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E-Commerce from an Islamic perspective ☆

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Abstract

Whilst E-Commerce is spreading world-wide, many Muslims are wondering whether this new form of commerce is acceptable from the Syariah (Islamic Law) point of view. Thus, this research paper is meant to study the Islamic perspectives in e-commerce, particularly in its transaction, as well as the rights of the producers and customers. Issues on the legality of E-Commerce in Islam are examined to expose to Muslims around the world so that they could benefit from this new technology if it is proved legal and acceptable in Islam. Regarding transactions, the issues of payment through credit card will be studied to clear the Muslims doubt on the Islamic prospect of E-Commerce. Moreover, the paper discussed about E-Commerce and Transaction, Business in Islam, E-Commerce in Islamic Perspective which will cover the legality of E-Commerce, Islamic Business Ethics in E-Commerce, Legitimacy of E-Commerce Contract, Types of Contract in Islam, The Validity of E-Commerce From Islamic View, and Payment for E-Commerce Transaction, Characteristics of Producers, Rights of Producer, and Rights of Consumer. This research paper concludes the above mentioned area with the support mainly from the Holy Book (The Quran) and the practices of Prophet Muhammad (peace be upon him).
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1. Introduction

In the last two decades, the information technology has been reshaping how the world communicated and received information. Evidence of the eagerness on the part of some Muslims to embrace such technology, has been the proliferation of Islamic sites on the Internet, some of which are devoted to Islamic education and propagation, while others being of a more commercial or entertainment nature [9].

Before going any further, what is the relationship between IT and Islam? The Quran is a book of guidance, which contained general principles applicable to all times and places. The Quran contained principles and guidance pertaining to all spheres of lives, including the domain of IT (by analogy). Implicitly, there is a direct link between

IT and the acquisition of knowledge. The importance of seeking both the divine and worldly knowledge in Islam is stressed since the first revelation. As stated in the Quran:

> "Read in the name of your Lord and Cherisher, Who created- Created man out of a clot of congealed blood" (96:1–2).

Accordingly, IT is one of the knowledge that must be explored by Muslims and utilized its potential for good purposes.

The development of IT has brought the most essential revolution to our lives, which is the transition to an Internet–based society. One of the major areas that is significantly affected is the way people conducted transaction, business and commerce in this new and competitive environment [7]. The global availability of the Internet for the exchange of transactions between buyers and sellers has fueled the growth of what is known as Electronic Commerce. Electronic Commerce, or e-commerce, is the process of buying and selling goods and services electronically with computerized business transactions using the Internet, networks and other digital technologies [4].

Even though e-commerce is spreading worldwide, many Muslims still did not know about the status of their transactions according to the Islamic perspective and Islamic business ethics. Therefore, this research paper is meant to study the Islamic perspectives in e-commerce, particularly in its transaction, as well as the rights of the producers and customers.

Issues on the legality of E-Commerce in Islam are examined to expose to Muslims around the world so that they could benefit from this new technology if it is proved legal and acceptable in Islam. Regarding transactions, the issues of payment through credit card will be studied to clear the Muslims doubt on the Islamic prospect of E-Commerce.

In Section 2, the paper discussed about E-Commerce and Transaction, in Section 3 covered on Business in Islam, Section 4 is E-Commerce in Islamic Perspective which will cover the legality of E-Commerce, Islamic Business Ethics in E-Commerce, Legitimacy of E-Commerce Contract, Types of Contract in Islam, The Validity of E-Commerce From Islamic View, and Payment for E-Commerce Transaction, Section 5 discussed on Characteristics of Producers, and Section 6 covered Rights of Producer, while Section 7 covered Rights of Consumer, Section 8 is the conclusion of the whole paper, followed by references, and Appendices A, B, C.

2. E-Commerce and transaction

The growth of E-Commerce in the past few years has generated considerable diversity and complexity in its structure and applications. E-Commerce referred to the use of information and communication technologies to network economic activities and processes, in order to reduce information related to transaction costs to gain a strategic, information advantage [5].

From Islamic point of view, e-commerce has a similar definition with the conventional commerce, but some rules and obligations must be aligned with the need of Islamic principles and permissible by Islam. As mentioned in Holy Quran:

> "And when the prayer is finished, then you disperse through the land, and seek the Bounty of God, and remember God much, that you will prosper" (62:10).

This verse clearly shown that Allah allowed His servants to do whatever activities on earth as long as it did not contradict with the Islamic principles. In Islam there is no isolation between the spiritual and material (ritual and ordinary actions), for all actions performed in obedience to the command of God are considered as the acts of virtue and half of the religious duty including e commerce.

Rights carried many definitions in Islam. Classical Islamic jurist Ibn Nujaiym, defined rights as "the entitlement of a person to a thing and an exclusive assignment", which is the basic ingredient of the general concept of rights for the rights bearer.

Modern scholars have made advancement on several definitions for the concept of rights in various perspectives. Some of the definitions, viewed rights from the Islamic laws, while others tend to