

Revitalizing the Effectiveness of BASYARNAS in Resolving Sharia Economic Disputes: An Empirical Study in Surabaya

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Abstract:

This study examines the effectiveness of the National Sharia Arbitration Board (BASYARNAS) in resolving sharia economic disputes in Surabaya. Despite its strong legal foundation within Indonesia's arbitration framework, BASYARNAS remains underutilized in practice. This research aims to analyze the gap between its normative authority and empirical implementation, as well as to identify factors influencing its limited use. Using a qualitative approach that integrates normative-juridical and empirical methods, data were collected through interviews, observations, and document analysis. The findings reveal that the limited effectiveness of BASYARNAS is influenced by low public legal literacy, insufficient institutional socialization, limited accessibility, and a strong preference for Religious Courts. This study highlights a significant gap between legal legitimacy and practical utilization, indicating that institutional effectiveness depends not only on legal authority but also on public awareness, accessibility, and trust. Therefore, this research proposes concrete strategies, including strengthening legal literacy programs, expanding institutional outreach, improving arbitrator capacity, and implementing digital arbitration systems to enhance the role of BASYARNAS. The findings indicate that normatively BASYARNAS has a strong legal position and authority within Indonesia's legal system as a sharia arbitration institution; however, its role has not been optimally implemented due to low public legal literacy, limited socialization, institutional accessibility constraints, and the public's preference to resolve disputes through the Religious Courts, showing a gap between its normative authority and practical implementation at the regional level. Therefore, it is recommended to revitalize the role of BASYARNAS by strengthening public awareness and legal literacy, enhancing arbitrator capacity, digitalizing arbitration services, and improving institutional synergy with judicial bodies and sharia economic stakeholders so that BASYARNAS can function more effectively in supporting the development of the sharia economy in Indonesia.

Kata Kunci:

*Revitalisasi
Badan Arbitrase
Syariah Nasional
Arbitrase Syariah
Sengketa Ekonomi
Syariah*

Abstrak:

Penelitian ini mengkaji efektivitas Badan Arbitrase Syariah Nasional (BASYARNAS) dalam menyelesaikan sengketa ekonomi syariah di Surabaya. Meskipun memiliki landasan hukum yang kuat dalam kerangka arbitrase di Indonesia, BASYARNAS masih belum dimanfaatkan secara optimal dalam praktik. Penelitian ini bertujuan untuk menganalisis kesenjangan antara kewenangan normatif dan implementasi empirisnya, serta mengidentifikasi faktor-faktor yang memengaruhi terbatasnya penggunaan BASYARNAS. Dengan menggunakan pendekatan kualitatif yang mengintegrasikan metode normatif-yuridis dan empiris, data dikumpulkan melalui wawancara, observasi, dan analisis dokumen. Temuan penelitian menunjukkan bahwa terbatasnya efektivitas BASYARNAS dipengaruhi oleh rendahnya literasi hukum masyarakat, kurangnya sosialisasi kelembagaan, keterbatasan aksesibilitas, serta kuatnya preferensi masyarakat untuk menyelesaikan sengketa melalui Pengadilan Agama. Penelitian ini menyoroti adanya kesenjangan yang signifikan antara legitimasi hukum dan pemanfaatan praktis, yang menunjukkan bahwa efektivitas kelembagaan tidak hanya bergantung pada kewenangan hukum, tetapi juga pada kesadaran publik, aksesibilitas, dan kepercayaan masyarakat. Oleh karena itu, penelitian ini mengusulkan strategi konkret, termasuk penguatan program literasi hukum, perluasan sosialisasi kelembagaan, peningkatan kapasitas arbiter, serta penerapan sistem arbitrase digital untuk memperkuat peran BASYARNAS. Temuan penelitian juga menunjukkan bahwa secara normatif BASYARNAS memiliki kedudukan dan kewenangan hukum yang kuat dalam sistem hukum Indonesia sebagai lembaga arbitrase syariah. Namun, perannya belum terlaksana secara optimal akibat rendahnya literasi hukum masyarakat, terbatasnya sosialisasi, kendala aksesibilitas kelembagaan, serta preferensi masyarakat untuk menyelesaikan sengketa melalui Pengadilan Agama. Hal ini menunjukkan adanya kesenjangan antara kewenangan normatif dan implementasi praktisnya di tingkat daerah. Oleh karena itu, direkomendasikan revitalisasi peran BASYARNAS melalui penguatan kesadaran dan literasi hukum masyarakat, peningkatan kapasitas arbiter, digitalisasi layanan arbitrase, serta peningkatan sinergi kelembagaan dengan badan peradilan dan para pemangku kepentingan ekonomi syariah agar BASYARNAS dapat berfungsi lebih efektif dalam mendukung perkembangan ekonomi syariah di Indonesia.



