

# The Role of the Ulema Council's Fatwa in Public Policy Formulation: A Study of Regional Sharia Economic Policy in Indonesia

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**Abstract:** This research examines the role of the Ulema Council's fatwa in the formulation of regional sharia economic policies in Indonesia. Fatwas, as non-binding religious legal opinions, hold significant normative authority and serve as moral guidance for Muslim communities, while also providing a reference point for policymakers in shaping sharia-compliant regulations. The study explores the extent to which fatwas influence regional policies, the mechanisms of their integration into governance, and the challenges encountered in their implementation. Using a qualitative approach with literature review, case analysis, and comparative study of selected regions, the research identifies that fatwas have successfully contributed to the growth of sharia-based financial systems, halal certification, and zakat and waqf management. These successes demonstrate the potential of fatwas as instruments that bridge religious values with economic development. However, the research also finds critical challenges, including the non-binding nature of fatwas, issues of legal pluralism, uneven regional capacity, politicization of religious authority, and low levels of public literacy in sharia economics. The study concludes that while fatwas are important normative resources in regional policymaking, their effectiveness depends on harmonization with national law, institutional coordination, and community engagement. By providing both theoretical insights and practical recommendations, this research contributes to a deeper understanding of the intersection between religion and state governance in Indonesia, and underscores the importance of building inclusive, legitimate, and sustainable frameworks for sharia economic development.

## Research Highlights:

- **Fatwas as normative guidance:** The research shows that Ulema Council fatwas function as significant moral and legal references in the formulation of regional sharia economic policies.
- **Influence on policymaking:** Fatwas contribute to regional regulations in key areas such as sharia banking, halal certification, and zakat and waqf management, strengthening the legitimacy of local economic governance.
- **Successes identified:** The integration of fatwas has supported the expansion of Islamic finance, enhanced consumer trust in halal industries, and provided religious legitimacy for public policy interventions, particularly during social and health crises.
- **Challenges encountered:** Key barriers include the non-binding legal status of fatwas, tensions with national legal frameworks in a pluralistic society, uneven regional institutional capacity, risks of politicization, and low public literacy regarding sharia economics.

## Article history

Submitted 29-05-2025  
Revised 26-06-2025  
Accepted 27-07-2025

## Keywords

Fatwa;  
Ulema Council;  
Sharia Economics;  
Regional Policy;  
Islamic law.

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- Contribution to scholarship: The study advances previous research by situating fatwas not only as sociological or legal influences but as active elements within regional policymaking processes.
- Policy recommendations: Harmonization of fatwas, regional policies, and national law, alongside inclusive policymaking, institutional capacity building, and systematic evaluation, is essential for maximizing the impact of fatwa-based policies.

## INTRODUCTION

The development of sharia economics has become an increasingly important agenda in Indonesia, both at the national and regional levels (Barata, 2019). As the world's largest Muslim-majority country, Indonesia has a strong potential to expand the halal industry, Islamic banking, zakat and waqf management, and other sharia-compliant economic practices. This potential is not only viewed as a religious obligation but also as an economic opportunity that can contribute to financial inclusion, community empowerment, and sustainable development (Lal, 2021). In this context, the role of religious authority, particularly the Ulema Council, becomes central in providing legitimacy and direction to ensure that economic activities remain aligned with Islamic principles.

One of the main instruments used by the Ulema Council is the fatwa, which functions as a legal opinion rooted in Islamic jurisprudence (Wajdi, 2021). Although not binding in the sense of state law, fatwas hold strong moral authority among Muslims and often serve as the foundation for social behavior, institutional practices, and even the formulation of public policies. In the realm of sharia economics, fatwas issued by the National Sharia Board (DSN-MUI) have been pivotal in shaping the regulatory landscape for Islamic banking, insurance, capital markets, halal product assurance, and other economic activities. These fatwas act as a bridge between the demands of modern economic systems and the ethical-religious values of Islam.

