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Harmonizing Contemporary International Commercial Law with Sharia-Based National Legal Systems: A Comparative Study of Pakistan, Turkey, Indonesia, Malaysia, and Saudi Arabia

Abstract: This study examines the harmonization of International Commercial Law (ICL) with Sharia-based national legal systems in five member states of the Organization of Islamic Cooperation (OIC): Pakistan, Turkey, Indonesia, Malaysia, and Saudi Arabia. These countries were deliberately selected for their diverse legal traditions, varying levels of economic development, and differing degrees of Sharia implementation within their domestic legal orders. Using a qualitative-comparative approach, the research draws on academic literature, national legal documents, and relevant international legal instruments to analyze the interaction between global commercial norms and Islamic legal principles. The analysis identifies thematic trends, methodological approaches, and significant findings from previous scholarship on the intersection of ICL and Sharia. The findings reveal divergent trajectories: Malaysia and Turkey have successfully integrated ICL provisions into their domestic frameworks through institutional reforms and adaptive jurisprudence. In contrast, Pakistan and Saudi Arabia face persistent conceptual and normative challenges, particularly in reconciling modern commercial practices with strict interpretations of Sharia. Indonesia represents a hybrid model, blending secular legal norms with religious values to produce a contextually balanced system. By mapping these comparative experiences, this study contributes to the discourse on legal pluralism and provides insights for policymakers and scholars seeking to develop context-sensitive models for integrating transnational commercial law into modern Islamic legal systems.

Keywords: Comparative Study, Harmonization of Law, International Commercial Law, OIC Countries, Sharia.

INTRODUCTION

In the era of economic globalization, integrating international commercial law is inevitable.¹ International Commercial Law (ICL), which covers the principles and norms of cross-border trade, has evolved rapidly as a legal framework that supports certainty and efficiency in international business transactions.² Nevertheless, challenges arise when ICL norms interact with national legal systems based on religious principles, particularly Islamic Sharia.³ Member states of the Organization of Islamic Cooperation (OIC), most of which have legal systems based on or influenced by Sharia, face conceptual and practical dilemmas in adopting and adapting ICL norms into their domestic legal systems.⁴

Several previous studies have discussed the relationship between international law and Islamic law. For example, Muhammad Sjaiful's (2015) work highlights the Characteristics of the Principle of Freedom of Contract in Sharia-based agreements⁵, while the research from Ahmad Musadad et al. (2024) reviews the Correlation of Law and Economics in the Legal Perspective of Sharia Economics: A Study of Conception and Contribution.⁶ Another study, such as the one conducted by Usmanul Hakim (2022), Theory of Motivation in Business Management: An Elaboration of Western and Islamic Worldviews.⁷ However, most of these studies still focus on normative aspects or only one

¹ Yeni Barlinti, 'Harmonization of Islamic Law in National Legal System: A Comparative Study Between Indonesia Law and Malaysian Law', *Indonesia Law Review* 1, no. 1 (April 2011), <https://doi.org/10.15742/ilrev.v1n1.95>.

² Mohamad Ismail Bin Mohamad Yunus, 'The Conceptualization of Legal Harmonization Approach in Malaysia', *Fiat Justisia: Jurnal Ilmu Hukum* 17, no. 1 (March 2023): 1, <https://doi.org/10.25041/fiatjustisia.v17no1.2508>.

³ Huala Adolf, 'The Indonesian Trade Law of 2014: The Provision on the Annulment of International Trade Agreement', *Journal of International Commercial Law and Technology* 10, no. 1 (2015): 33-36.

⁴ Syaugi Mubarak, Faqih El Wafa, and Yusuf Asyahr, 'Legal Harmonization of International Trade Contracts in the Framework of Islamic Transaction Law', *Syariah: Jurnal Hukum Dan Pemikiran* 24, no. 2 (2024): 376-92, <https://doi.org/10.18592/sjhp.v24i2.13977>.

⁵ Muhammad Sjaiful, 'Karakteristik Asas Kebebasan Berkontrak Dalam Perjanjian Berbasis Syariah', *Perspektif Hukum*, 3 May 2015, 68-84, <https://doi.org/10.30649/ph.v15i1.28>.

⁶ Ahmad Musadad et al., 'Korelasi Hukum Dan Ekonomi Dalam Perspektif Hukum Ekonomi Syariah: Studi Konsepsi Dan Kontribusi', *Al-Huquq: Journal of Indonesian Islamic Economic Law* 6, no. 2 (2024): 2, <https://doi.org/10.19105/alhuquq.v6i2.11959>.

