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MUHAMMADIYAH'S THOUGHTS ON BANK INTEREST: AN ANALYSIS OF THE IJTIHAD METHOD

Ana Cahayani Fatimah[1], Waode Kasriawati Bakari[2], Fatmawaty Padedeng[3], Suwarno Djodding[4], Mahsyar Idris[5]

Sekolah Tinggi Agama Islam Al-Furqan Makassar[1]
University of Muhammadiyah Parepare[2 3 4 5]
anacahayani@gmail.com

ABSTRACT

This study aims to examine Muhammadiyahs thinking on bank interest through the analysis of the ijtihad method used in determining its legal status in the perspective of contemporary Islamic law. The issue of bank interest is one of the issues of muamalah fiqh that continues to be debated because it is related to the concept of usury, the development of the modern banking system, and the demand for adaptation of Islamic law to global economic dynamics. This research uses a qualitative approach with a type of library research combined with a normative-philosophical approach. Data analysis is carried out through content analysis and descriptive-critical analysis with the stages of data reduction, classification, interpretation, comparison, and deduction of conclusions. The main sources of data for the research include the Muhammadiyah Tarjih Decision Association, the official decision of the Tarjih and Tajdid Council of the Muhammadiyah Central Executive, the documents on the results of the Tarjih National Conference, and the works of Muhammadiyah figures on the ijtihad methodology. These data sources are enriched with reputable journal articles, academic books, and cutting-edge research on Islamic economic law and ijtihad methodology. The results of the study show that Muhammadiyah views bank interest as an ijtihadiyah issue which is decided through the integration of bayani, burhani, and istislahi approaches. This approach results in a legal construction that not only relies on normative postulates, but also considers scientific rationality, the development of the modern financial system, and aspects of the benefit of the people. The novelty of this research lies in the reconstruction of the methodological pattern of Muhammadiyah ijtihad which shows the existence of an integrative model between textual, rational, and maqaṣid approaches in the determination of bank interest law. This research offers the perspective that the Muhammadiyah ijtihad methodology not only produces legal fatwas, but also builds an adaptive Islamic legal paradigm that is adaptive, contextual, and responsive to contemporary economic transformation. The findings are expected to contribute to the development of the theory of Islamic economic ijtihad and become a reference for strengthening the policies and practices of Islamic financial institutions in Indonesia.
Keywords: *Muhammadiyah, bank interest, ijtihad, Islamic economy, Tarjih Council*

INTRODUCTION

The development of the global financial industry has led to the birth of various modern economic instruments that demand a more dynamic response to Islamic law. One of the issues that is still an academic debate is the legal status of bank interest. The debate is not only related to the identification of bank interest as a form of usury, but also concerns the methodology of legal *reasoning* used by Islamic fatwa institutions in dealing with changes in the contemporary economic system. In recent decades, studies of *Islamic legal* *reasoning* have shown that Islamic economic fatwa is no longer based solely on a textual approach (*bayānī*), but has evolved towards a multidisciplinary approach that integrates *uṣūl al-fiqh*, *maqāṣid al-syarī'ah*, economic analysis, and considerations of the public interest. These developments show that contemporary ijtihad has become the main instrument in maintaining the relevance of Islamic law to global socio-economic changes.

Muhammadiyah as one of the largest Islamic organizations in Indonesia has a serious concern for Islamic economic issues and the development of contemporary Islamic law. Through the Tarjih and Tajdid Councils, Muhammadiyah seeks to provide answers to modern problems with a rational, moderate, and contextual approach to ijtihad. In the issue of bank interest, Muhammadiyah takes an approach that is not only textual, but also considers social realities and the benefits of the ummah (Nashir, 2021).

Muhammadiyah as a tajdid movement has the character of legal thinking that is open to renewal and development of the times. In the field of Islamic economics, Muhammadiyah places ijtihad as an important instrument in answering contemporary problems, including the issue of bank interest. According to Haedar Nashir, Muhammadiyah developed a progressive Islamic paradigm that emphasizes the integration between Islamic teachings, rationality, and the social needs of modern society (Nashir, 2021). This paradigm causes Muhammadiyah not only to view bank interest from a legal-formal aspect, but also from the dimension of economic ethics and social justice.

