Types and Issues of Online Commerce and Basic Principles of Islamic Commerce: An Analytical Study

Dr. Muhammad Imran, Dr. Tanveer Akhtar, Mushtaq Ahmad, Kalsoom Bibi
Chairman, Department of Islamic Studies, IUB Bahawalpur, Pakistan
Corresponding Author: Dr. Muhammad Sajjad Malik
Assistant professor, Department of Islamic Studies, Division of Islamic & Oriental Learning University of Education, Lower Mall Campus Lahore, Pakistan
Assistant Professor, NCBA & E, Sub Campus Bahawalpur, Pakistan
PH. D Scholar, Department of Urdu, National College of business Administration & Economics, Pakistan
PhD scholar Department of Urdu, NCBA&E Bahawalpur

ABSTRACT

In today's digital age, online commerce has increased dramatically and revolutionized the way we do business. At the same time, Islamic trade principles have been established for centuries and provide a clear ethical framework for economic interactions. This overview covers different types and issues of online transactions and critically analyzes their compliance with the fundamental principles of Islamic transactions. Online commerce, often referred to as e-commerce, encompasses a variety of business models, including B2C (business-to-consumer), B2B (business-to-business), C2C (consumer-to-consumer), and more. The rapid growth of online commerce, digital payment systems, and the sharing economy has changed the business landscape. However, this increase is not without its challenges. Issues such as data security, privacy, fraud, and the digital divide require close scrutiny and effective solutions. In contrast, Islamic trade is deeply rooted in ethical and moral principles and is based on Sharī'ah, Islamic law. This framework emphasizes fairness, transparency and fairness in all financial transactions. At the heart of Islamic business transactions are principles such as halāl (permission) and ḥarām (prohibition), ribā (usury) and gharar (uncertainty), which form the basis of ethical business practices. The purpose of this study is to analytically examine the relationship between types and themes of online transactions and the basic principles of Islamic transactions. We highlight areas of agreement and disagreement and highlight the unique challenges that online commerce presents, including: B. Electronic fraud and data protection from an Islamic perspective. Additionally, this overview considers how the principles of Islamic commerce can act as a driving force to address these issues and promote ethical online business practices. This highlights the potential for the introduction of Islamic financial products such as: B. Sharī’ah-compliant fintech solutions that reduce risk and increase the security of online transactions while promoting ethical behavior.


1 Introduction

In the commercial world of the Internet, online trading takes place in a variety of ways, both individually and collectively, i.e., company-to-company. So, it will not be canceled. For a Muslim, it is important to know the rules and transactions like worship, so I thought it necessary to explain the rules of online trading in the light of the Book of Sunnah, so that those who are connected with these trades can know the rules of Sharī’ah. If his trade is halāl, then he should avoid it.

Due to online trading, a lot of facilities have been made available, a buyer can order any product from anywhere at home, can find cheap to cheap and quality to quality products from around the world among various online trades. It saves time and also relieves the inconvenience of transportation. It is very easy for the seller as well as the buyer.
He gets rid of the cycle of setting up shop, paying rent and transportation. The goods are shipped. That is why this business is skyrocketing in popularity today.

Before knowing the Sharī‘ah order of this trade, I will explain the Islamic principle of buying and selling, so that the problem can be easily understood and any online trade against this principle is clear. Three things are fundamental in buying and selling.

1. Finding two parties between whom the sale will take place.
2. Existence of the goods which are required to be bought and sold.

Following are some important principles and rules of Islam in relation to buying and selling.

Purchase and sale should be settled by consent between the seller and the buyer, is the order of the Prophet (PBUH):

إِنَّمَا الْبِيْعُ عَن تَرَايْضٍ

Sale is only by mutual consent.

The seller has ownership of the goods, i.e., it is prohibited to sell goods that he does not own. Hakīm Ibn Haz Umm (RA) says:

"أتيت رسول الله ﷺ فقلت: يأتيني الرجل يسألني من البيعہ ما ليس عندي أبتاعُ لَهُ من السوقة ثم أبيعُهُ قالَ: لاَ تبيع ما ليس عندك"۔

"I came to the Messenger of Allah ﷺ and said: Some people come to me and ask me to sell something that I do not have, so should I buy it for them from the market and then sell it? He said: 'Do not sell what you do not have'."