⁷ Usmanul Hakim et al., 'Theory of Motivation in Business Management: An Elaboration of Western and Islamic Worldviews', *Economica: Jurnal Ekonomi Islam* 13, no. 1 (July 2022): 1, <https://doi.org/10.21580/economica.2022.13.1.13013>.

country, so not many have comprehensively compared the implementation of harmonization of international commercial law in various national contexts.

This research will fill this gap by conducting a comparative study of five OIC member countries: Pakistan, Turkey, Indonesia, Malaysia, and Saudi Arabia. These five countries were chosen because they have contrasting but representative characteristics in terms of legal systems, the level of Sharia integration, and their role in the economy and politics of the Islamic world. This study analyzes how individual countries respond to and adjust ICL norms within the national legal framework and explores the approaches used to address normative conflicts between ICL and Sharia principles.

The novelty of this study lies in its cross-country and cross-systems approach, which examines not only the formal integration of ICL but also the adaptation strategies and forms of legal compromise carried out in practice. While many previous studies have been descriptive and sectoral, this study offers a holistic and analytical comparative mapping of the dynamics of legal harmonization in various contemporary Islamic legal systems. Thus, this research has both theoretical and practical significance. Theoretically, this study enriches the discourse on legal pluralism and the interaction between transnational law and religious law. From a practical perspective, the findings of this research can be a reference for legal policymakers, business actors, and academics in designing a legal framework that is not only compatible with international norms but also in harmony with the religious values that live in society. This research is expected to contribute to developing an inclusive and just legal system in the contemporary Islamic world by bridging the gap between global and local law.

METHOD

This research uses a qualitative approach⁸ with a comparative method to examine how International Commercial Law (ICL) is harmonized with the sharia-based national legal system in five OIC member countries: Pakistan, Turkey, Indonesia, Malaysia, and

⁸ Helaluddin and Hengki Wijaya, *Analisis Data Kualitatif: Sebuah Tinjauan Teori & Praktik* (Sekolah Tinggi Theologia Jaffray, 2019).

Saudi Arabia. The selection of these countries is based on the diversity of legal traditions they adhere to (common law, civil law, and Islamic law), the degree of integration of sharia principles in the national legal system, and the important role of each in the dynamics of international trade and cooperation in the Islamic world.

The data in this study were obtained from various credible primary and secondary sources, such as national laws and regulations, international legal instruments, scientific journals, academic books, and reports and documents from official institutions such as the OIC, WTO, and UNCTAD. The analysis combines two approaches, namely content analysis⁹ to examine normative content and relevant legal principles, and comparative legal analysis to identify each country's similarities, differences, and strategies in aligning ICL with Sharia principles.

To ensure the validity of the data, this study uses the source triangulation technique¹⁰ by comparing information from various types of academic and institutional documents and publications. In addition, conceptual clarification was carried out by searching for supporting literature and mapping experts' thoughts on Islamic and international law. This approach is expected to provide an in-depth, contextual, and comprehensive understanding of the harmonized dynamics between global commercial law and the Islamic legal system in contemporary practice in OIC countries.

RESULTS AND DISCUSSION

The Dynamics of International Commercial Law in the Global Era

The dynamics of international commercial law in the global era reflect the increasing complexity of cross-border transactions due to economic globalization. When geographical boundaries and legal jurisdiction are no longer the main trade barriers, there is an urgent need to create a legal framework that can provide certainty, fairness, and

⁹ Helaluddin and Wijaya.

¹⁰ Matthew B Miles and A. Michael Huberman, *Qualitative Data Analysis: A Source Book on New Methods* (Jakarta: University of Indonesia Press, 2014).

predictability for business actors.¹¹ In this context, international commercial law plays a central role in regulating economic interactions between countries and individuals from different legal backgrounds.¹²

As a normative foundation, basic principles such as freedom of contract, equity, and legal predictability are the main pillars in designing and enforcing international commercial rules.¹³ These principles are embodied in global legal instruments such as the UNCITRAL Model Law, WTO agreements, and *lex mercatoria*. These three provide the foundation for forming fair and trustworthy contractual relationships in cross-border transactions of goods and services.

UNCITRAL (United Nations Commission on International Trade Law) plays an important role in efforts to harmonize international trade law. Through documents such as the Model Law on International Commercial Arbitration and the Convention on Contracts for the International Sale of Goods (CISG), UNCITRAL provides a reference for countries developing domestic legal systems that align with global practices. This harmonization is crucial, especially to minimize incompatibilities between civil law and common law legal systems that can cause legal uncertainty for international business actors.¹⁴

In addition, the role of the World Trade Organization (WTO) in shaping global trade governance cannot be ignored.¹⁵ Treaties such as GATT, GATS, and TRIPS are the

¹¹ Sri Wahyuni, 'Legal Transplant: Influence of the Western Legal System in the Muslim Countries', *Justicia Islamica* 19, no. 1 (June 2022): 1, <https://doi.org/10.21154/justicia.v19i1.2756>.