In the Indonesian context, Muhammadiyah is one of the Islamic organizations that consistently develops the tradition of ijtihad through the Tarjih and Tajdid Councils. In contrast to the individual fatwa approach, Muhammadiyah implements ijtihad jama'i (collective ijtihad) involving scholars, academics, and experts across disciplines in the process of making legal decisions. This model shows that the Muhammadiyah fatwa is built through a dialogue between normative postulates, rational argumentation, and empirical analysis of the reality of society. Haedar Nashir (2021) emphasized that the *Progressive Islamic* paradigm makes tajdid a mechanism for updating Islamic law so that it remains relevant to the development of modern science, technology, and economics. Thus, the decision on bank interest is not only understood as a halal-haram issue, but also as part of an effort to build a fair and benefit-oriented economic system.

The discourse on bank interest in Muhammadiyah shows the dynamics of thinking that develop in accordance with the changes in the modern economic system. Muhammadiyah not only adopts the classic view of riba, but also develops a legal istinbath method that combines bayani, burhani, and irfani approaches in the ijtihad process (Azhar, 2020). This approach shows that Muhammadiyah seeks to bridge the normative ideals of sharia with the practical needs of modern society.

A number of previous studies have discussed Muhammadiyah's fatwa regarding bank interest. Hidayat's research (2019) explained that Muhammadiyah views bank interest as a matter of syubhat that must be avoided. Meanwhile, Rahman's research (2022) emphasizes that the Muhammadiyah tarjih method emphasizes the maqashid sharia approach rather than the literal approach alone. Another study by Fauzi and Karim (2023) shows that Muhammadiyah's decision on bank interest is influenced by changes in the national and global economic system.

International studies on Islamic financial fatwa also show a change in the methodological paradigm in the determination of Islamic economic law. Ahmed's research

(2025) develops the *framework of Islamic Normative Legal Theory* which integrates the theories of *uṣūl al-fiqh*, *qawā'id fiqhiyyah*, and *maqāṣid al-syarī'ah* as the basis of *modern Islamic legal reasoning*. Meanwhile, Alkhan and Hassan (2025) show that international Islamic financial institutions are beginning to develop new Islamic legal theories that combine classical legal sources with contemporary methodological tools in formulating Islamic economic fatwas. Other research on the contemporary ijtihad method in Islamic business law also confirms that the complexity of modern financial transactions demands a more adaptive, collaborative, and *evidence-based legal reasoning* approach.

Although many studies have been conducted on bank interest, most of the previous research has focused on normative aspects regarding the legal status of bank interest or comparing the views of Islamic organizations such as Muhammadiyah, Nahdlatul Ulama, and the Indonesian Ulema Council. These studies generally place fatwas as the final legal product, without elaborating in depth on the epistemological and methodological processes that underlie the birth of the fatwa. As a result, the legal reasoning dimension of Muhammadiyah in formulating bank interest laws has not been explored comprehensively. In addition, the latest literature on *contemporary ijtihad* and *Islamic legal reasoning* has not been widely integrated into the study of bank interest fatwa in Indonesia.

On the other hand, research on bank interest has so far been dominated by normative discussions regarding the halal and haram status of bank interest. Studies that specifically review the construction of Muhammadiyah's ijtihad method in determining bank interest laws are still relatively limited. In fact, understanding the ijtihad method is very important to see how Muhammadiyah builds Islamic legal arguments that are adaptive to modern socio-economic changes. Therefore, this research has an important position in enriching the study of the methodology of ijtihad of Islamic organizations in Indonesia, especially in the field of contemporary Islamic economics.

Analysis of the Muhammadiyah fatwa shows that the determination of the law of bank interest is not carried out through textual reasoning alone, but is the result of a methodological process structured in Manhaj Tarjih. Manhaj Tarjih serves as an epistemological framework that directs the ijtihad process, while *maqāṣid al-syarī'ah* becomes a normative orientation that ensures that every legal decision aims to realize benefits (*jalb al-maṣlaḥah*) and prevent harm (*dar' al-mafsadah*). Thus, the relationship between the two is integrative, where manhaj provides a method of analysis, while *maqāṣid* provides the direction and purpose of Islamic law.