You can only trade in halāl things, the Prophet ﷺ said:

"إِنَّ اللَّهَ إِذَا حَرَّمَ عَلَى قَومِهِ أَكْلَ شَيْءًا حَرَّمَ عَلَيْهِم ثَمَّنَهُ"۔

"Undoubtedly, when Allah forbids the eating of something for a nation, He also forbids its price".

The price of the goods for which trade is intended should be known and its attributes should be stated as they are in it, and if there is any defect in the goods, then it should be made clear. A sale which is fraudulent is not permissible.

Translation: On the authority of Hazrat Abū Hurairah, he said: "The Messenger of Allah, peace and blessings be upon him, forbade the sale by throwing stones and the sale of deceit".

Trade should be free from usury, because Allah Almighty has declared usury as harām. The decree is divine:

"وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرَّبَا"۔

"Allah Ta’āla has made trade lawful and interest has been forbidden".

2 There are four types of sale:

The first type: One thing should be given in exchange for another thing, for example, a house in exchange for land. There is detail in the justification and non-justification of this sale.

Second Type: Buying something for money/price, this is absolute sale and generally this method is practiced in the market.

The third type: Exchange of cash for cash is called Bai’ al-Ṣaraf or exchange money.

Fourth type: Labor on one side and wages on the other, it is called Ijārah means labor. There are four types of sales in terms of price payment.

First type: Cash purchase and sale means pay the price in cash and get goods in cash.

Second type: If the goods are available immediately, but its price is fixed at a future date, this is loan sale, this loan will be called a loan and it is permissible.

The third type: The price should be paid first, but if there is a delay in the delivery of the goods, it is called Bai’ Salam, this is also permissible.

The fourth type: If both the delivery of the goods and its price are borrowed, that is, if there is a period in both, then it is illegal.

How to do online business on the internet then this method is based on Islamic business principles.
Forex trading is quite popular in online trade. The method is that, for example, one has to deposit one thousand dollars and open an account in the Forex Company first. Various items are advertised on the Internet with prices, this person who is able to buy up to 100,000 items for just one thousand dollars buys an item on the Internet after seeing the cheap price and as soon as the price increases. He sells it, thereby benefiting from the rising price, but there is also a loss due to the decrease in the price of the commodity. The company takes its commission on every trade whether it is profit or loss and similarly if the trade is not done within the specified time, the company charges more money. In this trade, the company acts as a broker and the account holder cannot directly buy and sell, but submits buy and sell orders.\textsuperscript{xiv}

There are many defects in this trade. A person who gets purchasing power of 100,000 dollars for 1,000 dollars will fall into the category of usury. Sells before doing, which is illegal. Similarly, it is not permissible for the company to take a fixed profit on every trade whether there is profit or loss in the trade. By-alkali-balkali and betting are also found in it. Speculation as it is traded in the air has no existence on the ground, no one has to buy or own the goods in real sense, it is just a game of profit.\textsuperscript{xiii}

(2) Some online companies sell goods on the Internet. The method is that the buyer pays the price first and the goods are quoted later. If the transactions in this method are clear and there is no deception it is legitimate, but in the world of the Internet, anything can happen. It is possible that the company receives money from the buyer and does not send the goods. It is also possible that due to hackers, the money could not reach the company or the goods could not be received by the buyer. Yes, a reliable company that has been working in this field for years, then do business with them.\textsuperscript{xv}

(3) There is nothing wrong with the price of the goods being received first and the goods being quoted later or simply receiving the leverage first. Or it is permissible to deliver the required goods without any money and to buy and sell with the company's lawyer with the option of liking or disliking, but this is the best and most common case.

In summary, in order to trade online, it is essential that the goods exist and that when the buyer demands the goods and that the price is paid promptly or the delivery time is fixed, the seller has the goods with the desired attributes. If the goods are not found to have the required characteristics upon receipt, the buyer has the option to return them. If the seller merely advertises that when a buyer asks for the goods, he buys the goods from another market, it is fraudulently selling goods owned by others. There is the above hadith in which Hakim Ibn Hazam (RA) was forbidden by the Messenger of Allah (PBUH) from such a pledge.\textsuperscript{xvii}

3 There are usually two things to avoid in most online businesses.

- The first is that a person buys an item over the Internet and sells it to another person before taking possession of it. This trade is illegal.
- The second thing is that there is a fictitious buying and selling company, it does not actually have any goods, just the name of the company, takes the order of the buyers from the advertisement and buys cheap goods from another online company and sends them to the buyer. This is also illegal. Yes, someone should trade by saying that I do not have such and such goods, I will buy them from another place and provide them to you and also take my wages.\textsuperscript{xi}

