, as long as the agreements are consensual, documented,

and valid according to the law. Therefore, with a clear agreement in place within the contract, the principle of compliance becomes the foundation for the absolute authority of the Religious Court, as elaborated in the preceding paragraph.

The urgency of religious courts and alternative dispute resolution institutions in the field of Islamic economics is to enforce substantive Islamic economic law so that it is coherent with formal law, and is carried out by individuals or institutions that know, understand, and internalise the principles of Sharia in the fields of economics and finance. Furthermore, the values, principles, foundations, and legal norms of Islam in the economic field are correspondingly implemented in the lives of people who have spiritual rights in the form of the fulfilment of their needs for goods or services in accordance with the teachings of their religion. Strengthening sharia compliance is necessary in order to provide legal protection for customers (Mubarok et al., 2021).

Yet, the application of the principle of submission in the realm of Religious Courts still faces various challenges, both legally and practically. One of the main issues is the lack of explicit provisions in the Religious Court Law regarding formal recognition of the principle of submission, particularly in sharia economic cases involving non-Muslim parties. This ambiguity could lead to potential jurisdictional conflicts if non-Muslim parties raise objections to the competence of the Religious Court, arguing that such courts are, by principle, personal and religious in nature. This concern cannot be ignored, given that the jurisdiction of the Religious Court in Indonesia is traditionally based on the principle of Islamic personality, which only applies to legal subjects who are Muslim. Hence, when the principle of submission is extended to include non-Muslim subjects, there is concern that this may conflict with the basic principles of the establishment of the Religious Court itself.

Nevertheless, judicial practice in Indonesia shows progressive developments that open up space for the application of the principle of submission in the context of a more inclusive Islamic economy. A number of Supreme Court rulings have strengthened the legitimacy of the Religious Court in handling sharia economic cases involving non-Muslim parties, provided that the agreement contains a clause explicitly designating the Religious Court as the forum for dispute resolution. This shows that normatively, the principle of submission is acceptable and can be maintained, as long as it does not conflict with positive law and continues to guarantee the principles of justice and legal certainty for all parties. In other words, this principle provides the legal flexibility that is urgently needed in contemporary sharia economic practices, which are open and cross-faith in nature.

Therefore, strengthening the principle of submission in the Indonesian legal system, particularly within the jurisdiction of the Religious Court, is crucial to ensuring the overall effectiveness of sharia economic dispute resolution. To this end, it is necessary to establish more explicit normative regulations in the law, accompanied by technical guidelines for judges and legal practitioners to interpret and apply forum submission clauses proportionally. Additionally, contract makers in sharia economic transactions must be more careful in drafting agreements, clearly and explicitly stating the dispute resolution forum from the outset to avoid jurisdictional conflicts in the future. With these measures, the principle of submission can become a means of strengthening the sharia economic legal system, which not only guarantees legal certainty but also upholds the principles of justice and sharia values in practice.

From the analysis of this issue, a legal framework regarding Religious Court proceedings can be identified, where the principle of submission acquires a special meaning when applied to the resolution of Islamic economic disputes. Although Religious Courts, in principle, have the principle of Islamic personality, meaning their jurisdiction is limited to those who are

Muslim, the development of the law and interpretation of Article 49 of the Religious Courts Act indicate that this principle can be expanded through the voluntary principle of submission by an individual or legal entity, whether Muslim or non-Muslim -Muslim, is deemed to have submitted to Islamic law if, in their business activities, they genuinely apply Sharia principles, such as murabahah contracts, ijarah, mudharabah, and other forms of Sharia financial transactions. Thus, when a dispute arises in such a legal relationship, it can be resolved in the Religious Court, regardless of the religious background of the parties, provided that they have previously chosen to submit to the Islamic legal system through the contract used.

The application of the principle of submission in this context is not only based on explicit agreement in the form of a clause in the contract, but can also be interpreted from the attitude or legal actions of the parties who from the outset chose to conduct (E. R. Sari, 2018). This legal stance then became the basis for the Religious Court to declare itself competent, because the parties had implicitly accepted the jurisdiction of that judicial institution. Thus, the principle of submission has an important position in bridging the principle of Islamic personality with the inclusive and open nature of the sharia economy for everyone (Zuhriah, 2014).

Moreover, it can be inferred that the principle of submission is crucial in the Indonesian legal system when it comes to determining the jurisdiction of the Religious Court in sharia economic cases, such as credit agreements adhering to sharia principles. While Article 49 of Law No. 3 of 2006 on Religious Courts theoretically states that the jurisdiction of Religious Courts is restricted to disputes involving Muslims, judicial practice has demonstrated that there is flexibility for non-Muslim individuals to willingly submit to the authority of Religious Courts if they opt to engage in legal agreements based on sharia principles.

