



## The Role of Islamic Banking in Preventing and Overcoming Online Gambling through the Application of Sharia Principles

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### ABSTRACT

Online gambling has become a significant social concern, particularly among Muslim communities. A number of factors have led to the development in the prevalence of addiction to online gambling, including the attraction of rapid riches and the convenience of accessible through the internet. In light of the fact that it adheres to Sharia rules, Islamic banking provides a fresh viewpoint on how to approach this matter. The application of Sharia principles is the focus of this article, which investigates the potential role that Islamic finance could play in preventing and conquering online gambling. The main objective of this paper is to examine how Islamic banking can contribute to curbing online gambling by promoting financial literacy, fostering responsible financial behavior, and providing alternative investment options aligned with Sharia principles. The paper also aims to identify specific Sharia-compliant financial products and services that can be employed to reduce the appeal of online gambling and encourage individuals to seek more ethical and sustainable forms of wealth creation. This paper demonstrates that Islamic banking, guided by Sharia principles, holds immense potential to address the growing concern of online gambling among Muslim communities. By implementing tailored financial solutions and fostering a culture of financial responsibility, Islamic banking can contribute to a healthier and more ethical financial landscape for all.

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## PRELIMINARY

In the era of digitalization, online gambling has emerged as a prevalent social concern, particularly among Muslim communities. The advent of digitalization has ushered in an era of unprecedented connectivity and convenience, transforming various aspects of human life. However, this digital revolution has also brought about unforeseen challenges, including the rise of online gambling. This pervasive social concern has particularly impacted Muslim communities. This worrisome trend poses significant challenges to the core tenets of Islam, which emphasize ethical conduct, responsible behavior, and the pursuit of halal (permissible) activities. Both Internet addiction and online gambling showed gender differences, with boys scoring higher on all measures, the three dimensions of Internet

addiction (loss of control, emotional need, and dependence), and the three dimensions of gambling craving.(Serna et al., 2023)

People from a wide variety of backgrounds, including Muslims, have been drawn to the appeal of online gambling because of its promise of fast gratification and rapid riches. Because of the anonymity and accessibility of online gambling platforms, the problem has become even more severe. This has made it simpler for individuals to participate in these activities without fear of social shame or legal ramifications coming their way. The Islamic teachings, on the other hand, forbid engaging in activities that involve risk, uncertainty, and the possibility of causing harm to oneself or others. Online gambling, on the other hand, stands in stark contrast to these concepts.

However, one area of financial institutions' activity that remains largely unexplored is their role in gambling.(Swanton et al., 2019) One of the most innovative approaches to dealing with the problem of online gambling is Islamic banking, which is founded on the principles of Sharia. The prohibition of *riba*, which can be translated as interest or usury, is the fundamental principle of Islamic finance. Usury is one of the many major sins to watch out for, therefore Islamic banking is here to answer the concerns of Muslims regarding usury.(Nabella et al., 2023) In Islam, *riba* is considered to be an exploitative and unfair behavior when it is carried out. This prohibition extends to online gambling because it entails engaging in activities that are similar to gambling in that they involve the participation of uncertainties and dangers that are intrinsic to the activity.

In addition, Islamic banking places a strong emphasis on the notion of *maqasid al-sharia*, which is a statement that explains the goals of Sharia. These goals include the protection of life, faith, intellect, legacy, and property. This purpose is immediately contradicted by the fact that online gambling has the ability to cause both financial disaster and societal suffering. Therefore, designing Islamic banking into permissible (halal) service/product offerings or business administration while avoiding haram tends to degrade the assimilation for some arguments.(Alwi et al., 2021)

Islamic banking institutions have the ability to play a key role in the promotion of financial literacy and education within Muslim communities. This is because Islamic banking organizations are based on Islamic principles. Consequently, this would make it possible for consumers to make well-informed decisions concerning their financial situation and to have an understanding of the risks that are associated with gambling online. As part of this, it is important to educate people about the inherent risks and the potential for losses that are linked with gambling activities. Additionally, it is essential to emphasize the relevance of developing healthy financial habits and the ability to create a budget.