The best way to trade online is for the merchant to introduce his goods on the internet with their correct attributes so that the buyer knows the full quality of the goods and when the buyer asks for the goods, the goods are delivered to him by his lawyer. Deliver, when the buyer likes the product after seeing it, then complete the sale by paying its price or return it if he does not like it. It is permissible to take the price of the goods even before delivery or can take some advance, but there is a risk due to hackers and the buyer is also afraid that the trader will not send the goods with the price or if the goods are not genuine, then there is an option of return. It doesn't happen. Because of this, the buyer can be satisfied and the trader can also trade with the confidence of the people.\textsuperscript{xii}

As many Prophets as came to this world, all of them did halal business, some worked as laborers, some worked as carpenters, some grazed goats. He also did business. He traveled to Syria twice with the goods of Hazrat Khadija. The Messenger of Allah (peace and blessings of Allah be upon him) is present.

On the authority of Hazrat Abdullah Ibn Mas‘ūd, the Messenger of Allah, may God bless him and grant him peace, said:

"Asking for halal sustenance is a duty, after a duty".

\textsuperscript{xviii}
In other words, asking for halal sustenance is the second duty after the first duties of religion. The first duties of religion are those who are called the members of Islam and about which every Muslim knows that these things are obligatory in religion. For example, praying, giving zakāt, fasting, performing Hajj, etc., all these are the first duties of religion. It is stated in the mentioned hadith that after these religious duties, the second duty is to ask for halal sustenance and obtain halal sustenance.

On the authority of Hazrat Anas Ibn Malik, the Messenger of Allah, may Allah bless him and grant him peace, said:

"طلب الحلال واجب على كل مسلم.
Asking for halal sustenance is obligatory on every Muslim.

And Allah says:

اللهُ مَن طَلَبَ الدنيا حَلالاً وَاستعفافاً عنہ المسئلۃہ، وَسعياً علی عيالہہ، وتعط فاً علی جارہہ لَقہیَ اللَََّّ، وَوَجْہُہ کالقمرہ ليلۃَ البدرہ۔
Translation: The person who acquired the world in a lawful way, to avoid questioning (i.e., so that people do not have to be questioned due to poverty), to provide for and provide for his family, and to be kind to his neighbor. Therefore, he will meet Allah on the Day of Judgment in such a state that his face will be shining like the moon of the fourteenth night.

It is necessary to avoid haram earning
The Messenger of Allah (peace and blessings of Allah be upon him) said:

لا يدخلُ الجنۃَ لحمٌ نَبَتَ مہنْ سُحْت ، النارُ أولَی بہہہ
A person will not go to heaven whose body is filled with forbidden food and forbidden wealth, the fire of hell is more deserving of it.

And in a hadith, the Messenger of Allah, may God bless him and grant him peace, said:

يَأتي علی النَّاسہ زمانًا لايُبَالهی المَرأُ مَا خَذَّل، أَمَّ مُلْحَللاً أَمْ مُلْحَلَللاً
A time will come upon the people when a man will not care how he is acquiring wealth, lawfully or unlawfully.

4  Virtue of halal business
On the authority of Hazrat Abū Hurāra, the Messenger of Allah, may Allah bless him and grant him peace, said:

من طَلَبَ الدنيا حَلالاً وَاستعفافاً عنہ المسئلۃہ، وَسعياً علی عيالہہ، وتعط فاً علی جارہہ لَقہیَ اللَََّّ، وَوَجْہُہ کالقمرہ ليلۃَ البدرہ۔
Translation: The person who acquired the world in a lawful way, to avoid questioning (i.e., so that people do not have to be questioned due to poverty), to provide for and provide for his family, and to be kind to his neighbor. Therefore, he will meet Allah on the Day of Judgment in such a state that his face will be shining like the moon of the fourteenth night.

It is necessary to avoid haram earning
The Messenger of Allah (peace and blessings of Allah be upon him) said:

لا يدخلُ الجنۃَ لحمٌ نَبَتَ مہنْ سُحْت ، النارُ أولَی بہہہ
A person will not go to heaven whose body is filled with forbidden food and forbidden wealth, the fire of hell is more deserving of it.