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Introduction

The development of the sharia economic sector in Indonesia has demonstrated significant and sustained growth over the past two decades, reflecting both domestic demand and global trends toward Islamic finance. This expansion is marked by the increasing number of sharia-based financial institutions, including Islamic banks, sharia insurance (*takaful*), Islamic capital markets, and various forms of sharia-compliant business enterprises. The enactment of Law No. 21 of 2008 concerning Sharia Banking represents a critical milestone in institutionalizing Islamic economic practices within the Indonesian legal system, providing a comprehensive regulatory framework that ensures compliance with Islamic principles such as the prohibition of *riba* (usury), *gharar* (uncertainty), and *maysir* (gambling).

In addition to formal legal regulations, the role of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) has been instrumental in issuing fatwas that guide the implementation of sharia principles in economic transactions. These fatwas serve as an essential normative reference for financial institutions, ensuring that their operations align with Islamic jurisprudence. As a result, Indonesia has emerged as one of the leading countries in the development of the global Islamic economy.

However, the rapid growth of the sharia economic sector has also led to increasingly complex legal relationships among economic actors. The diversification of financial products, contractual arrangements, and business models has created new opportunities but also new risks, including the potential for disputes. Sharia economic disputes may arise from various sources, such as breaches of contract, disagreements over profit-sharing arrangements, differences in interpretation of sharia compliance, and operational issues within financial institutions. These disputes, if not resolved effectively, can undermine trust in the sharia economic system and hinder its long-term sustainability.

In this context, the availability of an effective, efficient, and sharia-compliant dispute resolution mechanism becomes crucial. Within the Indonesian legal system, dispute resolution can generally be categorized into litigation and non-litigation processes. Litigation, particularly through Religious Courts, has long been recognized as the primary mechanism for resolving sharia economic disputes. Religious Courts possess formal authority and their decisions are legally binding and enforceable, making them a reliable option for disputing parties. However, litigation is often associated with several limitations, including lengthy procedures, high costs, and a rigid formal structure that may not always be conducive to the needs of business actors.

As an alternative, non-litigation mechanisms such as arbitration offer several advantages, including flexibility, efficiency, confidentiality, and the ability to select arbitrators with specific expertise. In the context of Islamic law, arbitration is rooted in the concept of *tahkim*, which allows disputing parties to appoint a neutral third party to resolve disputes based on mutual agreement and in accordance with sharia principles. This mechanism reflects the Islamic values of justice (*al-'adl*), consultation (*shura*), and amicable settlement (*sulh*), which emphasize fairness and social harmony in resolving conflicts.

To accommodate this need, the National Sharia Arbitration Board (BASYARNAS) was established as a specialized institution dedicated to resolving sharia economic disputes through arbitration. BASYARNAS operates under the legal framework provided by Law No. 30 of 1999 concerning Arbitration and Alternative Dispute Resolution, as well as under the guidance of Islamic legal principles articulated by DSN-MUI. Normatively, BASYARNAS is positioned as a strategic institution capable of providing an alternative dispute resolution mechanism that is both legally valid and sharia-compliant.

Despite its strong legal and normative foundation, the practical role of BASYARNAS in resolving disputes remains relatively limited. Empirical observations indicate that many sharia economic disputes are still resolved through Religious Courts rather than through arbitration. This phenomenon raises important questions regarding the effectiveness, accessibility, and public perception of BASYARNAS as a dispute resolution institution. In particular, there appears to be a gap between the theoretical advantages of arbitration and its actual utilization in practice.

