PRAGMATISM OF MODERN PEOPLE IN VIEWING THE HALAL INDUSTRY AND SHARIA BANKING

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ABSTRACT
This research examines the pragmatic views of modern society towards the halal industry and sharia banking. Through a literature study, we identified that although halal products and Sharia banking are based on strict Islamic principles, modern society often faces a dilemma between maintaining these principles or choosing convenience and efficiency. Factors such as accessibility, convenience and economic considerations influence consumers' decisions in choosing halal products and services. This study also explores how pragmatism influences halal views and practices among modern society, as well as how technology and regulations can support the development of the halal industry and Sharia banking in the future.

Keywords: Sharia Banking, Halal Industry, Pragmatism

INTRODUCTION

Halal is a term used to refer to something that is permissible or permissible in Islam. Products that are declared halal have gone through a research process carried out by LPPOM MUI (Institute for the Study of Food, Drugs and Cosmetics of the Indonesian Ulema Council) which considers the production materials and production process to ensure that the product meets the halal principles and requirements described in Islam (Ahyar, 2020) . Production of goods based on Islamic Sharia law ensures that the materials, manufacturing processes, and techniques used comply with the standards set by Islamic guidelines (Harsanto et al., 2024) . Another view regarding halal is explained through research (Hidayat et al., 2015). Halal is something that if used does not result in punishment (sin). Meanwhile, haram is something that Allah SWT. This is prohibited by a strict prohibition where people who violate it are threatened with punishment by Allah in the afterlife.
In the Koran in a letter. al -Baqarah [2]: 168 :

يَٰٓأَيُّهَا ٱلنَّاسُ كُلُواْ مِمَّا فِي ٱلۡأَرۡضِ حَلَٰلٗا طَيِّبٗا وَلَا تَتَّبِعُواْ خُطُوَٰتِ
ٱلشَّيۡطَٰنِۚ إِنَّهُۥ لَكُمۡ عَدُوّٞ مُّبِينٌ ١٦٨

It means :
O people, eat some (food) on earth that is halal and good and do not follow the steps of Satan. Indeed, for you he is a real enemy.
The meaning of this verse commands all mankind to consume halal food. Moreover, for believers, it is of course more important and mandatory to practice the demands of the Koran and obey Allah's demands. Apart from that, according to the Prophet Muhammad SAW. Consuming what is haram means that sins offered will not be granted and all acts of worship performed will not be accepted by Allah. On that basis, Muslims, in line with Islamic teachings, require that the products they consume are guaranteed to be halal and pure. According to Islam, consuming what is halal, holy and good (thayyib) is a religious command and is legally obligatory. There are quite a lot of verses and hadith that state this, including al -Baqarah [2]: 29, 195, al-Jâtsiyah [45]: 13, al-A'râf [7]: 157, al - Mâ -idah [5] : 3, al-An'âm [6]: 145, al -Nahl [16]: 115.

Thus, Halal is the Islamic term for what is permitted, according to Islamic law and approved by LPOM MUI to ensure compliance with Halal principles. Halal products are produced in accordance with Sharia law, including materials, manufacturing processes and techniques that meet Islamic standards. Apart from that, Halal means something whose use does not cause sin, while Haram means something that is prohibited by Allah SWT with the threat of punishment in the afterlife.

The importance of halal covers various aspects of Muslim life, not only limited to food and drink, but also includes safety, welfare, social justice and a sustainable environment. Halal and Toyyiban , which means clean and healthy, depict symbols of tolerance towards cleanliness, safety and quality of food consumed by Muslims (Baharuddin et al., 2015) .

In research (Putro et al., 2023) explains the importance of halal where halal is considered the main need of Muslim consumers. Muslims are required to consume food in accordance with the provisions of the Islamic religion . Apart from that, the halal industry is a supporting sector for world economic growth. The global halal market is growing rapidly and is becoming a concern in developed and developing countries . Apart from that, government regulations support the issuance of Law Number 33 of 2014 so that halal product guarantees become mandatory for all business actors.

Indonesia is the country with the most Muslims in the world, reports The Royal Islamic Strategic Studies Center (RISSC) entitled The Muslim 500: The World's 500 Most Influential Muslims 2024 (Royal Al-Bayt For Islamic Thought, 2024) , states that Indonesia is the country with the largest Muslim population in the world. RISSC noted that the Muslim population in Indonesia will reach 240.62 million people in 2023. This number is equivalent to 86.7% of the national population, which totals 277.53 million people.
This year's SGIE report, produced by DinarStandard (Tourism, 2023) , a US-based research and advisory firm, shows that Muslims will spend US$2.29 trillion in 2022 on food, medicine, cosmetics, modest fashion , travel, and media. Sharia financial assets are estimated to reach US$3.96 trillion in 2021 and will grow to 5.96 trillion in 2026.