¹² Junaidi Arif, Indah Parmitasari, and Nandang Sutrisno, 'Incoterms: Reconstructing International Sales Contracts in Harmony with Sharia Economic Law', *Milkiyah: Jurnal Hukum Ekonomi Syariah* 4, no. 1 (July 2025): 1, <https://doi.org/10.46870/milkiyah.v4i1.1546>.

¹³ Siti Zafilah Firdausiah Fila, 'Kajian Teoritik Terhadap Urgensi Asas Dalam Akad (Kontrak) Syariah', *Al-Muamalat: Jurnal Hukum Dan Ekonomi Syari'ah* 5, no. 1 (September 2020): 48–67.

¹⁴ Mardiaton Mardiaton, Mukhsin Nyak Umar, and Nevi Hasnita, 'Tinjauan Hukum Islam Terhadap Asas Kebebasan Berkontrak Dalam Akad Murabahah (Analisis Kontrak Perjanjian Murabahah Pada PT. Bank Aceh Syariah Cabang Pembantu UIN Ar-Raniry Banda Aceh)', *EMabis: Jurnal Ekonomi Manajemen Dan Bisnis* 25, no. 2 (December 2024): 2, <https://doi.org/10.29103/e-mabis.v25i2.1412>.

¹⁵ Ahmad Fadli Fauzi, 'Peran Word Trade Organization (WTO) Dalam Perlindungan Lingkungan Di Era Liberalisasi Perdagangan', *CREPIDO* 5, no. 1 (July 2023): 93–103, <https://doi.org/10.14710/crepido.5.1.93-103>.

main references in regulating trade, services, and intellectual property protection. The WTO also provides a mechanism for resolving disputes between countries, which guarantees the implementation of justice and compliance with international trade commitments. Thus, the WTO expands the dimension of international commercial law from interpersonal relations to instruments of relations between countries.¹⁶

In addition to these formal tools, *lex mercatoria* or "merchant law" remains relevant in international commercial law. *Lex mercatoria* encompasses business principles and practices widely accepted by the international trading community. Although not written in legislation, these principles are often used as a reference in dispute resolution through arbitration. The advantage of *lex mercatoria* lies in its flexibility in adapting to the rapidly changing dynamics of global markets, without being bound by the formal procedures of a particular country.¹⁷

Nevertheless, the main challenge in applying international commercial law is the significant differences in the national legal systems. Countries with a civil law tradition prioritize systematic codification, while common law countries rely on judicial precedents and interpretations. This disharmony can make it difficult to determine applicable laws, draft contract clauses, or choose a dispute resolution forum. Therefore, international contract negotiations now contain business agreements and legal strategies to avoid jurisdictional conflicts.¹⁸

On the other hand, technological advances and digitalization bring new challenges in international commercial law. Electronic commerce, smart contracts, and blockchain technology fundamentally change the face of international transactions. Many countries respond to these changes by adopting e-commerce regulations and digital data protection.

¹⁶ M. Nur Alamsyah, 'Bayang-Bayang World Trade Organization (WTO) Dalam Kebijakan Desentralisasi Indonesia', *Jurnal Bina Praja* 4, no. 1 (2012): 1, <https://doi.org/10.21787/jbp.04.2012.11-20>.

¹⁷ Tran Vang-Phu and Duong Anh Son, 'The Concerns of Nation-State Sovereignty and International Commercial Law: A Path to Harmonisation', *Khazanah Hukum* 6, no. 1 (April 2024): 1, <https://doi.org/10.15575/kh.v6i1.33809>.

¹⁸ Enditianto Abimanyu and David Parlinggoman Sinaga, 'UNCITRAL Model Law on International Commercial Arbitration and the Reform of the Arbitration Evidence Process in Indonesia', *Media Iuris* 8, no. 2 (June 2025): 2, <https://doi.org/10.20473/mi.v8i2.63627>.

However, the gap between technological development and regulation remains a major problem. Global collaboration is needed to develop an adaptive and transnational legal toolkit, not to be left behind by the digital reality that continues to move forward.¹⁹

With these various dynamics, international commercial law in the global era is no longer just a technical instrument, but an important part of world economic governance. Legal harmonization, regulatory innovation, and collaboration between countries are key to building an inclusive and competitive legal system. Without a responsive and integrated legal framework, business actors will continue to face the risk of legal uncertainty that can hinder global economic growth. Therefore, the renewal and strengthening of international commercial law are necessary amid the unstoppable flow of globalization.