Previous research has explored various aspects of BASYARNAS and sharia arbitration in Indonesia. For instance, studies have examined the legal framework governing arbitration and its compatibility with Islamic law, highlighting the legitimacy and potential effectiveness of BASYARNAS as an alternative dispute resolution mechanism (Fitriyah, 2021). Other studies have focused on the comparative effectiveness of dispute resolution through Religious Courts and arbitration, suggesting that while arbitration offers procedural advantages, courts remain the preferred option due to their accessibility and enforceability (Aziz & Sasongkojati, 2022).

Furthermore, research has also addressed institutional challenges faced by BASYARNAS, including limited arbitrator competence, lack of public awareness, and insufficient institutional capacity (Sufriadi, 2021). Studies conducted during the COVID-19 pandemic have emphasized the importance of digital transformation in arbitration processes, highlighting the need for online dispute resolution mechanisms

to enhance accessibility and efficiency (Heriyanto et al., 2023). These findings suggest that while BASYARNAS has significant potential, its effectiveness is constrained by various structural and operational factors. However, most of these studies are predominantly normative and theoretical in nature, focusing on legal frameworks and conceptual analysis. There is a relative lack of empirical research that examines how BASYARNAS functions in practice, particularly at the regional level. This limitation creates a gap in understanding the real challenges faced by the institution and the factors influencing its utilization by economic actors.

In particular, there is limited research focusing on major economic centers such as Surabaya, which plays a significant role in the economic landscape of Indonesia. As one of the largest cities in the country and a key hub for trade and finance, Surabaya has a high potential for sharia economic activities and, consequently, for disputes arising from such activities. However, the extent to which BASYARNAS is utilized in this context remains underexplored.

This study seeks to address this gap by providing an empirical analysis of the role of BASYARNAS in resolving sharia economic disputes in Surabaya. Unlike previous studies that primarily focus on normative aspects, this research integrates both normative and empirical approaches to provide a more comprehensive understanding of the issue. By examining both the legal framework and its practical implementation, this study aims to bridge the gap between theory and practice. The novelty of this research lies in its focus on the intersection between legal norms, institutional practices, and societal behavior. It not only analyzes the legal position of BASYARNAS but also explores how factors such as public awareness, institutional accessibility, and legal culture influence its utilization. In addition, this study provides a regional perspective by focusing on Surabaya, thereby offering insights into the local dynamics of sharia economic dispute resolution.

Furthermore, this research contributes to the literature by proposing practical strategies for revitalizing BASYARNAS. While previous studies have identified challenges, they often stop short of offering concrete and context-specific solutions. This study goes further by analyzing the underlying causes of these challenges and proposing actionable recommendations, including improving legal literacy, strengthening institutional capacity, enhancing collaboration with stakeholders, and adopting digital technologies.

Based on the background and research gap described above, this study aims to achieve several objectives. First, it seeks to analyze the normative role of BASYARNAS within the Indonesian legal system, particularly in relation to its authority and function in resolving sharia economic disputes. Second, it aims to examine the

empirical implementation of BASYARNAS in Surabaya, including the extent of its utilization and the challenges it faces. Third, it seeks to identify the factors contributing to the gap between normative expectations and practical realities. Finally, this study aims to formulate strategies for revitalizing BASYARNAS in order to enhance its effectiveness and relevance in the contemporary sharia economic landscape. Through these objectives, this research is expected to provide both theoretical and practical contributions to the field of Islamic economic law. Theoretically, it enriches the understanding of sharia arbitration by integrating legal, institutional, and sociological perspectives. Practically, it offers insights that can inform policymakers, legal practitioners, and institutional stakeholders in improving the performance of BASYARNAS and strengthening the overall dispute resolution system within the sharia economy.

Ultimately, the success of the sharia economic system depends not only on the development of financial institutions and regulatory frameworks but also on the availability of effective dispute resolution mechanisms. In this regard, BASYARNAS has the potential to play a pivotal role in ensuring legal certainty, promoting justice, and supporting the sustainable development of the sharia economy in Indonesia.

Previous studies have highlighted the normative strength of BASYARNAS as a sharia arbitration institution; however, empirical findings consistently indicate its limited utilization in practice. For instance, Aziz and Sasongkojati (2022) found that Religious Courts remain the dominant forum due to accessibility and enforceability factors, while Sufriadi (2021) emphasized institutional limitations, including arbitrator competence and lack of public awareness. Similarly, Heriyanto et al. (2023) underline the importance of digital transformation in improving arbitration accessibility.