The Global Islamic Economic Indicator (GIEI), which is a national benchmark in the report, which consists of 81 countries, places Malaysia at number 1, maintaining its top position for 10 consecutive years. Malaysia is followed by Saudi Arabia, Indonesia and the UAE. In 2023, Indonesia will rise to 3rd position. This expenditure reflects years of growth and encourages the Indonesian economy to innovate halal products.

In the sharia banking sector, sharia banking in Indonesia provides an alternative for Muslims, namely financial principles that comply with sharia. Research conducted by (Ahmad, 2014) explains that the basic proposition in the creation of various theoretical works on Sharia banking is that interest is prohibited in Islam, but in trade and profits are permitted. Conventional banking uses an interest rate mechanism to carry out its duties of financial intermediation. Muslim scholars have developed a very different banking model that does not utilize interest. Then other research explains the basic principles of sharia banking, namely the principles of freedom from maghrib (maysir , gharar , haram, usury and vanity), trust and prudence in managing sharia banking activities, and principles based on contracts. (Maimun, 2022) . So that the contract process carried out between the two parties is in accordance with the agreement, consent and in accordance with Islamic sharia.

However, in its development, there has been a pragmatic phenomenon related to the Halal view. People living in modern society, especially in big cities, are often faced with the difficult choice between adhering to halal principles or living a practical lifestyle. Economic considerations, convenience, and accessibility often influence decisions when selecting products and services. This raises the question to what extent pragmatism influences the halality approach in everyday life.

Thus, this research examines how modern society views the concept of Halal and sharia banking in everyday life, what factors influence pragmatism in considering Halal, and how this influences Halal practices in society.

LITERATURE REVIEW

Pragmatism

The term pragmatism as expressed by Mangun Harjana derived from the Greek " pragmatikos."Pragma means action as long as tikos means understand. Pragmatism is the understanding of pragmatism. Understanding pragmatists are ”competent and experienced in legal matters, matters of State and Commerce”. In English this term is called Pragmatic which means with regard to practical matters, not theoretical, and ideas, the results can be utilized directly related to the action, not speculation or abstraction. According to Harun Hadiwijono, pragmatism is a stream teaches that the true is what proves itself to be true by means of its practical beneficial effects. Handle pragmatism is the logic of observation. This school is willing to accept everything as long as it brings practical results. Personal experiences admissibility, beneficial origin; even mystical truths are seen as valid also, the origin of mystical truths carries useful practical consequences. Benchmark pragmatism is a benefit for practical life.4 pragmatism rejects intellectualism, absolutism and logic formal.

Pragmatism is a modern philosophy of the 20th century, born in America. As its first originator was Charles S.Pierce. This philosophy was later developed by William James and John Dewey. According to pragmatism the nature of things it is relative and changeable. While Islam is a religion that Prophet Muhammad (Peace be upon him) as a messenger the truth from him. The absolute truth of Islam man as a seeker of truth is relatih.

Halal Industry

In terms of understanding, another term of the halal industry is the Sharia industry or Islamic industry. Etymologically, halal is defined as an object or an activity commanded by the Qur'an and Sunnah. The industry terminology includes all goods and services that are processed or produced by economic activity. Halal industry is an industry that produces halal goods and services according to Sharia. The term halal is also used on halal Food, Kitchen, dress code, food equipment, logos, and halal certificate. The anonymity of halal itself is haram. In order to avoid confusion, each individuals follow instructions on halal and haram as taught by the Quran and Sunnah.

Halal industrial area is an industrial area in which all industries applying or in accordance with Islamic standards ranging from upstream to downstream. Area Halal industry will be selected in Java because it is already available industrial area consumer goods sector. While the management, the government will submit to one of the business actors who already know halal production standards the good (http://www.kemenperin.go.id).