In practice, the process of determining the law of bank interest begins with the identification of the problem (*taṣawwur al-mas'alah*), which is understanding the characteristics of bank interest in the modern banking system. This stage is carried out through the burhānī approach, which is to utilize economic analysis, empirical data, and the development of the modern financial system. After the object of the law is comprehensively understood, the Tarjih Council conducts a bayānī study of the verses of the Qur'an and hadith related to usury, especially QS. Al-Baqarah verses 275–279 and QS. Āli 'Imrān verse 130. Next, the process of *ta'līl al-aḥkām* (search for 'illat law) is carried out to assess whether bank interest has the same characteristics as riba as prohibited in the shari'a.

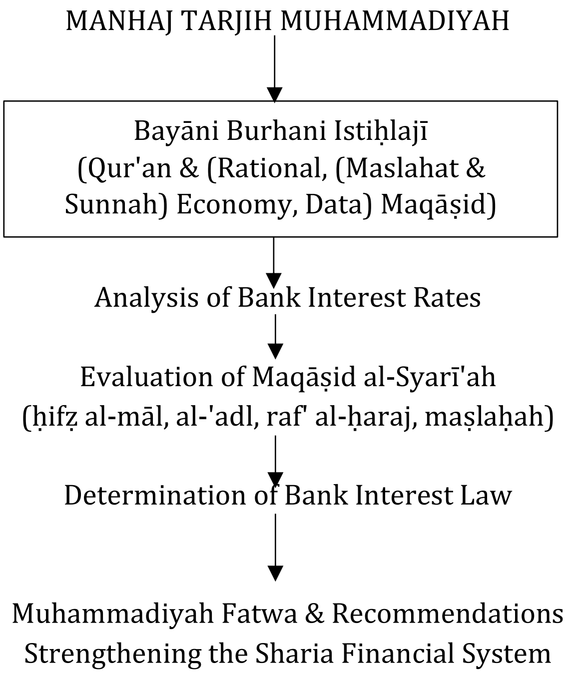
The next stage is the testing of the results of the analysis through the perspective *of maqāṣid al-syarī'ah*. Muhammadiyah does not stop at the conclusion that interest is an addition (*ziyādah*) to loan transactions, but also assesses its impact on the purposes of sharia, especially the protection of property (*ḥifẓ al-māl*), economic justice, the balance of wealth distribution, and the protection of the community from exploitative practices. Therefore, the legal argument regarding bank interest is built not only on the similarity of the form of transactions with usury, but also on the consideration of whether the system is contrary to the basic purpose of sharia in creating economic justice. This approach shows that *maqāṣid al-syarī'ah* functions as an evaluative instrument for the results of ijtihad obtained through Manhaj Tarjih.

Based on this analysis, this study reconstructs the flow of methodological relationships as follows:

Manhaj Tarjih → Bayānī, Burhānī, and Istiṣlāḥī Approaches → Analysis of 'Illat Riba → Evaluation based on *Maqāṣid al-Sharī'ah* → Determination of Bank Interest Law → Recommendations for Strengthening the Islamic Financial System.

The plot shows that *maqāṣid al-syarī'ah* is not a stand-alone method, but rather an orientation that directs the entire process of ijtihad in Manhaj Tarjih. Thus, Muhammadiyah's decision on bank interest is the result of an integration between normative postulates, rational argumentation, and benefit analysis. This model shows that Muhammadiyah's ijtihad is integrative, collective, and adaptive, so that it is able to answer modern economic problems without giving up the basic principles of Islamic law.

This finding is also a novelty of research, which offers a conceptual model that the relationship between Manhaj Tarjih, maqāṣid al-syarī'ah, and Islamic economic fatwa forms an *Integrated Maqāṣid-Based Tarjih Reasoning* model. This model explains that Muhammadiyah fatwa is not only a legal product, but also the result of *the Islamic legal reasoning* process that integrates normative, philosophical, empirical, and sharia dimensions. The model can be used as an analytical framework to examine other Islamic economic fatwas related to contemporary financial innovation.