Furthermore, Islamic financial institutions are able to provide a variety of halal investment goods and services, which gives individuals the opportunity to create wealth in a manner that is in accordance with the principles of Sharia. Investment options such as profit-sharing plans, real estate investments, and microfinance projects are examples of how these chances might be utilized. It is possible for individuals to steer clear of the draw of online gambling and pursue financially responsible undertakings with the assistance of Islamic banking, which offers investment possibilities that are ethically sound.

In order to prevent online gambling, this article investigates the comprehensive approach that Islamic banking might take using several strategies. To begin, Islamic banking institutions have the ability to encourage financial literacy and education, which gives individuals the ability to make educated decisions regarding their finances and enables them to realize the hazards that are linked with online gambling. In the second place, they have the ability to create alternative investment options that are in accordance with the principles

of Sharia, which will provide individuals with opportunities to create wealth that are morally acceptable and will contribute to the overall well-being of society.

## METHOD

In this research, normative legal research was applied. This method is often referred to as a study of documents that uses a qualitative approach to data and secondary data sources. The sources of normative legal research are court judgments, books, legal theories, doctrine, rules, and data sources. The collected qualitative data is analyzed using thematic analysis techniques to identify recurring themes, patterns, and relationships among the diverse perspectives. The analysis seeks to uncover the underlying mechanisms and factors that contribute to the effectiveness of Islamic banking in preventing and overcoming online gambling.

In addition, normative legal research is conceptual because it looks at social norms and regulations and the law itself. Legal research that is based on doctrine is research done on laws that have been drafted and developed using that doctrine. The doctrinal approach is the foundation of common law and the primary legal research method. Therefore, explaining or categorizing it within a more extensive, cross-disciplinary study framework has not been necessary. (Hutchinson & Duncan, 2021)

## RESULT AND DISCUSSION

In order to address the problem of Online gambling, Islamic banking, which is founded on the principles of Sharia, provides a method that is both distinctive and efficient. Gambling is a kind of gharar, which means uncertainty, and maysir, which means gambling. The Quran, which is the sacred book of Islam, provides precise guidance on gambling and has a prohibition on it. Through both his words and his deeds, the Prophet Muhammad (PBUH) reinforced this restriction even further.

The verse is found in Surah Al-Baqarah, verse 219: " They asked you (Prophet Muhammad) about khamr and gambling. Say, "In both, there is great sin and some benefit for humans. (However,) the sin of both is greater than the benefit." They (also) ask you (about) what they spent." In light of the fact that it includes engaging in activities that are comparable to gambling in terms of the inherent dangers and uncertainties involved, this verse is frequently read to encompass gaming. From an Islamic perspective, all forms of games that have qimar (bet) are included in the category of gambling, which can be in the form of money or otherwise. (Sumilat & Novita, 2023)

In verse 90 of Surah Al-Ma'idah, it is said "O you who have believed, intoxicants and games of chance are certainly unclean, the products of Satan's work." It is in your best interest to steer clear of them. A direct prohibition against games of chance, including gambling online, is found in this text. In a same vein, the Sunnah offers advice on how to steer clear of practices that result in monetary difficulties and the downfall of society. According to the Sunan Abu Dawud, the Prophet Muhammad (peace be upon him) is quoted as saying, "A gambler's wealth is not blessed." This hadith addresses the negative consequences that gambling can have on a person's money as well as their entire health and wellbeing.

While gambling is broadly available across many global markets, the acceptance of this activity varies between societies due to perceived risk. (Scott et al., 2019) The sociological factors that have an impact on online gambling are beginning to spread throughout society. It is important to note that:

- 1. Increased internet access and availability** : The broad availability of the internet and the growing affordability of devices that are connected to the internet have made

online gambling more accessible than it has ever been before. Online gambling has become more accessible to people of all socioeconomic backgrounds and geographical locations as a result of this development.