In Sharia-compliant credit agreements, the concept of acceptance is acknowledged as long as the parties, regardless of their religious beliefs or legal status, have agreed explicitly (using a forum clause) or implicitly (by engaging in legal actions related to Sharia contracts like *murabahah*, *ijarah*, or *mudharabah*). This acceptance can be deemed legitimate and obligatory, similar to the concept of freedom to contract as outlined in Article 1338 of the Civil Code, which dictates that any agreement made in compliance with the law carries legal force and is enforceable against the parties involved.

Thus, the validity of the principle of submission in sharia credit agreements not only reinforces the application of sharia principles as substantive law, but also functionally expands the jurisdiction of the Religious Court, insofar as the parties consciously choose Islamic law as the basis and forum for dispute resolution. This underscores that the jurisdiction of Religious Courts in sharia economic cases is determined by the nature of the legal relationship and the agreement between the parties, not solely by religious identity.

However, to ensure legal certainty and prevent potential jurisdictional conflicts, strengthening norms through explicit recognition of the principle of submission in legislation and technical guidelines for the judiciary is urgently needed. This is important so that sharia-based credit agreements involving interfaith parties continue to receive legal protection and a dispute resolution forum that is legitimate, fair, and in accordance with sharia principles.

3.2. Jurisdiction of Religious Courts in Sharia Banking Disputes Involving Non-Muslims

The participation of non-Muslims in using Islamic banking services demonstrates legal awareness and a willingness to comply with the provisions applicable in the system. Although the principles used are derived from Islamic law, Islamic banking remains a formal financial institution subject to national laws and regulations, such as Law No. 21 of 2008 concerning Islamic Banking (hereinafter referred to as the 'Islamic Banking Law'). When a customer,

regardless of their religious background, chooses an Islamic financing product, they automatically agree to the contract and legal provisions that bind the transaction. This reflects the principle of pacta sunt servanda and a form of submission to the applicable legal system, both Islamic and national (Sulistyarini, 2018).

The Sharia Banking Law also stipulates that the settlement of sharia banking disputes falls under the absolute authority of the Religious Court, as regulated in Article 55 paragraph (1), which states: 'The settlement of sharia banking disputes shall be carried out by the court within the Religious Court.' This indicates that Islamic banking, although based on sharia, is fully within the framework of national law. Thus, when disputes arise in legal relationships arising from sharia financing agreements, the dispute resolution mechanism cannot be separated from the legal system that governs it. In accordance with the provisions of Article 55 paragraph (1) of the Sharia Banking Law, the resolution of such disputes is the authority of the Religious Court. This shows that the jurisdiction of the Religious Court is not only limited to family and inheritance cases, but also covers aspects of sharia economics that are explicitly regulated in legislation.

In addition to being determined normatively through legislation, the existence of the Religious Court as an institution handling sharia economic disputes also has strong historical roots in the Indonesian legal system. Since the era of Islamic kingdoms in the archipelago, forms of Islamic-based courts have been known and operated under various names and institutional forms, depending on the socio-political context of the time.

For example, during the reign of Sultan Agung Mataram, there was the Serambi Court, where the penghulu and ulama presided over hearings held in the mosque's serambi. During the colonial period, a religious court institution called the Priesterraad was established based on Staatsblad 1882 No. 152, which was given the authority to settle cases between Muslims based on Islamic law. In addition, there were also the High Islamic Court in Java and Madura, the Religious Council in Kalimantan, the Islamic Religious Council in the former East Sumatra region, and the Qadhi in Makassar.

The diversity of these institutions shows that Islamic-based courts have long been part of the dispute resolution system in Indonesia and have continued to undergo transformation until now, taking the form of Religious Courts within the national court system. Therefore, when Article 55 of the Sharia Banking Law handed over the authority to resolve disputes to the Religious Court, it was not only legally valid, but also had a strong historical basis.

The Religious Court has the power to settle sharia banking disputes according to Article 55 paragraph (1) of Law Number 21 of 2008, marking an important step for assessing the validity of the principle of compliance in sharia-based financing contracts, particularly in cases involving non-Muslim parties. Despite the implicit acknowledgment of the principle of compliance in the procedural customs of the Religious Courts, its legal standing in the context of cross-faith agreements has not been thoroughly explored in legal scholarship. Nevertheless, with the passing of Law No. 3 of 2006, which broadened the complete authority of Religious Courts to encompass Islamic finance, including banking financing, the participation of non-Muslim clients has become increasingly prominent in reality.