Principles of Commercial Law in a Sharia Perspective

From an Islamic perspective, economic activities and commercial transactions are seen as worldly affairs and as part of social worship (mu'āmalah worship) with spiritual and moral dimensions. Islam views every business interaction based on justice, honesty, and social responsibility. Thus, commercial activities must not be carried out freely without ethical limits, but must be within the sharia corridor that regulates the relationship between man and his fellow man and between man and Allah.²⁰

One of the fundamental principles in Islamic commercial law is the prohibition of *riba* (interest or excess profits of an exploitative nature). This prohibition is normative and reflects Islam's concern for distributive justice in the economy.²¹ *Riba* is seen as a practice that damages social balance because it only benefits the owner of the capital and burdens those who need funds. Therefore, Islam encourages profit-sharing-based transaction

¹⁹ Nandang Sutrisno, 'Harmonisasi Hukum Perdagangan Internasional Trend Lex Mercatoria', *Unisia*, no. 26 (1995): 26, <https://doi.org/10.20885/unisia.v0i26.5450>.

²⁰ Mujadiddah Aslamiah, Nabilah Falah, and Ibnu Paqih, 'Analisis Perbandingan Hukum Perdata Internasional dan Hukum Islam Kontemporer Terhadap Transaksi Valuta Asing : A Comparative Study of International Civil Law and Contemporary Islamic Law', *Shautuna: Jurnal Ilmiah Mahasiswa Perbandingan Mazhab*, 31 May 2025, 300–314, <https://doi.org/10.24252/shautuna.v6i2.55817>.

²¹ Rana Saad Shakar et al., 'Balancing National Sovereignty: The Impact of Bilateral Investment Treaties on Contemporary Islamic Economic Law', *MILRev: Metro Islamic Law Review* 4, no. 1 (April 2025): 1, <https://doi.org/10.32332/milrev.v4i1.10265>.

systems, such as *mudharabah* and *musharakah*, as a fair and productive alternative. In addition to usury, Islam prohibits the practice of *gharar*, which is excessive uncertainty in a transaction. The prohibition of *gharar* aims to protect the parties from contract manipulation, fraud, or ambiguity. For example, selling goods that are not clear in form or quantity, or entering into agreements without certainty of rights and obligations, are included in the category of prohibited *gharar*.²² In this context, Islam strongly upholds the principle of transparency (*al-wudūh*) and clarity of contracts as a form of protection for the rights of consumers and business actors.

The next prohibition is against *maisir* or speculation that is profitable. Islam condemns transactions that rely on gambling or irrational risk, as they can create economic instability and disrupt market fairness. Transactions that rely on fluctuations without a strong economic basis—such as in stock gambling or speculative derivatives—are categorized as *maisir*. Therefore, in Sharia commercial law, transactions must be based on real value, real assets, and productive efforts that are results.²³

In response to contemporary economic dynamics, Islamic finance scholars and practitioners have developed various modern *muamalah* instruments following sharia principles. These instruments, such as *murabahah* (buying and selling with profit margins), *musharakah* (business partnerships), and *ijarah* (lease of use), allow Muslims to conduct transactions that are Sharia legal and economically efficient. These instruments serve as an important bridge between normative Islamic values and the needs of a practical global financial system.²⁴ *Murabahah*, for example, is an alternative to financing that replaces the interest-bearing credit system. In this scheme, Islamic financial institutions buy goods needed by customers, then resell them to customers at a pre-agreed price, including profit

²² Saifuddin and Eva Wildani Febrianti, 'Gharar Dalam Transaksi Online: Analisis Akad Jual Beli Pada Marketplace Digital', *Jurnal Teknologi Dan Manajemen Industri Terapan* 4, no. 2 (May 2025): 2, <https://doi.org/10.55826/jtmit.v4i2.602>.

²³ Akram Ista et al., 'Riba, Gharar, Dan Maysir Dalam Sistem Ekonomi', *Jurnal Tana Mana* 5, no. 3 (November 2024): 3, <https://doi.org/10.33648/jtm.v5i3.708>.

²⁴ Atika Sunarto, Muhammad Ali Adnan, and Azizan Khair, 'Application of the Principles of Islamic Civil Law in Small and Medium Business Partnerships', *Nurani: Jurnal Kajian Syari'ah Dan Masyarakat* 25, no. 1 (January 2025): 1, <https://doi.org/10.19109/nurani.v25i1.25378>.

margins. Price transparency and clarity of transaction objects make *murabahah* align with Sharia principles, providing convenience in consumer financing transactions. This instrument is widely used in the Islamic banking and leasing sector.