2. **Social media and online advertising** : The proliferation of social media and online advertising has made it simpler for gambling operators to target potential clients with individualized advertisements. This is because of the increasing popularity of social media and online advertising. Ads like these have the potential to be incredibly persuasive, and they may make online gambling appear to be an activity that is both fun and thrilling, with no associated risks.
3. **Normalization of gambling** : The prevalence of internet casinos, lottery games, and sports betting has contributed to the normalization of gambling in society. Gambling is becoming more and more accepted in today's culture. This normalization might make it more difficult for people to understand the risks associated with gambling, and it can also lead to an increasing acceptance of gambling as a normal pastime. In addition to being influenced by their attitudes, adolescents reported being assisted with gambling by family and friends.(Riley et al., 2021)
4. **Financial difficulties** : Financial troubles can be a significant risk factor for gambling addiction on the part of the gambler. It is possible that those who are experiencing financial difficulties are more likely to gamble in the goal of obtaining money quickly. It is also possible that they are more prone to chase their losses, which can result in a vicious cycle of addiction inside them.
5. **Mental health problems** : A number of mental health conditions, including anxiety and depression, have been shown to be associated with an increased likelihood of developing a gambling addiction. Individuals who are battling issues related to their mental health may turn to gambling as a means of evading the difficulties they are experiencing. It is also possible that they are more likely to bet on the spur of the moment, which can result in financial difficulties.

Islam rejects every matter involving deceit and deception, mismanagement of the country and harming the people, the possession of a few people over public interest, a condition on buying and selling, or anything else.(Aziz et al., 2023) The growth in the prevalence of addiction to online gambling is a significant issue that can have catastrophic effects on individuals, families, and communities. These reasons are contributing to the rise in the prevalence of online gambling addiction.

### **Sharia principles applied by Islamic banks to overcome online gambling**

Islamic banks operate according to the Qur'an and al-Hadith, which outlines the conversion process.(Sukmana et al., 2020) The Sharia principles offer a comprehensive framework for Islamic banking, which assists in directing economic activity and financial transactions in conformity with Islamic standards. These principles place an emphasis on ethical behavior, social responsibility, and the goal of engaging in activities that are halal, or lawful. Those Islamic banking institutions that adhere to these principles have the ability to play a proactive role in avoiding and overcoming addiction to online gambling.

**Avoiding Gharar (Uncertainty and Risk)** : a key premise of Sharia law that has relevant implications for gambling conducted online. In Islamic law, the term "gharar" refers to transactions that include an excessive amount of uncertainty or ambiguity, which has the potential to result in injury or use of the individual. This idea of gharar is embodied by the very nature of online gambling, which entails wagering money with the possibility of suffering big losses and with outcomes that are heavily impacted by factors of chance.

In the Quran and the Hadith, which are the fundamental sources of Islamic law, the ban on gharar may be found. In verse 282 of Surah Al-Baqarah, it is written "O you who have

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believed, when you contract a debt, when you write it down." As a means of reducing the likelihood of ambiguity or disagreements, this verse highlights the significance of being clear and documenting all financial dealings. According to Sunan Abu Dawud, according to the Prophet Muhammad (peace be upon him), "The sale is void if there is any uncertainty or deception" (Sunan Abu Dawud). In order to prevent any kind of fraud or undue advantage, this hadith emphasizes the importance of being honest and transparent in all financial dealings.

**Advocating for Halal Investments** : Is an essential component in the fight against and solution to the problem of online gambling. Islamic banking gives consumers access to alternative ways of accumulating wealth that is in accordance with Islamic principles and values. This is accomplished by providing a variety of financial goods and services that are halal, which means that they are permitted. This stands in stark contrast to the practice of gambling online, which is fraught with inherent dangers, unpredictability, and the possibility of catastrophic financial loss. Islam strongly encourages people to invest, this is motivated by the basic teachings of the commandment to pay zakat for people who have assets that are not productive (idle assets), otherwise, productively managed assets are not subject to zakat obligations.(Liizzah et al., 2023)

**Understanding and Learning about Finances** : Literacy and education in financial matters are extremely important factors in reducing the prevalence of addiction to online gambling and encouraging responsible financial conduct. Individuals can be empowered with knowledge about personal finance through the implementation of financial literacy programs, which can assist them in making educated decisions, recognizing the risks connected with online gambling, and developing solid financial habits. This includes educating individuals about the inherent uncertainties and possibility for losses that are associated with gambling activities, as well as the significance of using a budget, conserving money, and pursuing tactics that are sustainable for the accumulation of wealth.