Based on this analysis, the *research gap* of this research lies in the absence of a study that specifically reconstructs the ijtihad method of Muhammadiyah in determining bank interest law through the perspective of *contemporary Islamic legal reasoning*. In contrast to previous research that focused more on the substance of fatwas, this study places the ijtihad methodology as the main object of analysis. Thus, this study not only examines the legal conclusions produced by Muhammadiyah, but also explains the epistemological process, the ushul fiqh approach, the considerations of maqāṣid al-syarī'ah, and the rational arguments that form the construction of the law.

The novelty *of* this research lies in the preparation of an integrative analysis model of the Muhammadiyah ijtihad method that combines the bayānī, burhānī, and istislāḥī approaches in the perspective *of contemporary Islamic legal reasoning*. The model shows that Muhammadiyah's ijtihad methodology does not stop at determining the legal status of bank interest, but also builds a legal decision-making framework that is adaptive to the dynamics of the modern financial system. Therefore, this research is expected to make a conceptual contribution to the development of contemporary ijtihad theory, enrich the literature on the methodology of Islamic economic fatwa, and become a reference for the development of Islamic financial institution policies in Indonesia.

Based on this description, the formulation of this research problem Based on this description, the questions of this research are: (1) what is Muhammadiyah's view on bank interest? and (2) what is Muhammadiyah's ijtihad method in determining bank interest law?

RESEARCH METHODS

This research uses a qualitative approach with the type of library research. The approach used is a normative-philosophical approach that aims to analyze Muhammadiyah's thinking about bank interest based on Islamic law sources and contemporary tarjih thought.

The data sources in this study consist of primary sources and secondary sources. Primary sources include the decisions of the Tarjih and Tajdid Council of Muhammadiyah, the Tarjih Decision Association, and official documents of Muhammadiyah related to bank interest and Islamic economics. Secondary sources are obtained from reputable scientific journals, academic books, research articles, and scientific works relevant to the research theme.

The data collection technique was carried out through documentation studies and literature studies. The researcher collected various references related to Muhammadiyah thought, the concept of usury, bank interest, and contemporary Islamic ijtihad methods. The collected data is then classified based on the research themes. The selection of literature in this study was carried out purposively by considering the relevance of the substance, academic authority, and the up-to-date of the publication. The literature analyzed is limited to scientific works published in the period 2018–2025**,** except for classic works and official documents of Muhammadiyah which are the conceptual basis of the research. Inclusion criteria include: (1) articles in SINTA-accredited national journals and reputable international journals that discuss bank interest, riba, Islamic financial fatwas, *Islamic legal reasoning*, *maqāṣid al-syarī'ah*, and *contemporary ijtihad*; (2) scientific books written by experts in Islamic law and sharia economics; and (3) official documents of Muhammadiyah that have normative authority. The main documents analyzed include the Muhammadiyah Tarjih Decision Association, Manhaj Tarjih and the Development of Muhammadiyah Islamic Thought, the decision of the Tarjih National Assembly, the fatwas of the Tarjih Council and the Tajdid of the Muhammadiyah Central Executive regarding Islamic economics, as well as official publications of Muhammadiyah related to the ijtihad methodology. To ensure the credibility of sources, this study applies source criticism techniques through assessment of author authority, credibility of publishers or journals, consistency of arguments, relevance to research focus, and triangulation of literature by comparing primary documents, scientific articles, and international literature. This step aims to minimize interpretation bias and improve the validity and reliability of research findings (Creswell & Poth, 2018; Bowen, 2009; Snyder, 2019).