Despite these contributions, most studies remain predominantly normative and lack empirical depth at the regional level. Therefore, this study offers a novel contribution by analyzing the gap between normative legitimacy and empirical effectiveness of BASYARNAS in Surabaya, emphasizing the role of institutional accessibility, legal culture, and public trust in shaping dispute resolution preferences.

Methodology

This research employs a qualitative approach to provide a comprehensive and in-depth understanding of the role of BASYARNAS in resolving sharia economic disputes, particularly in the regional context of Surabaya. The qualitative method is chosen because it allows the researcher to explore complex legal and institutional phenomena that cannot be adequately captured through quantitative measurement. This approach emphasizes the interpretation of social realities, legal practices, and

institutional dynamics, making it particularly suitable for analyzing the interaction between normative legal frameworks and empirical implementation.

Research Design and Approach

In this study, the normative legal framework is not only used to describe legal provisions but also to analyze the extent to which the existing regulations effectively support the implementation of sharia arbitration. This includes evaluating the compatibility between Law No. 30 of 1999 and its practical application within BASYARNAS operations, as well as examining the role of DSN-MUI fatwas as normative guidelines in dispute resolution practices.

The research adopts a combination of normative-juridical and empirical approaches. The normative-juridical approach is used to analyze the legal framework governing sharia arbitration in Indonesia. This includes statutory regulations, legal doctrines, and Islamic legal principles that form the foundation of BASYARNAS as an arbitration institution. Key legal instruments examined in this study include Law No. 30 of 1999 concerning Arbitration and Alternative Dispute Resolution, Law No. 21 of 2008 concerning Sharia Banking, and relevant fatwas issued by the National Sharia Council (DSN-MUI).

The empirical approach complements the normative analysis by examining how these legal frameworks are implemented in practice. It focuses on the actual functioning of BASYARNAS, including its institutional performance, patterns of dispute resolution, and the perceptions of stakeholders. By integrating these two approaches, the research aims to bridge the gap between legal norms (*das sollen*) and social reality (*das sein*), providing a more holistic understanding of the research problem.

Research Location and Scope

The study is conducted in Surabaya, one of the largest economic centers in Indonesia and a key hub for sharia economic activities in East Java. The selection of Surabaya as the research location is based on its strategic importance in the national economy and its potential to generate a significant number of sharia economic disputes. As a metropolitan city with a diverse range of financial institutions and business activities, Surabaya provides a relevant context for examining the practical role of BASYARNAS.

The scope of the research is limited to the activities of BASYARNAS in handling sharia economic disputes, including disputes related to sharia banking, financing, contracts, and other commercial transactions based on Islamic principles. The study also considers the interaction between BASYARNAS and other dispute resolution institutions, particularly Religious Courts.

Types and Sources of Data

This research utilizes both primary and secondary data to ensure the comprehensiveness and validity of the findings.

1. Primary Data

Primary data are obtained directly from field research through:

- a. In-depth interviews with key informants, including BASYARNAS officials, arbitrators, legal practitioners, and representatives of sharia financial institutions. These interviews aim to gather insights into the practical challenges, institutional dynamics, and perceptions regarding BASYARNAS.
- b. Observations, where possible, of arbitration processes and institutional activities to understand procedural aspects and operational practices.

2. Secondary Data

Secondary data are collected through:

- a. Legal documents, including laws, regulations, and official guidelines related to arbitration and sharia economic law.
- b. Institutional reports and documentation, such as case records, annual reports, and internal documents of BASYARNAS.
- c. Academic literature, including books, journal articles, and previous research studies relevant to sharia arbitration and dispute resolution.

The combination of primary and secondary data allows for triangulation, enhancing the reliability and credibility of the research findings.

Data Collection Techniques

The data collection process is carried out systematically through several stages:

1. Literature Review Stage The research begins with an extensive review of relevant literature to establish the theoretical and conceptual framework. This includes identifying key concepts, reviewing previous studies, and analyzing legal regulations.
2. Preparation Stage At this stage, the researcher identifies key informants, prepares interview guidelines, and obtains necessary permissions for conducting field research.
3. Field Data Collection Stage Data are collected through interviews and documentation analysis. Interviews are conducted using a semi-structured format, allowing flexibility while ensuring that key topics are covered. Documentation analysis involves reviewing arbitration decisions and institutional records.