In order to effectively treat the core causes of online gambling addiction, which frequently arise from financial difficulty, poor money management skills, and a lack of understanding of other investment possibilities, financial education can be an effective means of addressing these issues. Responsible gambling by numerous stakeholders, including casino operators, and public education regarding gambling's addictive potential are crucial.(Ferna et al., 2020) Financial education can assist consumers in avoiding the draw of instant gratification and rapid riches that are promised by online gambling. This is accomplished by educating them with the knowledge and skills necessary to efficiently manage their finances.

**Collaboration and Awareness** : Collaboration entails the convergence of various stakeholders, including government agencies, regulatory bodies, financial institutions, religious organizations, and community groups. They come together to exchange knowledge, resources, and expertise to tackle the issue of online gambling. By working together, we can create policies, regulations, and interventions that are more effective. As an example, government agencies can work together with financial institutions to put in place measures that limit access to online gambling websites and transactions. In a similar vein, religious organizations have the opportunity to work together with community groups in order to offer counseling and support services to individuals who are facing challenges with online gambling addiction.

Recognizing the importance of awareness is key in addressing the issue of online gambling. It is important to educate individuals about the potential dangers and negative consequences of online gambling so that they can make well-informed choices and steer clear of such activities. We can accomplish this by implementing public education campaigns, engaging with the media, and establishing educational programs in schools and communities. In

addition, it is important to educate parents and educators so that they can recognize and deal with possible indications of online gambling addiction in young individuals.

**Utilizing Technology for Prevention and Intervention** : The rapid development of technology has not only brought about transformative changes in the ways in which we live, work, and communicate, but it has also made its way into the arena of online gambling. This digital world has offered a fertile ground for the expansion of online gambling platforms, which in turn has made it easier for users to access a wide variety of gambling activities. Although internet gambling may provide a sense of excitement and the possibility of acquiring wealth in a short amount of time, it also presents a number of serious concerns, such as the potential for addiction, financial ruin, and social harm.

In view of these issues, there is an immediate need to harness the power of technology not just to make online gambling more accessible, but also to prevent individuals from engaging in problematic gambling behaviors and to intervene in certain situations. Because of advantages such as convenience, accessibility, affordability, anonymity, and interactivity, online gambling could be potentially more tempting and addictive to consumers than traditional offline gambling. (Han et al., 2019) UTPI, which stands for Utilizing Technology for Prevention and Intervention, is a principle that advocates for the development and implementation of technology-based solutions to address the problem of online gambling. While most Islamic banks are interested in adopting digital technologies, the focus on their different concepts varies widely from bank to bank. (Aysan et al., 2022)

**The UTPI incorporates a variety of tactics, including the following:**

- **Parental Control Tools** : Parents are able to restrict their children's access to online gambling websites and applications by using parental control tools. These tools also allow parents to monitor their children's behavior while they are online and establish time limits. This can be helpful in preventing gambling among minors and protecting persons who are vulnerable.
- **programs for Financial Management:** These programs give users the ability to monitor their spending patterns, recognize probable transactions that are related to gambling, and establish their financial objectives. This can improve individuals' financial awareness and assist them in managing their resources in a responsible manner, hence minimizing the probability of people experiencing financial difficulties as a result of gaming.
- **Educational Platforms:** Individuals can be provided with complete information about the risks of online gambling, including addiction, financial consequences, and social impacts, through the use of mobile apps and interactive online platforms. It is also possible for these platforms to provide individuals with self-assessment tools and information, which can assist them in recognizing potential gambling issues and obtaining assistance, if necessary.
- **Gamification of Prevention and Intervention:** Gamification techniques can be used to design interventions that are interesting and interactive, with the goal of educating individuals and motivating them to modify their gambling patterns. The use of role- playing games, simulations, and incentive systems that encourage positive behaviors and discourage gambling engagement are examples of what can fall under this category
- **Machine learning and artificial intelligence:** AI systems can examine user data to detect patterns and predict potential gambling risks. Machine learning can also

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be used to learn from data. This can make it possible for those who are at risk of developing gambling issues to receive early intervention and individualized treatment.