Meanwhile, *musharakah* as a form of profit-sharing-based business cooperation reflects the collective spirit and shared risks in investment. Both parties contribute capital and energy and share profits and losses according to the portion of their contribution. This model is very suitable for developing MSMEs or large investment projects that require the active participation of both parties. The *ijarah*, or lease system, is applied in the financing of fixed assets such as vehicles or property, with clarity on the lease period and the benefits obtained.²⁵ Overall, from the perspective of Sharia, the principles of commercial law prioritize a balance between individual interests and social interests, between profit and ethics, and between economic freedom and spiritual responsibility. This approach is an alternative offer for the contemporary business world that is often trapped in the logic of exploitative capitalism. Grounded in Sharia principles, economic transactions are legally valid and contribute to realizing justice and collective well-being in the global community.

Patterns of Commercial Law Enforcement in OIC Countries

In an ever-evolving global era, member countries of the Organization of Islamic Cooperation (OIC) face unique challenges in implementing commercial law. On the one hand, they must adapt to international legal standards to compete globally. On the other hand, there is a strong commitment to maintaining Sharia values in economic management. This creates an interesting dynamic in how each country integrates Islamic principles with the needs of modern transactions and the demands of global markets.²⁶ Pakistan is one example of a country that openly encourages the Islamization of its legal

²⁵ Muhammad Sulhan et al., 'Financial Behavior Dynamics of MSME Actors: A Contemporary Islamic Financial Management Study on Literacy, Attitude, Intention, Personality, and Legal Aspects', *MILRev: Metro Islamic Law Review* 4, no. 1 (April 2025): 1, <https://doi.org/10.32332/milrev.v4i1.10075>.

²⁶ Salma Nur Hanifah and Husni Kurniawati, 'Trade Liberalization and Islamic Economic Ethics: Its Impact on the World Trade Organization Agreement Crisis in the Member States of the Organization of Islamic Cooperation', *Nomos: Journal of Legal Research* 5, no. 2 (May 2025): 2, <https://doi.org/10.56393/nomos.v5i2.3121>.

system, including in the economic field. Since the reign of General Zia-ul-Haq, various policies have been made to bring national law into line with Sharia. Establishing the Federal Shariat Court is one of the major steps in this direction. Nevertheless, Pakistan's legal system is still dualistic, with British colonial law still running side by side. As a result, the application of sharia principles in the commercial field is often inconsistent and has a tug-of-war between two legal systems.²⁷

In contrast to Pakistan, Saudi Arabia runs a legal system that is almost entirely based on the fiqh of the Hanbali school. All business transactions, contracts, and dispute resolution refer directly to the classic principles of Sharia. However, in recent times, especially since the launch of the Vision 2030 program, the Saudis have begun to open themselves to legal reforms. For example, they began establishing commercial courts and introducing more compatible regulations with international practice. Although these changes were made gradually, the direction was clear: to adapt traditional law to modern needs without losing its Islamic identity. Indonesia presents a more flexible and dynamic approach. As a country with a pluralistic legal system, Indonesia combines national, Islamic, and international law in one framework. In the Islamic economic sector, regulations such as the Sharia Banking Law and DSN-MUI fatwas have become an important basis in Islamic banking and finance practices. On the other hand, Indonesia is also actively ratifying international trade agreements and adapting its legal standards to global practices. This is what makes Indonesia look more adaptive in managing sharia-based commercial law.²⁸

Malaysia is one of the OIC countries that successfully manages a dual legal system between civil law and sharia law. This success cannot be separated from the government's strong support for the Islamic finance industry and the clarity of the division of authority

²⁷ Mazin Abdulhameed Dawood Hassan and Ahmad Azam Othman, 'Rights of the Buyer under the Sale of Goods in Shari'ah and International Trade Law: A Comparative Analysis', *Journal of Contemporary Islamic Law* 9, no. 1 (June 2024): 1.

²⁸ Syaugi Mubarak, Faqih El Wafa, and Yusuf Asyahr, 'Legal Harmonization of International Trade Contracts in the Framework of Islamic Transaction Law', *Syariah: Jurnal Hukum Dan Pemikiran* 24, no. 2 (2024): 376-92, <https://doi.org/10.18592/sjhp.v24i2.13977>.

between the Sharia and civil courts. Institutions such as Bank Negara Malaysia and the National Sharia Council play major roles in formulating and overseeing Islamic-based economic policies. Malaysia is also known as one of the pioneers in applying international standards such as AAOIFI and IFSB in its financial system. The synergy between the law and the institutions makes Malaysia a stable and structured example. Meanwhile, Turkey is taking a unique path. Although it is constitutionally a secular country, economic practices based on Islamic values are still alive and developing, especially in the form of participatory banks or Islamic banking. Without formally mentioning Sharia in its legal system, Turkey provides space through sectoral regulation and fiscal policies that allow Islamic financial services to flourish. This approach is pragmatic and adapts to the community's needs, especially the market segment that seeks financial services that follow Islamic principles.²⁹