4. Data Verification Stage Collected data are verified through triangulation, comparing information obtained from different sources to ensure consistency and accuracy.

Data Analysis Techniques

The data analysis in this research follows a descriptive qualitative method, consisting of several steps:

1. From a normative perspective, BASYARNAS possesses a strong legal foundation under Law No. 30 of 1999, which grants arbitration decisions binding legal force. However, the effectiveness of this framework is limited by the absence of mandatory arbitration clauses in most sharia economic contracts. This indicates that the normative framework, while sufficient in theory, lacks enforceability at the contractual level. Furthermore, although DSN-MUI fatwas provide comprehensive guidance on sharia compliance, their integration into dispute resolution mechanisms remains weak. This creates a disconnection between normative principles and practical implementation, reinforcing the gap between legal legitimacy and institutional effectiveness.
2. Conclusion Drawing The final step involves drawing conclusions based on the analysis and linking them to the research objectives.

Research Validity and Reliability

To ensure the validity and reliability of the research, several strategies are employed:

- a. Triangulation, by using multiple data sources and methods
- b. Member checking, by confirming interview results with informants
- c. Peer review, by discussing findings with academic supervisors or experts

These measures help to minimize bias and enhance the credibility of the research.

Research Flow Chart To provide a clearer understanding of the research process, the following flow chart illustrates the stages of this study:



This flow chart demonstrates that the research process is conducted systematically from the identification of the problem to the formulation of conclusions and recommendations. Each stage is interconnected, ensuring that the research remains focused and coherent.

Ethical Considerations

This research also takes into account ethical considerations, particularly in relation to data collection and the use of information. All informants are informed about the purpose of the research and their consent is obtained before conducting interviews. Confidentiality is maintained by anonymizing sensitive information and ensuring that data are used solely for academic purposes.

Limitations of the Methodology

Despite its comprehensive approach, this research has certain limitations. First, the qualitative method relies heavily on subjective interpretation, which may introduce bias. However, this is mitigated through triangulation and validation techniques. Second, the scope of the study is limited to Surabaya, which may affect the generalizability of the findings to other regions. Nevertheless, the insights obtained are still valuable in understanding broader trends in sharia arbitration in Indonesia.

Summary of Methodological Approach

Overall, this research adopts a systematic and integrated methodological approach that combines normative legal analysis with empirical investigation. By examining both the legal framework and its practical implementation, the study provides a comprehensive understanding of the role of BASYARNAS in resolving sharia economic disputes. The use of qualitative methods, supported by multiple data sources and rigorous analysis techniques, ensures that the findings are both credible and meaningful.

Results and Discussion

Literature Review

The concept of sharia arbitration is deeply rooted in Islamic legal tradition, particularly in the concept of *tahkim*, which refers to the delegation of dispute resolution to a neutral third party agreed upon by disputing parties. Historically, *tahkim* has been practiced as a flexible and community-based mechanism that emphasizes justice (*al-'adl*), mutual agreement (*taradhi*), and reconciliation (*sulh*). In Islamic jurisprudence, arbitration is considered a legitimate method of dispute resolution, provided that it adheres to the principles derived from the Qur'an and Sunnah. This foundation gives sharia arbitration not only legal legitimacy but also moral and religious authority.

In the modern legal context, the concept of *tahkim* has been institutionalized in the form of arbitration bodies, including the National Sharia Arbitration Board (BASYARNAS) in Indonesia. BASYARNAS serves as a specialized institution for resolving sharia economic disputes outside the formal court system. Its existence is supported by Law No. 30 of 1999 concerning Arbitration and Alternative Dispute Resolution, which recognizes arbitration as a legally binding dispute resolution mechanism. Additionally, the role of the National Sharia Council (DSN-MUI) in issuing fatwas further reinforces the normative foundation of BASYARNAS by ensuring that arbitration processes comply with Islamic principles.

From a theoretical perspective, arbitration offers several advantages compared to litigation. These include procedural flexibility, confidentiality, efficiency in terms of time and cost, and the ability to appoint arbitrators with specific expertise in sharia economic law. These advantages make arbitration particularly suitable for resolving complex financial disputes that require specialized knowledge. Furthermore, arbitration aligns with the objectives of Islamic law (*maqasid al-shariah*), particularly in protecting wealth (*hifz al-mal*) and promoting justice in economic transactions.