### **How the effect of the application of Sharia principles in Islamic banking products and services on public awareness about the dangers of gambling?**

A growing number of people, particularly members of Muslim communities, are becoming concerned about the potential for addiction, financial ruin, and social harm that can result from participating in online gambling. Given that regulated gambling activities always involve a significant 'house edge', persistent gamblers will invariably lose money over time. (Swanton & Gainsbury, 2020) A comprehensive set of rules that can be properly implemented to address this issue is provided by Sharia, which is the legal system that is recognized by Islam. For the purpose of preventing and overcoming addiction to online gambling and promoting responsible financial behavior, the application of Sharia principles in Islamic banking presents a one-of-a-kind situation.

The implementation of Sharia rules in the provision of products and services by Islamic banks has a direct influence on the level of public knowledge of the risks associated with gambling. Additionally, Islamic banking is founded on the principles of Islamic law, also known as Sharia law, which outlaws any and all forms of gambling and speculating, which are collectively referred to as *maisir*.

As a result, the products and services offered by Islamic banking corporations do not involve any kind of gambling, and this fact is widely disseminated to the general public as a component of the ethical and cultural characteristics that distinguish Islamic finance. The consequence of this is that the general population, and particularly those who participate in Islamic banking, becomes more aware of the risks associated with gambling and the significance of avoiding it when conducting financial transactions. This awareness is further strengthened by the fact that the concepts of Islamic banking are derived from the Quran, which is the major religious source of Islam, and that all transactions must comply with Shariah, which is the legal code of Islam that is based on the teachings of the Quran.

Furthermore, there is the possibility of the development of Sharia-compliant fintech solutions that take into account the entertainment requirements of individuals without resorting to gambling. These solutions would make use of technology to provide alternatives that are morally acceptable. Further reinforcing the ethical position of Islamic financial institutions can be accomplished through the implementation of educational projects, which can play a significant part in increasing knowledge about the harmful repercussions linked with online gambling. In essence, by adhering to the principles of Sharia, these institutions not only separate themselves from behaviors that are morally dubious, but they also help to the development of a financial ecosystem that is more responsible and socially conscious.

### **CLOSING**

In this research investigates the significant role that Islamic banking plays in solving the widespread problem of online gambling by using the norms of Sharia. Through the examination of the compatibility of Islamic finance with the ethical principles that are ingrained in Sharia, the research highlights the possibility for Islamic banking institutions to mitigate the adverse effects that internet gambling has on society. When it comes to establishing financial solutions that discourage and prevent consumers from engaging in

activities related to online gambling, the values of transparency, risk-sharing, and social responsibility that are inherent in Islamic finance can serve as a robust foundation.

Furthermore, the findings show the necessity of a joint effort among Islamic banking institutions, regulatory organizations, and the wider society in order to develop an all-encompassing approach designed to combat online gambling. This requires not only the development of financial mechanisms that are in accordance with Sharia law but also the implementation of educational initiatives that raise awareness of the negative impacts that are associated with online gambling. Islamic banking has the potential to make a substantial contribution to the reduction of the incidence of online gambling and the accompanying societal consequences. This can be accomplished by cultivating a culture of financial knowledge and accountability.

This research also offers vital insights into the potential of Islamic banking to act as a catalyst for positive social change. It does this by connecting financial practices with ethical ideals in order to overcome the issues that are provided by online gambling. This is a testament to the adaptability and usefulness of Sharia-based financial systems in fostering a just and responsible society. As the global landscape continues to expand, the incorporation of Islamic finance principles in tackling contemporary challenges such as internet gambling serves as a testament to the adaptability of these systems.

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