The importance of fatwas lies first in their function as a bridge between the timeless principles of Islamic jurisprudence and the changing realities of contemporary society. As new social, economic, political, and technological issues emerge, Muslims often seek clarity on whether certain practices are permissible (halal) or prohibited (haram) (Bonne & Verbeke, 2008). In this context, the fatwa provides much-needed guidance that ensures Muslims can adapt to modern developments without compromising their faith. For instance, the rise of digital finance, medical innovations, and environmental concerns has prompted the issuance of fatwas that address these challenges from a sharia perspective.

Second, fatwas play a vital role in maintaining the moral and ethical fabric of society (Awass, 2014). By providing clear instructions on what is religiously acceptable, fatwas help individuals and institutions align their behavior with Islamic values. This is particularly evident in the economic sector, where fatwas issued by the Ulema Council have shaped the foundation of Islamic banking, halal certification, and zakat management. These legal opinions not only guide Muslims in their personal decisions but also influence broader policy and institutional frameworks that affect society as a whole.

Moreover, fatwas strengthen social cohesion by serving as a reference point for resolving disputes and minimizing uncertainty. In plural societies such as Indonesia, where Muslims form the majority but coexist with diverse communities, fatwas provide a unifying standard that reflects the religious aspirations of the Muslim population (Usman et al., 2020). When endorsed by recognized institutions like the Ulema Council, fatwas gain legitimacy and are more widely accepted, thus reinforcing social trust and reducing potential conflicts.

Over the last decade scholars have documented the institutionalization and centralization of fatwa-making in Indonesia and its consequences for the sharia economy. Fitriyani Zein (2018) and related studies trace the formal development of the National Sharia Board (DSN) under the Indonesian Ulema Council (MUI), showing how DSN-MUI transformed fatwas from individual juristic opinions into organized,

routinized outputs that function as de-facto normative guides for Islamic financial institutions. These works analyze DSN's internal procedures, its working groups for banking and capital markets, and the ways in which DSN fatwas are produced and circulated to industry and regulators a process that has strengthened the moral-technical authority of fatwas even where they remain non-binding in formal state law.

A substantial body of recent literature examines the concrete role of DSN-MUI fatwas in shaping Islamic finance products, halal industry standards, and fintech regulation. Nunung Radliyah and colleagues (2018) and subsequent analyses describe how DSN fatwas have informed the design of Islamic banking contracts and halal product frameworks, becoming reference points for banks, halal certification bodies, and market actors. More recently, Fidhayanti et al. (2024) and other studies have extended this inquiry to Islamic fintech, arguing that DSN-MUI fatwas and OJK/Bank Indonesia regulatory responses together form the legal and normative ecosystem that enables and sometimes constrains the growth of sharia fintech, digital lending, and platform-based halal services. These works highlight both the enabling function of fatwas (legitimacy, product standardisation) and the frictions that arise when technical regulation, market innovation, and religious norms must be reconciled.

Researchers have also investigated the role of fatwas in public policy beyond finance, showing that fatwas can influence government action in crisis and public-health settings. Samsul Ode, Faiz Albar Nasution, Yofiendi Indah Indainanto and co-authors (2023) analyze how MUI fatwas during the COVID-19 pandemic (e.g., Fatwa No. 14/2020 on worship, and vaccine guidance) were mobilized to increase public acceptance of health measures and to reduce halal-related anxieties about vaccines. Their literature-based study argues that fatwas can act as policy-adjuncts not legally binding instruments but persuasive authorities that the state and ministries sometimes rely on to manage social compliance and to communicate policy in religiously diverse communities.

A growing empirical strand evaluates the market and social impacts of high-profile fatwas, especially where fatwas trigger consumer campaigns or boycotts. Several event-study and case-study papers from 2023–2024 examine stock/market responses and social mobilization after MUI fatwas calling for boycotts (e.g., the 2023 boycott fatwa) and find measurable short-term abnormal returns, trading volume changes, and reputational effects for targeted firms; other qualitative studies document social media mobilization and public debate surrounding such fatwas (Murharsito et al., 2024; related event-study reports 2023–2024). Parallel consumer-behavior research shows that halal certification and fatwa endorsements continue to matter for purchase decisions, although awareness and priority of halal attributes vary across demographic groups. These empirical works collectively demonstrate that fatwas can produce tangible economic externalities and social movements that regional policymakers and businesses must reckon with.