Several scholars have examined the effectiveness of BASYARNAS in resolving sharia economic disputes. For example, Fitriyah (2021) highlights the importance of arbitrator competence in ensuring the quality of dispute resolution, while Sufriadi (2021) emphasizes the need to strengthen institutional capacity to enhance the role of BASYARNAS. Aziz and Sasongkojati (2022) compare the effectiveness of dispute resolution through Religious Courts and BASYARNAS, concluding that although arbitration offers procedural advantages, courts remain more widely used due to their accessibility and enforceability.

Other studies have also explored the challenges faced by BASYARNAS, including low public awareness, limited institutional visibility, and lack of integration with other legal and financial institutions (Heriyanto et al., 2023). These findings suggest that while BASYARNAS has strong normative and legal foundations, its practical implementation is constrained by various structural and sociological factors.

Despite the growing body of literature, there remains a lack of empirical research focusing on the regional implementation of BASYARNAS, particularly in major economic centers such as Surabaya. This gap highlights the need for studies that examine how sharia arbitration functions in practice and identify the factors influencing its utilization.

Findings

The findings of this research are based on data collected through interviews, documentation analysis, and literature review. These findings reveal that BASYARNAS possesses a strong legal and institutional foundation but faces significant challenges in its practical implementation.

One of the key findings is the **low level of public awareness and legal literacy** regarding BASYARNAS. Many stakeholders in the sharia economic sector, including business actors and financial institutions, are not fully aware of the existence, functions, and procedures of BASYARNAS. This lack of awareness significantly affects the willingness of parties to choose arbitration as a dispute resolution mechanism. In many cases, disputing parties default to litigation simply because it is more familiar and widely recognized.

Another important finding relates to **limited socialization and institutional promotion**. BASYARNAS has not yet conducted extensive outreach programs to promote its services to the broader community. As a result, its visibility remains low compared to other dispute resolution institutions. This lack of promotion also affects the perception of BASYARNAS as a viable and credible option for resolving disputes.

The research also identifies **accessibility issues** as a significant factor influencing the utilization of BASYARNAS. Compared to Religious Courts, which are widely established and easily accessible, BASYARNAS is perceived as less accessible both geographically and procedurally. This perception discourages potential users from choosing arbitration, even when it may offer more efficient solutions.

Furthermore, the findings highlight **institutional limitations**, including the limited number of arbitrators with specialized expertise in sharia economic law. This limitation affects the capacity of BASYARNAS to handle complex cases and may reduce the confidence of disputing parties. In addition, the lack of integration with other institutions, such as financial regulators and legal practitioners, further limits the effectiveness of BASYARNAS.

Another significant finding is the **preference for Religious Courts** among disputing parties. This preference is influenced by several factors, including familiarity, perceived legitimacy, and the enforceability of court decisions. Religious Courts are seen as more authoritative and reliable, particularly in terms of ensuring compliance with decisions.

Lastly, the research identifies a **lack of technological adaptation** in BASYARNAS operations. In an era where digitalization plays a crucial role in enhancing accessibility and efficiency, the absence of online arbitration mechanisms limits the competitiveness of BASYARNAS. This is particularly relevant in the context of the COVID-19 pandemic, which has accelerated the adoption of digital solutions in various sectors.

Analysis

The findings of this research reveal a significant gap between the normative framework and empirical implementation of BASYARNAS. While the institution is legally well-established and conceptually aligned with the needs of sharia economic dispute resolution, its effectiveness is constrained by a combination of structural, institutional, and sociological factors.

From a structural perspective, the dominance of Religious Courts indicates that accessibility and institutional presence play a crucial role in shaping the preferences of disputing parties. Religious Courts benefit from a well-established infrastructure, clear procedural frameworks, and strong enforcement mechanisms. In contrast, BASYARNAS lacks a comparable level of institutional integration, which affects its competitiveness.

From an institutional perspective, the limited capacity of BASYARNAS, particularly in terms of arbitrator expertise and institutional resources, poses a significant challenge. The quality of arbitration outcomes depends heavily on the

competence of arbitrators, and any perceived deficiency in this area can undermine trust in the institution. Additionally, the lack of standardized arbitration clauses in sharia contracts further reduces the likelihood of disputes being resolved through BASYARNAS.