In this context, the principles of *pacta sunt servanda* and freedom of contract are used as the basis for the assumption that every party signing an agreement, including non-Muslim parties, is deemed to have consciously submitted to the principles and dispute resolution mechanisms applicable in the sharia legal system (Jamil & Nury & Rumawi, 2020; Rasyid, 2017)vav. However, the absence of explicit regulations regarding the legitimacy of interfaith submission in Indonesia's positive legal system, particularly in Islamic credit agreements, raises an important question: to what extent can these principles be considered valid and

binding, especially when it comes to judicial jurisdiction? In other words, can the principle of submission be used as a basis for referring disputes to the Religious Court absolutely, even if one of the parties is not Muslim? The absence of legal analysis on this issue indicates a normative gap that needs to be addressed through an approach based on contract law and procedural law.

The principle of self-submission in sharia-based credit agreements is, in essence, a manifestation of the principle of freedom of contract recognised in Article 1338 of the Civil Code. When the parties, both Muslim and non-Muslim, voluntarily agree to a sharia financing contract, they are deemed to have agreed to be subject to the legal norms governing such contracts, including the provisions for dispute resolution in the Religious Court as contained in the contract clause or in the national legal system. Thus, normatively, the principle of submission can be considered valid and binding as long as it fulfils the elements of a valid agreement as stipulated in Article 1320 of the Civil Code.

However, when connected to the complete authority of the Religious Court, the matter becomes intricate. According to Article 49 of Law No. 3 of 2006, the Religious Court is only authorized to handle cases concerning Muslims. On the other hand, Article 55 of Law No. 21 of 2008 assigns the task of resolving Islamic banking conflicts to the Religious Court, but there is uncertainty in its implementation, especially when one party is not Muslim.

In several Supreme Court rulings, the principle of submission has been accepted as the legal basis for expanding the jurisdiction of Religious Courts in Islamic economic cases, including those involving non-Muslim parties, provided there is a written agreement and no objections from the parties. This means that the principle of submission can be used as a basis for submitting disputes to the Religious Court in a legal and binding manner, but not automatically in an absolute manner, because the jurisdiction of the court remains subject to the recognition of applicable procedural law and the principle of personality in relative competence.

Thus, the validity of the principle of submission in this case is more of a contractual jurisdiction agreement that must be formally tested through court mechanisms. In the context of procedural law, if one of the parties objects to the jurisdiction of the Religious Court, the court is obliged to test the absolute competence based on the religious status of the disputing parties and the legal agreement set forth in the agreement.

Hence, while the idea of compliance holds legal weight in agreements and has been incorporated into various customs, its application as the primary factor in granting the Religious Court authority over individuals of other faiths is somewhat subjective rather than definitive, and largely relies on clear consent, lack of opposition, and the judge's evaluation in deciding complete authority according to both civil and religious court procedural regulations.

In light of the aforementioned discussion, this implies that the involvement of non-Muslim clients in Islamic banking reflects a recognition and acceptance of Sharia principles within the national legal framework. By incorporating a dispute resolution clause in Islamic financing contracts that refers to the Religious Court as outlined in Article 55(1) of the Islamic Banking Law, the concept of valid consent is applied in line with the notion of freedom of contract stated in Article 1338 of the Civil Code. However, the application of this concept within the Religious Court's absolute jurisdiction over disputes involving non-Muslim parties is not automatic and is contingent upon the presence of a written agreement, lack of objections from the parties, and the judge's evaluation of absolute competence in accordance with procedural law. Consequently, while the principle of consent holds legal validity in contract law, it cannot serve as the sole basis for establishing the authority of the Religious Court in

cases involving individuals of different faiths. Therefore, a more defined and comprehensive legal framework is essential to ensure legal certainty in inclusive Islamic banking practices.

4. Conclusion

The involvement of non-Muslim clients in Islamic banking demonstrates the acknowledgment of Sharia principles within the country's legal system and creates opportunities for widening the scope of the Religious Court's authority through self-submission. This concept is recognised in Article 1338 of the Civil Code and acts as a link between the religion-based jurisdictional constraints in Article 49 of the Religious Court Law and the all-encompassing principles of Islamic finance. Nonetheless, even though the submission principle holds normative power, it is not robust enough to establish complete jurisdiction without a formal agreement, lack of dissent, and judicial review. Therefore, more explicit legal regulations and clear technical guidelines are needed to ensure that this principle is applied fairly, consistently, and guarantees legal certainty in interfaith Islamic banking practices.

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