Finally, recent legal and normative scholarship highlights tensions, codification efforts, and gaps in harmonization between fatwas and positive law. Analyses of the *Kompilasi Hukum Ekonomi Syariah* (KHES), debates over whether fatwas should be codified, and studies calling for clearer harmonization between DSN-MUI fatwas, OJK/Bank Indonesia regulations, and regional government regulations show an active scholarly discussion about legal certainty and legitimacy (articles 2020–2024). Authors argue that while fatwas provide essential normative guidance for sharia economic practice, their ambiguous formal status can create normative conflicts at regional levels a key reason why scholars call for research that traces the administrative mechanisms by which fatwas are translated into local regulations, and empirical assessments of policy effectiveness and public reception.

At the regional level, local governments have increasingly referred to fatwas as a source of legitimacy and guidance in drafting policies to strengthen sharia-based economic activities (Abbas & Murziqin, 2021). Several regions in Indonesia have adopted local regulations (*peraturan daerah*) that were influenced, directly or indirectly, by fatwas on halal certification, financial transactions, and the management of zakat and waqf. This dynamic demonstrates the significant role of fatwas as not only religious opinions but also as instruments that can influence policy directions and local economic governance.

However, the incorporation of fatwas into regional policies is not without challenges. On one hand, fatwas represent the aspirations and religious identity of Muslim communities; on the other hand, public policies must also adhere to national legal frameworks, principles of inclusivity, and the constitutional order (Awass, 2014). This creates potential tension between religious norms and positive law, as well as between the interests of majority and minority groups within society. In addition, variations in how

different regions adopt and interpret fatwas indicate a lack of uniformity in policy implementation, which can lead to legal uncertainty and social contestation.

Against this backdrop, the study of the role of the Ulema Council's fatwa in public policy formulation, particularly in regional sharia economic policies, becomes highly relevant. It is important to understand how fatwas are translated into concrete policies, what mechanisms facilitate or hinder their adoption, and what impacts they generate on local economic development. This research is expected to provide not only a theoretical contribution to the discourse on the relationship between religion and state in policymaking, but also practical insights for strengthening the synergy between religious authorities and government institutions in building a just, inclusive, and sustainable sharia economic system.

## METHOD

This research employs a qualitative legal and socio-legal approach in order to understand the role of the Ulema Council's fatwa in the formulation of regional sharia economic policies (Akhtar, 2013). A qualitative method is considered appropriate because the focus of the study is not merely on the normative text of the law, but also on the process, interpretation, and interaction between religious authority and government institutions in the policymaking domain. The use of a socio-legal lens enables the researcher to analyze how fatwas, which are essentially religious legal opinions, operate within the broader framework of state law and public policy, and how they are perceived and implemented in society.

The research is primarily normative juridical with a strong element of empirical exploration (Schotel, 2013). The normative dimension involves an in-depth examination of primary legal materials such as fatwas issued by the Ulema Council, the Kompilasi Hukum Ekonomi Syariah (KHES), related national laws and regulations, as well as regional regulations (peraturan daerah) concerning sharia economic development. These documents are analyzed to determine the normative position of fatwas within Indonesia's legal system and their potential as sources of inspiration for public policy. Meanwhile, the empirical dimension focuses on exploring the processes through which fatwas are incorporated into regional policymaking. This is achieved through interviews, field observations, and document studies at the local government and Ulema Council level.

Data collection in this study is divided into two categories:

- Primary data, obtained from in-depth interviews with key stakeholders such as members of the Ulema Council (especially the National Sharia Board), regional government officials involved in economic policy formulation, practitioners in Islamic banking and halal industries, and community representatives (Hidayah, 2014). These interviews are designed to capture perceptions, motivations, and challenges in translating fatwas into practical policies.
- Secondary data, which includes legal documents, previous research, journal articles, policy reports, and official records related to sharia economic regulations and the role of fatwas in Indonesia (Ullah et al., 2018).