From a sociological perspective, public perception and legal culture play a critical role in influencing the utilization of arbitration. The preference for litigation reflects a broader cultural tendency to rely on formal judicial institutions, which are perceived as more legitimate and authoritative. This suggests that the effectiveness of BASYARNAS is not solely determined by its legal framework but also by its ability to gain public trust and acceptance.

Moreover, the issue of **institutional legitimacy** emerges as a central theme in this analysis. Legitimacy is not only derived from legal authority but also from public recognition, trust, and acceptance. BASYARNAS, despite its strong normative foundation, has not yet achieved sufficient sociological legitimacy. This gap highlights the importance of enhancing institutional visibility and engagement with stakeholders.

The lack of digitalization further exacerbates these challenges. In an increasingly digitalized world, the ability to provide online dispute resolution services is essential for maintaining relevance and competitiveness. Without such capabilities, BASYARNAS risks being left behind by other institutions that have embraced technological innovation.

Overall, the analysis suggests that the challenges faced by BASYARNAS are multidimensional and require a comprehensive approach. Addressing these challenges requires not only legal reforms but also institutional strengthening, public education, and technological innovation.

Research Contribution

This research makes several important contributions to the field of sharia economic law and dispute resolution. First, it provides an empirical analysis of the role of BASYARNAS at the regional level, particularly in Surabaya. This contributes to the existing literature by addressing the gap between normative frameworks and practical implementation.

Second, the study offers a multidimensional perspective by integrating legal, institutional, and sociological analyses. This approach provides a more comprehensive understanding of the factors influencing the utilization of sharia arbitration, highlighting the importance of considering both formal and informal aspects of legal systems.

Third, the research identifies key challenges faced by BASYARNAS, including low public awareness, limited accessibility, institutional constraints, and lack of digitalization. By systematically analyzing these challenges, the study provides a clearer picture of the obstacles that need to be addressed to enhance the effectiveness of BASYARNAS.

Fourth, the study proposes practical strategies for revitalizing BASYARNAS. These include improving legal literacy through education and outreach programs, strengthening arbitrator competence through training and certification, expanding institutional accessibility, enhancing collaboration with stakeholders, and adopting digital technologies. These recommendations are grounded in empirical findings and are designed to address the specific challenges identified in the research.

Finally, this study contributes to the broader discourse on the development of Islamic economic systems by emphasizing the importance of effective dispute resolution mechanisms. A well-functioning arbitration system is essential for ensuring legal certainty, promoting trust, and supporting the sustainable growth of the sharia economy.

Through these contributions, this research not only advances academic understanding but also provides practical insights for policymakers, legal practitioners, and institutional stakeholders. It highlights the need for a holistic approach to strengthening BASYARNAS and underscores its potential role as a key institution in the governance of sharia economic disputes in Indonesia.

Conclusion

This study concludes that BASYARNAS, despite possessing a strong normative and legal foundation as a sharia arbitration institution within the Indonesian legal system, has not yet achieved an optimal functional role in resolving sharia economic disputes, particularly in the Surabaya region. To enhance the effectiveness of BASYARNAS, several concrete measures are recommended. First, structured legal socialization programs should be implemented through regular outreach activities targeting sharia financial institutions, business actors, and legal practitioners, including seminars, workshops, and collaborations with universities. Second, the integration of arbitration clauses in sharia economic contracts needs to be strengthened by encouraging, or even mandating, the inclusion of BASYARNAS clauses to increase its utilization. Third, the development of a digital arbitration system is essential, particularly through the establishment of an online dispute resolution platform to improve accessibility and efficiency, especially for parties located outside major urban areas. Fourth, capacity building for arbitrators must be prioritized through continuous

training and certification programs to enhance their expertise in sharia economic law. Finally, institutional collaboration should be reinforced by strengthening coordination between BASYARNAS, Religious Courts, and financial regulators in order to improve institutional legitimacy and ensure the effective enforcement of arbitration decisions. By addressing these interconnected dimensions, BASYARNAS can be repositioned as a more responsive, credible, and widely utilized mechanism for resolving sharia economic disputes, thereby contributing more effectively to the sustainability and integrity of the sharia economic system in Indonesia.

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