The different approaches of these five countries show no standard model for applying Sharia commercial law. Each country chooses its path based on its history, politics, and the needs of its people. However, all face a similar challenge: maintaining a commitment to Islamic values while remaining relevant and competitive in the ever-changing global economic system. In this process, it is important to remember that the successful implementation of Sharia commercial law depends not only on the existence of regulations but also on the effectiveness of the institutions that enforce them. For example, competent courts, independent supervisory authorities, and the involvement of scholars who understand the modern economy are key factors. Without strong institutional support, even good rules will be difficult to implement consistently.³⁰

In addition, international standards such as AAOIFI and IFSB have helped to unify the understanding and practice of Islamic finance in different countries. This standard becomes an important bridge that connects the principles of classical fiqh with the global financial system. Countries such as Malaysia and Indonesia actively use this standard to

²⁹ Mubarak, Wafa, and Asyahri.

³⁰ Umi Khusnul Khotimah, 'Sharia Economic Law Regulation In Indonesia And Malaysia: Implementation And Challenges', SASI 30, no. 4 (December 2024): 402-15, <https://doi.org/10.47268/sasi.v30i4.2312>.

build transparent contracts, financial products, and supervisory systems.³¹ Ultimately, the pattern of commercial law enforcement in OIC countries reflects a collective effort to balance religious values and economic realities. Whether through formal approaches such as those in Pakistan and Saudi Arabia or integrative strategies such as in Indonesia and Malaysia, all contribute to important discourses about the future of Islamic economics. If managed properly, sharia-based commercial law can be a transformational force, not only for Muslims but also for a more ethical and just global economic order. The following is a comparative table of the five OIC countries studied in terms of the application of Sharia commercial law:

Table 1: Five OIC Countries Studied in Terms of the Application of Sharia Commercial Law

Country	Legal System	Key Features	Challenge	Integration Approach
Pakistan	General law & Sharia (dualistic)	The Islamization of the law since the 1980s; There is a Federal Shariat Court.	Jurisdictional conflict and uneven implementation	Formative with political impulse
Saudi Arabia	Classical Sharia (Hanbali)	No codification; Based on traditional fiqh	Slow adaptation to legal globalization	Gradual reform via Vision 2030
Indonesia	Pluralistics	A combination of national, Islamic, and international law	Harmonization between systems and enforcement of Sharia law	Flexible and participatory
Malaysia	Dual system: civil & Sharia	Established Islamic Finance; Active Sharia Institutions	Institutional coordination and division of jurisdiction	Institutional, structured
Turkey	Secular but open to Islamic values	Participation of the Islamic finance sector through	There is no formal basis for sharia law	Pragmatic and market-based

³¹ Nuhbatul Basyariah, Hadri Kusuma, and Ibnu Qizam, 'Institutional Quality and Sukuk Development: A Study of Five OIC Countries', *Shirkah: Journal of Economics and Business* 5, no. 3 (December 2020): 3, <https://doi.org/10.22515/shirkah.v5i3.335>.

sectoral regulation channels

Source: Author's Interpretation

This table illustrates how five OIC member states—Pakistan, Saudi Arabia, Indonesia, Malaysia, and Turkey—apply sharia commercial law differently according to national contexts. Pakistan stands out with its agenda of formally Islamizing the law but still faces systemic dualism and implementation challenges. Saudi Arabia maintains a strong Hanbali fiqh system but is beginning to open itself up to legal reform for global integration. Indonesia manages a dynamic, pluralistic legal system by adaptively combining national, Islamic, and international law. Malaysia has successfully implemented a structured dual legal system, especially in the Islamic finance sector. Meanwhile, although constitutionally secular, Turkey still makes room for the Islamic economy to develop through pragmatic sectoral regulatory channels. Each country seeks to balance Sharia values with the needs of the modern economy, with varying degrees of success and challenges.