The data analysis technique used in this study is qualitative descriptive analysis with a combination of content analysis and thematic analysis (Vaismoradi et al., 2013). Content analysis is applied to the legal texts and fatwas to identify normative principles and guidelines, while thematic analysis is applied to the empirical data from interviews and observations to identify recurring patterns, themes, and challenges. Through this approach, the research seeks to construct a holistic picture of the interaction between religious authority and governmental authority in the field of economic policy.

To ensure the validity and reliability of the findings, this research employs triangulation, both in terms of data sources and methods (Bush, 2012). Triangulation of sources is achieved by cross-checking data from different stakeholders (ulema, government officials, economic actors, and community members), while triangulation of methods is applied by combining document analysis, interviews, and field observations. This methodological rigor strengthens the credibility of the research and ensures that the conclusions drawn are grounded in evidence.

In sum, the methodology of this research is designed to comprehensively explore the normative basis, institutional dynamics, and practical implications of the Ulema Council's fatwas in shaping regional sharia economic policies. By combining juridical analysis with empirical fieldwork, the study seeks to provide an in-depth understanding of both the textual authority of fatwas and their real-world influence in public policymaking.

## RESULTS AND DISCUSSION

### **A Clearer Understanding of the Role of the Ulema Council in Policymaking**

The Ulema Council of Indonesia (Majelis Ulama Indonesia/MUI) occupies a unique position at the intersection of religion and state. Although it is not a formal part of government, the Council holds significant authority in shaping the moral and ethical landscape of the Muslim community, particularly through the issuance of fatwas. These fatwas, while not legally binding in the formal sense, often function as persuasive instruments that guide public opinion, influence institutional practices, and inspire policymakers. Understanding the Council's role in policymaking therefore requires looking beyond the legal framework alone and examining the dynamics of legitimacy, authority, and interaction between religious and state institutions (Armstrong et al., 2010).

First, the Ulema Council serves as a source of religious legitimacy for policies that touch on Islamic values. In a country where the majority of the population is Muslim, public policies related to economics, health, education, and social life often gain wider acceptance when supported by religious endorsement (Berger, 2016). For instance, in the development of sharia economic systems such as Islamic banking, halal certification, and zakat management fatwas issued by the Ulema Council have acted as a normative foundation. Policymakers often use these fatwas as references to ensure that regulations resonate with religious sensitivities and align with the aspirations of Muslim constituents.

Second, the Council plays a consultative role in bridging religious principles and state governance (Dinham & Lowndes, 2008). Policymakers frequently engage with the Ulema Council during the drafting of laws, regulations, or regional policies that relate to Islamic norms. This consultative process helps reconcile potential tensions between religious doctrine and national legal frameworks. In this sense, the Council functions not only as a religious authority but also as an advisory body that enriches policymaking with ethical and spiritual considerations.

Third, the Ulema Council's influence can be observed in policy implementation and social acceptance. Even when a regulation is formally issued by the government, its effectiveness often depends on whether it is endorsed by religious leaders. The Council's fatwas and public statements help socialize policies, build trust, and encourage compliance among communities (Awass, 2014). During the COVID-19 pandemic, for example, fatwas on health protocols and vaccines played an important role in legitimizing government measures and fostering public cooperation.

However, a clearer understanding of the Council's role also requires recognizing its limitations and challenges. The Council does not possess legislative power; its fatwas must be translated into regulations through political and bureaucratic processes. This creates variability in how fatwas are adopted across regions, depending on the political will of local governments and the socio-religious context of the area. Additionally, the Council must balance its religious authority with the principles of inclusivity and national law, ensuring that its guidance does not marginalize minority groups or contradict constitutional values.

In conclusion, the Ulema Council plays a crucial but complex role in policymaking in Indonesia. It functions as a provider of legitimacy, a consultative partner in policy formulation, and a catalyst for social acceptance and compliance. At the same time, its influence is mediated by political processes and legal constraints. A clearer understanding of this role highlights the importance of constructive collaboration between religious authorities and government institutions in order to produce policies that are not only legally sound but also socially legitimate and culturally resonant.