The data analysis technique uses an interactive analysis model which includes data reduction, data presentation, data interpretation, and conclusion drawn. The analysis was carried out in a descriptive-analytical manner with a deductive approach to understand the construction of Muhammadiyah thought in determining the law of bank interest. This research also uses philosophical analysis to uncover the epistemological basis of the Muhammadiyah ijtihad method. Data analysis was carried out in stages using *qualitative content analysis* combined with thematic analysis and normative hermeneutic analysis. The first stage is data reduction through the identification of the main concepts regarding bank interest, manhaj tarjih, and the Muhammadiyah ijtihad method. The second stage is in the form of the coding and categorization process based on themes such as *the bayānī*, *burhānī*, *istiṣlāḥī*, maqāṣid al-syarī'ah approach, as well as legal arguments used in Muhammadiyah fatwa. The third stage is normative-philosophical interpretation to explain the relationship between sharia postulates, tarjih methodology, and consideration of benefits in determining bank interest laws. Furthermore, the results of the interpretation are compared (*constant comparative analysis*) with the findings of previous research as well as the development of international literature on *Islamic legal reasoning* and Islamic financial fatwa so that a conceptual synthesis is obtained that is able to explain the characteristics of the Muhammadiyah ijtihad method. The analysis process ended with the drawing of deductive-analytical conclusions in order to formulate a conceptual model of the relationship between Manhaj Tarjih, maqāṣid al-syarī'ah, and the determination of bank interest law as theoretical contributions to this research (Mayring, 2021; Schreier, 2021; Creswell & Poth, 2018).

RESULTS AND DISCUSSION

Objective Conditions of Muhammadiyah's Thinking on Bank Interest

Muhammadiyah views that the issue of bank interest is a contemporary issue that requires in-depth study through a modern ijtihad approach. In the Tarjih Decision Association, Muhammadiyah emphasized that riba is haram based on the Qur'an and hadith. However, bank interest is understood as a problem that has a different complexity from the practice of riba in the classical period.

The Muhammadiyah Tarjih Council considers that the modern banking system was born from the economic needs of the community which cannot be separated from national development activities. Therefore, Muhammadiyah does not only look at bank interest textually, but also considers the socio-economic context of modern society (Sutrisno, 2021).

In the development of Islamic legal thought in Indonesia, Muhammadiyah is known as a modernist Islamic organization that places ijtihad as an important instrument in answering contemporary problems. Muhammadiyah's attitude towards bank interest cannot be separated from the tajdid paradigm which is the main characteristic of this movement. Muhammadiyah views that modern economic practices require legal formulation that not only relies on a textual approach, but also considers social dynamics and the development of the global financial system. Therefore, the discussion of bank interest is placed as part of the contemporary muamalah problem that requires a collective ijtihad approach (Nashir, 2021).

The Tarjih Decision Association explained that riba is an additional that is taken unjustly in lending and borrowing transactions. Muhammadiyah understands that the substance of the prohibition of usury lies in the element of exploitation and economic injustice. This perspective shows that Muhammadiyah does not only understand riba literally, but also looks at the moral and socio-economic dimensions contained in it (Majelis Tarjih dan Tajdid PP Muhammadiyah, 2018). This approach is in line with the opinion of Yusuf al-Qaradawi who stated that the main purpose of the prohibition of riba is to avoid economic practices that are detrimental to one of the parties in the transaction (Al-Qaradawi, 2019).

Historically, Muhammadiyah's decision on bank interest has experienced quite a dynamic development. At the Tarjih Congress in Sidoarjo, Muhammadiyah once viewed bank interest as a matter of musytabihat or vague because there was no full clarity about the modern bank operational system. However, with the development of the sharia economic system and the increase in the study of Islamic economics, Muhammadiyah began to emphasize that bank interest has similarities with riba nasi'ah, namely the existence of additional debt-receivables transactions (Karim, 2020).

The Muhammadiyah thought shows the existence of Islamic neo-modernism that seeks to integrate the normative values of sharia with the reality of modernity. According to Amin Abdullah, Muhammadiyah's scientific paradigm is built on the integration of religious texts, rationality, and social empirical reality (Abdullah, 2020). Therefore, legal decisions regarding bank interest are not understood as rigid legal products, but as the result of ijtihad that is open to review according to the times.

In addition, Muhammadiyah also considers aspects of the benefit of the community in the use of banking services. In the context of the modern country, banks have a strategic function in economic development, investment, and national financial stability. Therefore, Muhammadiyah does not necessarily reject the modern banking system, but encourages transformation towards a more equitable Islamic economic system and free from the practice of usury (Rahman, 2022). This attitude shows that Muhammadiyah emphasizes the gradual process of Islamic economic reform rather than a confrontational approach to the conventional economic system.