Comparison of Legal Harmonization Approaches

In the context of evolving global dynamics, harmonizing international commercial law and Sharia principles is a strategic need for member countries of the Organization of Islamic Cooperation (OIC). This section reviews how five OIC countries—Pakistan, Saudi Arabia, Indonesia, Malaysia, and Turkey—balance global legal standards and Islamic legal values in their commercial systems.³² This harmonization is not only a matter of legal technicality, but also reflects complex ideological choices, economic needs, and global pressures. Pakistan, for example, adopted an ideologically inclined approach by encouraging the Islamization of the legal system through the active role of the Federal Sharia Court and the Council of Islamic Ideology. Even so, in practice, international commercial law is still accommodated, especially in the banking and foreign trade sectors, thus creating a dualism between general law and sharia law. Islamic financial institutions

³² Istianah Zainal Asyiqin, 'Ethical Contracts vs. Commercial Realities in Indonesian Sharia Insurance', *Fiat Justisia: Jurnal Ilmu Hukum* 18, no. 4 (2024): 4, <https://doi.org/10.25041/fiatjustisia.v18no4.3635>.

in Pakistan continue to grow, although they are still in the shadow of the conventional system.

On the contrary, Saudi Arabia upholds Hanbali fiqh as the legal basis of its country. However, along with its 2030 vision of economic reform, the country is beginning to adjust aspects of its commercial law to be more in line with global practices. Establishing commercial arbitration centers and renewing contract regulations demonstrate the country's efforts to bridge the Islamic legal system with global needs, without compromising the integrity of Sharia principles.³³ Indonesia presents a unique harmonization model through a legal pluralism approach. The national legal system in Indonesia allows for coexistence between customary law, national law, and Islamic law. The Supreme Court, OJK, and the National Sharia Council of MUI are key in regulating and adjusting sharia commercial law to global regulations, especially in the banking industry and the sharia capital market.³⁴

Malaysia features one of the most structured and successful models of integrating sharia law into the national commercial legal system. Institutions such as Bank Negara Malaysia and the Shariah Advisory Council play an active role as a bridge between Sharia law and international regulations. The standard of sharia contracts and the strengthening of the capacity of the sharia judiciary demonstrate the country's commitment to systemic and professional harmonization. Turkey presents a pragmatic approach to harmonization. Although constitutionally secular, Islamic economic practices continue to develop, especially in the Islamic financial sector and waqf arrangements. A hybrid legal approach is

³³ Aditya Restu Hapriyanto and Putri Maha Dewi, 'Law Enforcement in Resolving Trade Business Conflicts', *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)* 7, no. 1 (January 2024): 1, <https://doi.org/10.31538/iijs.v7i1.4564>.

³⁴ Harry Yuniardi, Muhamad Kholid, and Laras Shesa, 'The Effectiveness of Sharia Economic Dispute Resolution in the Commercial Court Related to Sharia Bankruptcy after the Constitutional Court Decision No. 93/PUU-X/2012 Concerning Legal Certainty in the Settlement of Sharia Banking Cases', *Istinbath : Jurnal Hukum* 21, no. 02 (December 2024): 02, <https://doi.org/10.32332/istinbath.v21i02.10153>.

used to accommodate Sharia transactions within the civil law framework, with the help of sectoral regulations and informal recognition of Sharia fatwas as a guideline.³⁵

The role of Islamic financial institutions in these five countries is very significant in the harmonization process. Institutions such as Islamic banks, sukuk markets, and takaful have become catalysts in adapting Sharia principles to global expectations. Islamic financial reporting standards and compliance with AAOIFI or IFSB also strengthen their position in the international arena. Fatwa councils or institutions also play a central role in directing the Sharia commercial law policy. In Malaysia, DSN-SAC has state-recognized authority, while in Indonesia, DSN-MUI's fatwa is the official reference of OJK and BI. In Pakistan and Saudi Arabia, the fatwas of clerics and muftis greatly influence the interpretation of regulations. Meanwhile, in Turkey, a sharia fatwa is optional but is still used as a reference by Muslim economic actors.³⁶

The rate of adoption of international law also varies. Malaysia and Indonesia appear more open and active in adapting international standards, such as UNCITRAL and WTO, to sharia principles.³⁷ Pakistan and Saudi Arabia tend to be more selective and conservative, while Turkey is in the middle with a moderate and sectoral approach. The institutional models used to bridge these two legal systems also differ. Malaysia and Indonesia use a formal approach and institutionalize Sharia in the state structure. Pakistan is still struggling with institutional integration. Saudi Arabia is moving towards a mixed regulatory model, and Turkey is relying on sectoral and informal approaches. The following table summarizes the approach to harmonizing international commercial and sharia law in the five OIC countries:

³⁵ Rahmat Husein Lubis and Anez Yuniar Pradini, 'Critical Review of Changes from Classical to Contemporary Contracts in Sharia Economic Transactions: Fiqh Perspective', *Syarah: Jurnal Hukum Islam Dan Ekonomi* 13, no. 1 (June 2024): 93-109, <https://doi.org/10.47766/syarah.v13i1.2938>.