Sharia Banking

Islamic banks are all banking activities based on the Quran and Hadith. Islamic banking activities based on Islamic law can be done with when it has the right foundation. This is Shows that Islamic banks are shaped like buildings where the foundation of the Islamic bank is the creed based on the Quran and Hadith and the Prophet (peace and blessings of Allaah be upon him) said: "O Allah. After the foundation already exist then it can run the rules of sharia banks based on Sharia which consists of: (1) Prohibition of all riba practices. based on QS. Al-Khobar Baqarah: 278-280, Ali Imran: 130, An Nisa: 160-161, Ar Rum: 39. (2) Prohibition business financing maysir and gharar. Based on QS. Al Baqarah: 188, An Nisa: 29, Al Maidah: 90-91. (3) financing of real assets. Based on QS. Al-Hashr: 18, Lukman: 34, Al Baqarah: 261, An Nisa: 9. (4) sharing profit and loss (profit and loss). Based on QS. Joseph: 47, Al Lukman: 34, Al An"am: 38, Al Hashr: 18. When it comes to the conduct of Islamic banking will be realized Islamic bank of pure Sharia so that get ridho Allah Ta " ala in accordance with QS. Al Baqarah verse 208.

Syariah bank is a bank that operates in accordance with principles of Islamic Sharia, which means the bank in operation follow the provisions of Islamic Sharia, especially concerning governance how to convert to Islam. Activities of Islamic banks in terms of determination the price of its products is very different from conventional banks. Pricing for Islamic banks based on an agreement between the bank and the customer depositors of funds in accordance with the type of deposit and term, which will determine the size of the portion of revenue to be received storage

METHODS

This research uses qualitative. The qualitative approach is to understand (to understand) social phenomena or symptoms with more emphasis on a complete picture of the phenomenon being studied rather than breaking it down into interrelated variables (Murdiyanto, 2020) . Qualitative research is a type of research that produces findings that cannot be achieved using statistical procedures or other means of quantification. Qualitative research is descriptive and tends to use analysis with an inductive approach.
Literature review Also can be used to evaluate theory or proof in a particular field, check validity or the accuracy of a particular theory, or provide description general about a problem or problem research (Snyder , 2019) . This type of research is a library study. Analysis technique by reviewing literature, notes, reports related to the problem to be solved. The research was carried out by exploring sources that explain the differences between quantitative and qualitative methods or partially explain the two (Firmansyah et al., 2021) .

In the explanation (Nightingale & Nightingale, 2020) , systematic literature reviews , especially systematic review , involves several steps designed to minimize errors and provide a balanced and error-free summary of the existing literature. The following are the main steps in a systematic literature review: (1) Research Design: The first step is a research design that clearly defines the aims and objectives of the review , inclusion and exclusion criteria for studies, the way studies will be identified, and the analysis plan; (2) Study Identification: The methods used to identify studies have been developed specifically to find studies that may be published in journals or books; (3) Study Assessment: The author independently assesses the studies to be included in the review to minimize the risk of mismatching the background of previous research with the research to be carried out; (4) Drawing conclusions: conclusions are drawn with an in-depth review of previous research and explanations related to the explanation of the problems discussed

This research uses various reading materials, including journals and books, as sources for the basic framework of the pragmatic view . It is hoped that this research will be able to provide a comprehensive understanding of pragmatism in viewing the concept of halal and Islamic banking in modern society.

RESULTS

According to Islamic teachings, all Muslims are obliged to consume halal food (Usman et al., 2017) . Halal is a fundamental aspect of the belief system and moral code in Islam, representing an important element in Muslim society (Wilson, 2014) . Therefore, halal food production is very important to meet market demand. The scope of halalness covers various aspects, including ingredients, preparation processes, slaughter, sanitation, administration and other related managerial practices (Usman et al., 2024) . Then the level of knowledge and religiosity become important aspects in the process of determining someone's purchase. Research (Vristiyana, 2019) explains that education will make them understand which choices are right for their daily consumption. So a person's perspective regarding halal industrial products is also influenced by their level of education and religiosity.

Currently the halal industry is experiencing very rapid growth. This is characterized by the halal industry which has a strategic role in improving the economy. So, the halal industry should be developed in Indonesia. The halal industry has contributed USD 3.8 billion to Indonesia's Gross Domestic Product (GDP) every year. Apart from that, the halal industry has also contributed USD 1 billion in investment from foreign investors and created 127 thousand jobs per year. If further optimized, the halal industry can increase the value of exports and the country's foreign exchange reserves (Ministry of Finance of the Republic of Indonesia 2019). So, Indonesia should start developing the halal industry so that it can develop the economy optimally (Fathoni, 2020).