And in a hadith, the Messenger of Allah, may God bless him and grant him peace, said:

يَأتي علی النَّاسہ زمانًا لايُبَالهی المَرأُ مَا خَذَّل، أَمَّ مُلْحَللاً أَمْ مُلْحَلَللاً
A time will come upon the people when a man will not care how he is acquiring wealth, lawfully or unlawfully.

5  Acceptance of forbidden food prohibited for dua
It is narrated on the authority of Hazrat Abū Hurāra, that the Messenger of Allah, may God bless him and grant him peace, said: O people! Allah is Glorified and accepts only what is pure and halāl, and Allah has commanded all the believers the same thing as He commanded all the Messengers; So he said:

"يا أَيُّوهَا الرَّسُلُ كُلُوْا مُلْحَللاً، وَاعْمَلُوْا صَالِحاً
That is, O Messenger! Eat of what is pure and lawful, and do good deeds. And Allah said:

"يا أَيُّوهَا الذُّينَ أطْلُبُوا كُلُوْا مِنْ الطَّيِّبَاتِ ما رَزَقْنَاكُمْ '
" يا أَيُّوهَا الذُّينَ أطْلُبُوا كُلُوْا مِنْ الطَّيِّبَاتِ ما رَزَقْنَاكُمْ "
O believers! Eat of the pure sustenance, which We have bestowed upon you.

Then he mentioned that a person makes a long journey (to holy places like Makkah, Madīna) and raises his hands towards the sky and prays and says: O my Lord! O my Lord! When he has disheveled hair and disheveled clothes and the situation is that his food is forbidden, his drink is forbidden, his clothes are forbidden and he is raised with forbidden food, how will his prayer be accepted?2

6 Virtue of Trade

There are different sources and means of earning livelihood and obtaining halāl sustenance such as trade, agriculture, employment, industry and craft and labor and labor etc. The Messenger of Allah (peace and blessings of Allah be upon him) made two trips to Syria in connection with trade, in which he took the goods of Hazrat Khadijah Al-Kubrā and went to Syria for trade. If I am trading, then it will become a part of religion. And trading is worship if it is done with two intentions:

(1) I will pay the rights of my wife and children with its income
(2) and through it I will help the needy.

7 Data Analysis

This section analyzes data and research findings on the types and issues of online transactions and their compliance with the basic principles of Islamic transactions. Types of online commerce: Our analysis shows that online commerce includes various models such as business-to-consumer (B2C), business-to-business (B2B), and consumer-to-consumer (C2C). These models evolve with technological advances and play an important role in the digital economy. Online Commerce Issues: We have identified several key issues in online commerce, including data security, privacy concerns, electronic fraud, and the digital divide. These issues represent challenges that require careful consideration, particularly in the context of Islamic trade. Alignment with Islamic Commerce: The fundamental principles of Islamic commerce, such as halāl and ḥarām, ribā and gharār, provide a strong ethical framework for commerce. Our analysis shows the potential fit between these principles and modern online trading practices. Ethical Business Practices: Islamic Trade promotes ethical and transparent business practices that address issues such as data security and privacy. Banning Ribā (usury) will encourage the development of Sharā‘ah-compliant fintech solutions and reduce the risk of electronic fraud.

8 Conclusion

In summary, our analytical study has shed light on the complex relationship between the dynamic landscape of online commerce and the timeless principles of Islamic commerce. Data analysis suggests that although the types of online commerce are rapidly evolving, there remains potential for harmonization with the ethical foundations of Islamic commerce. Our findings highlight the importance of integrating Islamic financial tools and ethical guidelines into online transactions to reduce risk and promote safer, ethical and fair global digital markets. As we move further into the digital age, this study provides insight into how Islamic commerce principles can influence and improve online business practices. Considering the principles of Islamic commerce, it is important for policy makers, businesses, and financial institutions to consider how ethical and fair practices can be integrated into online commerce to create a more just and secure environment. It is important.

References

1. ـ Ṣaḥīḥ Ibn Mājah: 1792.
2. ـ Ṣaḥīḥ al-Tirmidhī: 1232.
3. ـ Ṣaḥīḥ Abū Dawūd: 3488.
4. ـ Ṣaḥīḥ Muslim: 1513.
5. ـ Al-Baqrārah: 275.
17. Imam Hākim, Mustadrak Al-Hākim, p. 8/122.