Muhammadiyah's view on bank interest is also influenced by the development of the Islamic finance industry in Indonesia. The presence of Islamic banks is seen as an alternative that is more in accordance with Islamic sharia principles. In this case, Muhammadiyah supports the strengthening of Islamic financial institutions as part of the implementation of an Islamic economy that is socially just and oriented towards the welfare of the people (Fauzi & Karim, 2023). Thus, Muhammadiyah's thinking about bank interest is not only oriented to the legal-formal aspects of Islamic law, but also directed to the transformation of the economic system that is more ethical and humane.

Muhammadiyah's view on bank interest has developed from time to time. At first, Muhammadiyah tended to be cautious in giving legal decisions because of the difference in characteristics between jahiliyah riba and modern bank interest. However, in subsequent developments, Muhammadiyah more firmly stated that bank interest is a category that is close to riba because of the addition in loan transactions (Karim, 2020).

Nevertheless, Muhammadiyah still opens the ijtihad space to emergency conditions and the needs of the community. This shows that there is flexibility in Muhammadiyah's legal thinking which is not rigid and literal.

Table 1. Comparison of the Views of Muhammadiyah, Nahdlatul Ulama (NU), Indonesian Ulema Council (MUI), and International Ulema on Bank Interest

Aspects	Muhammadiyah	Nahdlat Ulama (NO)	Indonesian Ulema Council (MUI)	International Scholars
Basic Methodology	Manhaj Tarjih with the approach of bayānī, burhānī, and istiṣlāḥī (maqāṣid al-syarī'ah) (Majelis Tarjih, 2018).	The approach of qaulī, ilhāqī, and manhajī is based on the Shafi'i school and the classical fiqh books (Bahtsul Masail NU).	Collective fatwas based on the Qur'an, Sunnah, ijma', qiyas, maqāṣid al-shari'ah, and sharia economic considerations (DSN-MUI, 2004).	Using uṣūl al-fiqh, maqāṣid al-syarī'ah, and *modern Islamic legal reasoning* . Different approaches between Middle Eastern and European scholars (Kamali, 2019; Ahmed, 2025).
View of Bank Interest	Bank interest is seen as having *similarities between 'illat* and usury, so the law is haram, but the determination is carried out through a collective ijtihad process and considering the conditions of the community (Nashir, 2021).	NU does not give a single view. In Bahtsul Masail there are several opinions, ranging from haram, syubhat, to abilities under certain conditions (*hajah*) according to the context of transactions (Asrorun Ni'am, 2020).	The MUI through Fatwa No. 1 of 2004 stipulates that interest in conventional financial institutions includes riba nasi'ah so that the law is haram for Muslims who already have access to Islamic financial institutions (DSN-MUI, 2004).	The majority of scholars such as Yusuf al-Qaradawi, Wahbah al-Zuhaili, and Taqi Usmani forbade bank interest because it was considered to meet the element of usury. Some modern scholars such as Fazlur Rahman and Muhammad Abduh emphasize more analysis of the elements of exploitation and economic justice in every transaction (Al-Qaradawi, 2019; Kamali, 2019).
Ijtihad Approach	Integrative between text, rationality, and benefit through ijtihad jama'i.	The dominant use of the opinions of madhhab scholars with adaptation to contemporary problems through Bahtsul Masail.	A multidisciplinary collective fatwa involving scholars, economists, and Islamic finance practitioners.	It tends to develop *contemporary ijtihad* that integrates maqāṣid, modern economics, and international regulations (Auda, 2018).

Aspects	Muhammadiyah	Nahdlat Ulama (NO)	Indonesian Ulema Council (MUI)	International Scholars
Maqāṣid Orientation	Emphasizing economic justice (*al-'adl*), property protection (*ḥifẓ al-māl*), and the benefit of the ummah.	Focusing on the benefit of the community while maintaining the continuity of the opinion of the sect.	It is oriented towards the development of the national Islamic financial system and the protection of the community from the practice of usury.	Emphasizing the achievement of economic justice, financial stability, sustainable development, and protection of people's economic rights.
Practical Implications	Encourage people to use Islamic financial institutions and strengthen the Islamic economy based on the value of justice.	Providing space for flexibility according to community conditions and the results of Bahtsul Masail's decision.	It is the basis for the development of the Islamic banking and finance industry in Indonesia.	It is a reference for the standards of international institutions such as AAOIFI and Islamic Fiqh Academy in the preparation of Islamic economic fatwas.