The establishment of sharia banks began with the ratification of Law no. 7 of 1992 concerning Sharia Banking. The first sharia bank to be established was Bank Muamalat Indonesia on May 1 1992. The establishment of sharia banks was strengthened by the MUI Commission Decision on December 16 2003 regarding the prohibition of interest on banks. This was then reaffirmed in Indonesia Number 1 of 2004 concerning Interest (Fa'iddah), which decided that the current practice of interest on money meets the criteria for usury that occurred during the reign of the Prophet Muhammad, namely usury nasiah (Umam, 2023) . Based on data from the Directorate General of Population and Civil Registration (Dukcapil) of the Ministry of Home Affairs, Indonesia's population was 272.23 million people in June 2021. Of this number, 236.53 million people (86.88%) were Muslim. These two statements are the driving force for the success of Islamic banks.

According to OJK report data (Financial Services Authority, 2022), the performance of sharia banking in several indicators shows better performance than conventional banking. Sharia banking asset growth in 2022 will be 15.63% (yoy) higher than conventional banking at 9.50% (yoy) during 2022. Market share or market share is a metric that shows the percentage of a company's sales from total sales in the market during a certain time period or market share is a comparison of business turnover with the turnover of all competitors in the same niche.

Pragmatism from an expert point of view has several different characteristics and views. Charles Sanders Peirce, one of the main figures of pragmatism, stated that the clarity of the meaning of a thought lies in its practical consequences in human life. According to Peirce, any thought that does not lead to practical action is considered false or worthless. Apart from that, Peirce also emphasized the importance of using the method of discussing the Natural Sciences in philosophy to ascertain the truth or falsity of a thought. Pragmatism also rejects all forms of intellectualism, absolutism, and contempt for formal logic. In the view of pragmatism, truth is something that has functions and benefits for life. Truth in pragmatism is considered to change according to changes in the subject of assessment and the context of time and place, so it is difficult to prove universally (Junaidi, 2016).

However, with globalization, it has become a special phenomenon in human civilization which continues to move in global society and is part of the global human process (Ohy et al., 2020). So the nature of pragmatism follows a lifestyle with the reason that work can be completed more quickly and the time needed to do further planning is longer, holidays will be faster and we can use our energy for other things because of our work. This was validated by research (Hardika & Huda, 2021) from the results of interviews stating that "I need goods quickly, especially since e- commerce has lots of promotions. So this promo is usually only given for one day, so I used it this paylater . Apart from that, it's more practical, in my opinion," so from this quote it is clear that sharia or halal aspects are not taken into consideration.

From (Nisha, 2023) also explains that the financing provided by e- commerce is more practical than applying for credit at a bank. They claim that this financing is considered to be an alternative if an urgent situation arises. If we look at research (Lukman Hakim Siregar & Mekar Meilisa Amalia, 2019) the financing flow in Islamic banks is as follows: (1) Phase product promotion and marketing: Process it starts with promotions and marketing of microfinance products. (2) Financing application and analysis stage: Candidate debtor submit funding application. Bank then analyze application is based on principle 7p (personality, party, purpose , prospect , payment , profitability , protection) and precautionary principle to anticipate happening bad credit. (3) Giving decision financing: decision microfinance made by officials' authorities, such as head micro shop (KWM). Process This must resolve in no time more than seven days since registration until announcement decision to candidate's customer. (4) Stage melting financing: After application approved, chief branch or subbranch deliver all over file to administration financing to make note melting and note other necessary. Furthermore, Binding is carried out guarantee by a notary. Thawing funds financing No given in cash but through account debtor savings.

So that the pragmatism mindset of modern people is a challenge faced halal industry and Sharia banking. However, opportunities also open wide, with increasing support from the government and organization international to promote halal products and services. Innovation technology, such as blockchain to ensure transparency Halal supply chain, also offers potential big to overcome challenge which exists And expand range product halal and Sharia banking services to create time effectiveness.

CONCLUSION

Study this shows that society modern tend adopt pragmatic view in consumption product halal and use service Islamic banking. Although product halal and Sharia based banking on Islamic principles strict, decision consumer often influenced by consideration practical like price, availability, and convenience. Growth halal industry and Sharia banking very fast, driven by increasing awareness of its importance halal in everyday life as well as regulatory support from the government. Challenge main like lack standardization certification halal globally and necessary regulatory constraints resolved. Apart from that, education and level religiosity are very influential to the way consumers perceive and decide on halal products. Innovation technology, like use blockchain, has potential big to increase transparency and trust consumer. Hence, a deep understanding of pragmatism in society modern as well as supporting appropriate technology and regulations can help overcome challenges which exists and push growth halal banking industry and Sharia in time front.

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