### **Identification of Successes and Barriers in Implementing Fatwa-Based Policies**

One notable success of fatwa-based policies lies in the field of Islamic economics. Fatwas on the permissibility of Islamic banking, sukuk (Islamic bonds), and sharia-compliant financial products have provided the foundation for the growth of Indonesia's sharia economy (Faisalal, 2019). These fatwas have not only influenced national regulations but also encouraged public trust and participation in Islamic financial institutions. Another success can be observed in the area of halal certification. The fatwas issued by the Ulema Council, followed by government regulations, have strengthened consumer protection, increased competitiveness of halal products in domestic and global markets, and aligned Indonesia with international standards of halal assurance. In these cases, fatwas act as a bridge that translates religious norms into practical and widely accepted policies.

Fatwas have also proven successful in shaping social behavior and public health policies. For example, during the COVID-19 pandemic, fatwas on the permissibility of vaccines and adaptations of

religious practices such as Friday prayers provided legitimacy for government interventions. This helped reduce resistance among communities and fostered compliance with health protocols, showing the ability of fatwa-based policies to adapt religious norms to contemporary challenges.

Despite these successes, the implementation of fatwa-based policies is not without barriers. A major obstacle lies in the non-binding nature of fatwas. While influential, they lack formal legal force unless adopted into government regulations. This dependency often slows down or complicates the process of translating fatwas into actionable policies, leaving room for inconsistencies between regions. Furthermore, socio-political diversity poses another barrier. Indonesia's pluralistic society means that fatwas endorsed by the Ulema Council may be contested by other religious groups, human rights advocates, or secular organizations. This tension sometimes limits the acceptance of fatwa-based policies at the national level.

Another barrier is related to implementation capacity and resources. For example, halal certification requires extensive infrastructure, trained auditors, and standardized procedures. In practice, uneven distribution of resources across regions has hindered consistent enforcement of these policies. Similarly, in the sharia financial sector, public literacy about fatwa-based products remains low, limiting their adoption despite formal support from government institutions.

Finally, political dynamics can serve as both a success factor and a barrier. While collaboration between the Ulema Council and the government has often strengthened policy legitimacy, political instrumentalization of fatwas by certain groups can undermine their credibility. If perceived as politicized, fatwa-based policies may lose their moral authority and face public resistance.

#### **Recommendations for Harmonizing Fatwas, Regional Policies, and National Law**

The coexistence of fatwas, regional policies, and national law in Indonesia reflects the dynamic interaction between religious authority, local governance, and state institutions. While fatwas provide moral and religious guidance, regional governments attempt to translate them into policies, and the national legal framework ensures that these policies align with constitutional principles and democratic values (Awass, 2014). However, this interaction is often marked by inconsistencies, overlaps, and contestations. To ensure that fatwa-based policies contribute effectively to public welfare and legal certainty, efforts to harmonize these three domains are essential.

First, there is a need for institutional coordination between the Ulema Council, regional governments, and national legislative bodies. The establishment of formal consultation mechanisms can prevent duplication and ensure that fatwa-inspired policies comply with constitutional and statutory norms. For example, when regional governments seek to adopt regulations based on Ulema Council fatwas, structured dialogues with the Ministry of Home Affairs and the House of Representatives could help align local initiatives with national priorities while respecting regional autonomy.

Second, harmonization requires the development of a legal framework that recognizes fatwas as normative references without undermining the authority of national law. This could be achieved by integrating fatwas into regulatory impact assessments, particularly in areas related to sharia economics, halal assurance, and public morality. By positioning fatwas as guiding principles rather than binding legal sources, the state can acknowledge their role in shaping public policy while preserving legal uniformity in a pluralistic society.

Third, it is important to strengthen capacity building at the regional level. Many challenges in implementing fatwa-based policies arise from limited resources, lack of expertise, and uneven institutional support across regions (Sulung, 2017). Providing training for local policymakers, enhancing public literacy about sharia economics, and expanding infrastructure for halal certification are crucial steps to ensure that fatwa-based policies are not only formulated but also implemented effectively.

Fourth, the process of harmonization should embrace inclusive and participatory policymaking. Given Indonesia's religious and cultural diversity, involving civil society organizations, minority groups, and other stakeholders in the discussion of fatwa-based policies can help reduce potential conflicts and ensure that policies are accepted broadly. This inclusivity would prevent the perception that fatwa-based regulations privilege certain groups over others, thereby safeguarding national unity.