The comparison in Table 1 shows that the four institutions have similarities in placing the prohibition of riba as a basic principle of Islamic law, but differ in the methodological approach used to assess bank interest. Muhammadiyah developed *Manhaj Tarjih* which integrated the bayānī, burhānī, and istiṣlāḥī approaches, so that its legal decisions did not only depart from normative texts, but also considered economic realities and the goals of sharia. On the other hand, NU emphasizes the madhhab approach through the Bahtsul Masail mechanism, while MUI uses a collective fatwa model that combines sharia postulates with sharia economic analysis. At the international level, the development of *Islamic legal reasoning* shows a tendency to strengthen the *approach of maqāṣid al-syarī'ah* as the basis for the determination of the law on modern financial instruments.

An important finding of this study is that Muhammadiyah has a different methodological character than NU and MUI, namely making Manhaj Tarjih a legal epistemological system that connects text analysis, scientific rationality, and sharia goals simultaneously. Thus, the interest fatwa of Muhammadiyah banks is not just a legal product, but a representation of an integrative *Islamic legal reasoning* process . This is the *novelty of* the research compared to previous studies which generally only compare the results of fatwas without analyzing the structure of the ijtihad methodology that gave birth to it.

Muhammadiyah Ijtihad Method in Determining Bank Interest Law

Muhammadiyah's ijtihad method in determining the bank interest law is based on manhaj tarjih which combines the approaches of bayani, burhani, and istislahi. The bayani approach is used to understand the postulates of the Qur'an and hadith regarding the prohibition of usury. Muhammadiyah interprets the verses of riba comprehensively by considering the historical context and the purpose of the sharia.

The burhani approach is used through a rational analysis of the modern economic system. Muhammadiyah understands that modern banking has an important function in the country's economic development and financial stability. Therefore, economic analysis is an important part of the ijtihad process (Rahman, 2022).

Meanwhile, the istislahi approach is used by considering aspects of the benefit of the people. Muhammadiyah sees that Islamic law must be able to provide solutions to the problems of modern society without ignoring the principles of sharia. This approach shows that Muhammadiyah is not only oriented to the text, but also to the goals of Islamic law (maqashid sharia).

The findings of the study show that the Muhammadiyah ijtihad method has a moderate and contextual character. Muhammadiyah seeks to integrate the normativity of revelation with the reality of modern economics. This is an important novelty in the development of contemporary ijtihad methodology in Indonesia.

Theoretically, these findings reinforce the view that modern ijtihad should be multidisciplinary and take into account the development of science. Practically, Muhammadiyah's approach can be a model for the development of Islamic economic fatwa that is more adaptive to the changing times.

This research also found that Muhammadiyah developed a paradigm of collective ijtihad through the Tarjih and Tajdid Councils. This collective approach allows for dialogue between religious experts, economists, and academics in formulating contemporary Islamic law. Thus, legal decisions are based not only on normative approaches, but also on empirical and social considerations.

The novelty of this research lies in the methodological analysis of the pattern of ijtihad of Muhammadiyah which shows the integration between normative, rational, and beneficial approaches in responding to the problem of bank interest. This research shows that Muhammadiyah not only prohibits bank interest textually, but also builds epistemological arguments that are relevant to modern economic developments.

Muhammadiyah's ijtihad method in establishing the bank interest law shows the progressive and contextual character of modern Islamic thought. Muhammadiyah not only uses a literal approach to the Qur'an and hadith, but also develops a legal istinbath method that considers the rationality, benefits, and socio-economic realities of modern society. This approach is known in Muhammadiyah as manhaj tarjih, which is a method of legal decision-making that is carried out collectively through the Tarjih and Tajdid Council (Tarjih and Tajdid Council of Muhammadiyah Central Government, 2018).