³⁶ Helmi Fitriansyah and Siti Aisyah, 'Prohibited Contracts and Sharia Economic Law Review of Counterfeit Goods Practices on E-Commerce Platforms', *Mabahits Al-Uqud* 1, no. 2 (2024): 2, <https://doi.org/10.15575/mau.v1i2.1004>.

³⁷ Susan C. Hascall, 'Islamic Commercial Law and Social Justice: Shari'ah Compliant Companies, Workers' Rights, and the Living Wage', SSRN Scholarly Paper no. 2308089 (Rochester, NY: Social Science Research Network, 10 April 2012), <https://papers.ssrn.com/abstract=2308089>.

Table 2: Harmonizing International Commercial and Sharia Law in the Five OIC Countries

Country	Adoption of International Law	Key Institutions	The Role of Fatwa/Sharia Council	Harmonization Model
Pakistan	Selective & Ideological	Syariah Court, CII	Very strong & formal	Dualism between general law and Sharia
Saudi Arabia	Conservatives with reform	Board of Trustees, Investment Authority	Strong, based on Hanbali fiqh	Sharia is dominant with sectoral reforms
Indonesia	Open & adaptive	MA, OJK, DSN-MUI	Formal & regulatively binding	Pluralistic and functional
Malaysia	Proactive & systemic	Bank Negara, SAC	Formal, integrated with regulations	Structured and dualistic
Turkey	Moderate & sectoral	BRSA, a financial regulator	Optional and non-state	Sectoral and pragmatic

Source: author's interpretation

The table illustrates the variation in the approach to harmonizing international commercial law with Sharia principles in the five OIC member states. Pakistan displays a model of legal dualism, formally accommodating Sharia through institutions such as the Sharia Court and the Council of Islamic Ideology, but still maintaining a common legal system for international transactions. With a strong foundation of Hanbali fiqh, Saudi Arabia began to reform its commercial sector to adapt to global needs. Indonesia adopts a pluralistic and adaptive approach by involving institutions such as the OJK and DSN-MUI in regulating sharia transactions in a regulatory manner. Malaysia stands out with its proactive and structured harmonization system, where authorities such as Bank Negara Malaysia and the Shariah Advisory Council formally integrate sharia fatwas into economic regulation. Meanwhile, Turkey uses a sectoral and pragmatic approach, in which Islamic financial transactions are facilitated through non-religious regulation without the dominance of fatwa institutions, reflecting a moderate strategy in the context of a secular state.

CONCLUSION

The study shows that efforts to harmonize international commercial law and sharia-based national legal systems in five OIC member states—Pakistan, Turkey, Indonesia, Malaysia, and Saudi Arabia—show a diverse pattern, depending on each country's historical, political, and institutional context. Although both uphold Islamic values, how they accommodate Sharia principles into the global economic legal framework takes different approaches. Pakistan stands out with its fairly strong project of Islamization of law, but it is still faced with the reality of dualism between common law and sharia law that is not yet fully synchronized. Saudi Arabia retains the Hanbali fiqh tradition as its main foundation but has begun to reform economic law to conform to international standards. On the other hand, Indonesia has shown flexibility in managing a plural legal system, which combines national, Sharia, and international elements through the active role of financial institutions and Sharia councils. Malaysia is arguably the most successful in creating a balance between the two legal systems, with the support of an integrated dual legal structure and the strong position of its Islamic financial institutions. Meanwhile, Turkey—although constitutionally secular—still shows the influence of Islamic values in certain sectors, particularly through Islamic financial practices that grow through informal channels and limited regulation.

The results of this comparison show that the success of harmonization is highly determined by institutional readiness, regulatory clarity, and the state's ability to encourage collaboration between sharia authorities, financial institutions, and national regulators. Countries with open and coordinated systems—such as Malaysia and Indonesia—can better bridge sharia values with global commercial practices constructively. Thus, harmonization is not a uniform or linear process. It requires an adaptive approach, open to dialogue across legal systems, and sensitive to technological developments and global economic dynamics. Sharia principles such as justice, transparency, and the prohibition of usury can fundamentally align with international commercial law's objectives if managed through a progressive and contextual legal framework.

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AUTHOR CONTRIBUTIONS STATEMENT

The authors contributed collaboratively to this research. MAZ was responsible for problem formulation, data collection, and drafting the initial manuscript. Meanwhile, AMT provided academic supervision and conceptual analysis and conducted the final review and editing to ensure the scientific quality and compliance with publication standards. Both authors have read and approved the final version of this article.

CONFLICT OF INTEREST

The authors state that no financial, personal, or institutional conflicts of interest could affect the results and interpretation of this study. The entire research and article writing process is carried out independently and objectively without any intervention from any interested party.

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