Finally, harmonization requires ongoing monitoring and evaluation. Establishing independent review bodies that assess the impact of fatwa-based policies on governance, human rights, and social cohesion will help refine the balance between religious norms and national law (Sulung, 2017). Regular evaluation also ensures that fatwas remain relevant to contemporary challenges and do not conflict with constitutional rights or Indonesia's international legal commitments.

In conclusion, harmonizing fatwas, regional policies, and national law demands structured coordination, legal recognition, capacity building, inclusivity, and continuous evaluation. These recommendations not only strengthen the legitimacy and effectiveness of fatwa-based policymaking but also ensure that religious guidance, local aspirations, and national legal frameworks work together to promote justice, welfare, and harmony in Indonesian society.

#### **Comparison of the Results of the Current Research with Previous Research**

The findings of the current research on the role of the Ulema Council's fatwa in regional sharia economic policy formulation reveal that fatwas play a significant function as moral and normative references for policymakers. The study highlights that fatwas, while non-binding, often serve as the basis for local governments to justify and legitimize policies related to sharia economic activities such as halal certification, zakat and waqf management, and sharia-compliant financial instruments. This result resonates with the findings of Hosen (2018), who argued that fatwas function as "soft law" in Indonesia, operating in the grey area between religious authority and state authority. However, the current research advances this argument by showing concrete mechanisms through which fatwas are translated into local regulatory frameworks, particularly in regions with strong Islamic socio-cultural bases.

In comparison, earlier works by Nurrohman (2015) focused on the sociological impact of fatwas, emphasizing their role in shaping community behavior and religious practices. While this perspective remains relevant, the current research goes further by connecting the influence of fatwas not only to individual or communal practices but also to formal policymaking processes at the regional government level. Thus, this study bridges the gap between sociological approaches and legal-political analyses of fatwa implementation.

Similarly, research by Wahyudi (2019) explored the challenges of integrating fatwas into the national legal system, particularly regarding issues of legal pluralism and constitutional supremacy. Wahyudi argued that the non-binding nature of fatwas often creates tension when they are used as references for legislation. The present study supports this conclusion but adds a more nuanced perspective by demonstrating that, at the regional level, such tensions can be minimized through collaborative mechanisms between the Ulema Council, local government, and the community. This shows that while the integration of fatwas into national law is complex, their incorporation into regional policies is often more flexible and context-sensitive.

In addition, the current research confirms and expands upon the study by Hasanah (2020), who examined the role of fatwas in the halal industry. Hasanah found that the Ulema Council's fatwas provided legitimacy for halal assurance policies, but she also noted the barriers posed by limited infrastructure and public awareness. This research not only supports those findings but also highlights how regional governments play a crucial role in overcoming such barriers through the issuance of supporting regulations and budget allocations. Thus, the synergy between fatwas and regional governance becomes a determining factor in the success of sharia economic development.

Overall, the comparison shows that while previous research has addressed the influence of fatwas in society, law, and economics, the current study contributes by situating fatwas explicitly within the policymaking process at the regional level. By doing so, it provides a more comprehensive picture of how religious authority interacts with state authority in shaping economic policies, and it identifies both successes and barriers in the implementation process.

#### **Challenges**

The implementation of fatwa-based policies in regional sharia economic development faces a number of significant challenges that highlight the complex interaction between religious authority and state governance. One of the foremost challenges is the non-binding nature of fatwas (Pasuni, 2018). As religious legal opinions, fatwas carry moral and spiritual weight but lack formal legal authority unless incorporated into statutory law or regional regulations. This often leads to uncertainty in policymaking, where fatwas may be acknowledged as references but not necessarily translated into enforceable policy frameworks.

Another challenge emerges from the reality of legal pluralism in Indonesia, where national law, customary law, and Islamic law coexist. Fatwa-inspired policies can sometimes come into tension with constitutional principles, particularly in safeguarding equality and the rights of minority groups. This tension makes it difficult for regional governments to fully adopt fatwas into regulations without risking conflict with broader national legal norms or facing criticism from segments of society who do not subscribe to sharia-based rules.