From Muhammadiyah's perspective, ijtihad is not only an effort to understand religious texts normatively, but also an intellectual effort to present Islamic values in modern life. Haedar Nashir explained that Muhammadiyah developed a tajdidi ijtihad style that is oriented towards the renewal and advancement of Islamic civilization without abandoning the basic principles of sharia (Nashir, 2021). Therefore, the issue of bank interest is understood as a contemporary muamalah problem that requires a multidimensional approach.

Muhammadiyah uses the bayani approach as the main basis in understanding the postulates of the prohibition of usury. The bayani approach is carried out through the interpretation of Qur'anic verses such as QS. Al-Baqarah: 275 and QS. Ali Imran: 130 which expressly prohibits the practice of usury. In this process, Muhammadiyah not only understands the text literally, but also examines the asbab al-nuzul and the historical context of the prohibition of usury in the early days of Islam. According to Syamsul Anwar, the bayani approach in Muhammadiyah aims to explore the normative meaning of the text while still considering its relevance to the modern context (Anwar, 2019).

In addition to the bayani approach, Muhammadiyah also uses a burhani approach that emphasizes rationality and scientific analysis. This approach is a characteristic of Muhammadiyah's ijtihad in facing modern economic problems. Muhammadiyah understands that the modern banking system has a different complexity from the practice of jahiliyah riba in the classical period. Therefore, economic analysis, financial system, and the social impact of bank interest are an important part of the law-making process (Karim, 2020).

Burhani's approach shows that Muhammadiyah is not anti-economic modernity, but tries to criticize the economic system that has the potential to give birth to injustice. In this case, Muhammadiyah views that bank interest has similarities with riba because of the binding addition in debt-receivables transactions. However, Muhammadiyah still considers the objective conditions of the community that still depends on the conventional banking system (Rahman, 2022).

Muhammadiyah also uses the istislahi or sharia maqashid approach in determining the bank interest law. This approach is oriented towards the benefit of the ummah and the main goal of Islamic law. According to Jasser Auda, sharia maqashid in the modern context must be directed at the protection of economic justice, social welfare, and stability of people's lives (Auda, 2018). In this context, Muhammadiyah seeks to present legal solutions that are not only ideal normatively, but also socially applicable.

The istislahi approach is seen in the attitude of Muhammadiyah which supports the development of Islamic financial institutions as an alternative to a fairer and usury-free economic system. Muhammadiyah does not only issue legal fatwas, but also encourages the economic transformation of the ummah through the development of a socially just Islamic financial system. This shows that Muhammadiyah's ijtihad has a praxis and transformational orientation.

One of the important characteristics of the Muhammadiyah ijtihad method is the use of ijtihad jama'i or collective ijtihad. The determination of the law is carried out through a deliberative forum involving scholars, academics, economists, and experts according to their fields. This model of collective ijtihad is considered more relevant in dealing with complex and multidisciplinary modern problems. Amin Abdullah said that Muhammadiyah's integrative-interconnective approach allows dialogue between religious science and modern social sciences in the legal decision-making process (Abdullah, 2020).

The findings of this study show that the ijtihad method of Muhammadiyah has novelty in the integration of normative, rational, and maslahat approaches. Muhammadiyah not only relies on the legality of the text, but also considers ethical, economic, and social dimensions in determining bank interest laws. This approach shows a transformation of the Islamic ijtihad methodology that is more adaptive to the development of the times and the needs of modern society.

CONCLUSION

This research shows that Muhammadiyah views bank interest as an ijtihadiyah issue which is analyzed through the approach of contemporary Islamic law. Muhammadiyah tends to prohibit bank interest because it has additional elements that are close to usury, but still considers the socio-economic context of modern society.

Muhammadiyah's ijtihad method in determining the bank interest law uses the bayani, burhani, and istislahi approaches that are integrated in manhaj tarjih. This approach shows the character of Muhammadiyah's moderate, rational, and contextual thinking in dealing with modern economic problems. The findings of this study show that Muhammadiyah has developed a collective ijtihad model that is adaptive to socio-economic changes. Theoretically, this research contributes to the development of the ijtihad methodology of contemporary Islamic economics. Practically, Muhammadiyah's approach can be a reference in the development of Islamic economic fatwas that are responsive to the needs of modern society.

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