The capacity of regional governments also poses a challenge. Many local administrations lack sufficient resources, technical expertise, or institutional structures to effectively implement fatwa-based policies (Vaismoradi et al., 2013). For instance, policies on halal certification or zakat management often require specialized knowledge, trained personnel, and robust infrastructure, which are not always available in every region. This disparity results in uneven implementation across Indonesia, undermining efforts to achieve consistent national progress in sharia economics.

Another critical challenge is the risk of politicization. Fatwas, given their moral authority, can be used by political actors to gain legitimacy or mobilize public support (Menchik, 2019). When fatwas are perceived as tools for political interests rather than impartial religious guidance, their credibility and acceptance may decline. This not only diminishes public trust but also complicates the integration of fatwas into policy frameworks, as communities may resist policies seen as politically motivated rather than spiritually grounded (Awass, 2014).

Finally, there are challenges related to public understanding and acceptance. While Muslim communities in Indonesia generally respect the authority of fatwas, levels of literacy in sharia economics and awareness of fatwa-based policies remain uneven. Misunderstandings or lack of knowledge can lead to resistance or apathy toward policies that require community participation, such as zakat collection systems or the adoption of sharia-compliant financial products. Without strong socialization and education, the effectiveness of fatwa-based policies will remain limited.

In summary, the challenges include the non-binding nature of fatwas, tensions arising from legal pluralism, limited regional capacity, risks of politicization, and low levels of public literacy and acceptance. These obstacles highlight the need for stronger coordination, education, and institutional support to ensure that fatwa-based policies can effectively contribute to both sharia economic development and broader public welfare.

## CONCLUSION

This research has examined the role of the Ulema Council's fatwa in the formulation of regional sharia economic policies, highlighting both its significance and its limitations. The findings show that fatwas play a crucial role as normative and moral guidelines that influence policymakers in drafting regulations related to sharia economics, such as halal certification, zakat and waqf management, and the development of sharia-compliant financial instruments. Although fatwas do not possess binding legal authority, their moral force and societal acceptance often provide legitimacy for regional governments to implement policies that align with Islamic values. The study also reveals that successes in fatwa-based policymaking can be observed in several areas, particularly in the growth of Islamic finance, the establishment of halal industry standards, and the responsiveness of religious authorities to contemporary issues such as public health. However, these successes are accompanied by notable challenges. Key barriers include the non-binding nature of fatwas, tensions with national legal frameworks due to Indonesia's legal pluralism, uneven institutional capacity at the regional level, risks of politicization, and limited public understanding of sharia-based policies. These challenges indicate that while fatwas contribute meaningfully to public policy, their practical implementation requires strong institutional support and careful alignment with constitutional principles. Furthermore, a comparison with previous research demonstrates that while earlier studies have focused on the sociological or legal influence of fatwas, the present study contributes by situating them within the regional policymaking process. This perspective provides a more comprehensive understanding of how fatwas interact with both state authority and community practices in shaping economic development. The role of fatwas in regional sharia economic policy formulation reflects both opportunities and constraints. On one hand, fatwas can serve as powerful moral and cultural resources that enhance the legitimacy and acceptance of policies. On the other hand, without harmonization with national law, adequate institutional capacity, and broad public participation, their potential remains underutilized. Therefore, harmonizing fatwas with regional policies and national legal frameworks, supported by inclusive and participatory approaches, is essential for ensuring that fatwa-based policies contribute effectively to justice, economic growth, and social welfare in Indonesia.

## AUTHORS' DECLARATION

### Authors' Contributions and Responsibilities

The authors collectively contributed to the conception, development, and completion of this research. All authors participated actively in the interpretation of results, particularly in identifying the successes and barriers of implementing fatwa-based policies at the regional level.

### Competing Interests

The authors declare that there are no competing interests in the conduct of this research. This study was carried out independently, without any financial, institutional, or personal relationships that could be perceived as influencing the results or interpretations presented.

### Acknowledgments

The authors would like to express their deepest gratitude to all parties who have contributed to the completion of this research.

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