

The Legality of Price Rounding in Sale and Purchase Transaction under Indonesian and Islamic Law

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Abstract

The need for easiness in making transaction has resulted in a unique method of payment known as price rounding system. This system is frequently applied in the transaction of various goods, including vegetables, foods, and clothing. In spite of its practical advantage, there is a potential economic loss suffered by the buyers or consumers, especially when the sellers tend to round the price up. Consequently, the question on its legality arises. This study analyzes the legality of transaction applying the price rounding system from the perspective of Indonesian and Islamic law. This normative legal research employs both statutory and conceptual approaches. The result of this study indicates that the price rounding practice is allowed under Indonesian law as far as the buyer agrees to pay the item at the rounded price. On the other side, such a practice is prohibited under Islamic law since it violates the Qur'anic provisions. However, there is an opportunity to continue such a practice in particular places where the local custom ('Urf) in the mentioned places tolerate it. The authors suggest that consumers should pay more attention on such a practice to avoid any manipulation committed by the sellers.

Keywords: Legality, Price Rounding; Indonesian Law; Islamic Law.

1. Introduction

A unique method of transaction known as price rounding is found in some regions in Indonesia, including Java and Kalimantan. This method is often applied in the transaction of vegetables, especially in the traditional market, where the seller determines the final price based on the weight of the goods measured using a scale or similar device. Based on the calculated weight of the goods, then the price is rounded to the nearest figure, either up or down. For example, if the weight of vegetables results in a price of Rp. 7,800 (seven thousand eight hundred rupiah), the seller may round it up to Rp. 8,000 (Eight Thousand Rupiah) instead of charging the real amount. On the other hand, where the calculated price is of Rp. 7,200 (Seven Thousand Two Hundred Rupiah), it may be rounded down to Rp. 7,000. Thus, the price rounding system operates in two ways: rounding up and rounding down. When the price is rounded up, the final price becomes higher than its actual price, and vice versa.

Indeed, the practice of price rounding system eases the transactions between the sellers and the buyers, simply because it may eliminate the complex calculation of price. However, this system has a weakness since there is no exact benchmark for the seller to round up or round down the final price. It tends to disadvantage the buyers when the price is rounded up.¹

¹ Mutia Sumarni, 'Analisis Etika Bisnis Islam terhadap Praktik Pembulatan Harga pada Jual Beli Karet', *J-EBIS (Jurnal Ekonomi dan Bisnis Islam)*, 5 (2020), p. 156-71, <<http://doi.org/10.32505/j-ebis.v5i2.1786>>.

Therefore, the study on the practice of price rounding is necessary, especially to analyze its legality.

Previous research reveals that price rounding is a common practice in Kalimantan, and not only found in the transactions of vegetables. Such a practice is also found East Java, especially in Rembang Village, Ngadiluwih District, Kediri Regency. A study on vegetable trader behavior was made in this village in 2022. This study revealed that some traders prioritized profit and competitiveness in the business world, often at the expense of ethical practices.² For example, certain traders fail to uphold ethical standards in their business operations, and engage in practices that conflict with trading ethics. The research identified several concerning phenomena: first, the high number of vegetable traders in the hamlet creates intense competition; second, some traders wash their vegetables in rivers polluted by residential waste; third, others mix fresh vegetables with withered ones to sell the unsold products in the subsequent sales. This study underscores a lack of emphasis on ethics in business activities, suggesting that ethical considerations are often overlooked in profit-seeking.

In addition, another previous research has shown that price rounding carried out by business actors must be in accordance with Islamic values which prioritize integrity and transparency and avoid uncertainty and interest that are not agreed upon by both parties.³ Nevertheless, there is situation where rounding is ambiguous and can be used when it does not exploit consumers and of course it is agreed upon by both sides.⁴ On the other side, from the perspective of Indonesian law, business actors often exercise the price rounding arbitrarily that explicitly violates consumer rights as regulated in the Consumer Protection Law.⁵ Often the business actors use tricky marketing strategies such as using currencies that have no longer nominal value in Indonesia or substitute particular amount of money, for example 100 rupiah, with other goods such as candy. These practices violate several provisions as mentioned in Section 9 letter (a), Section 10 letter (a), Section 15 and Section 8 of the Consumer Protection Law.⁶ Rounding can be made only with the permission from consumers in accordance with Section 6 point (3) and (4) of the Regulation of the Minister of Trade of the Republic of Indonesia Number 35/M-DAG/PER/7/2013 on the Inclusion of Prices of Goods and Tariffs for Traded Services, and this practice is far away from Islamic values, especially honesty.⁷

It seems that so far, there is no previous research that comparatively discussed the legality of the price rounding system from the perspective of Indonesian law and Islamic law. Therefore, this study is crucial and holds significant importance as it can offer clarity and legal certainty for consumers and business actors regarding the legality of price rounding in daily

² Rona Qurrotul A'yun, 'Perilaku Pedagang Sayur Ditinjau dari Etika Bisnis Islam (Studi Kasus Dusun Mitiran Desa Rembang Kecamatan Ngadiluwih Kabupaten Kediri)' (IAIN Kediri, 2022), p. 45.

³ Karolus Charlaes Bego and others, 'Pembulatan Harga dalam Transaksi Jual Beli Perspektif Hukum Islam,' *Jurnal Kolaboratif Sains*, 7.9 (2024), p. 3480-83 <<https://doi.org/10.56338/jks.v7i9.6034>>.

⁴ Tita Zurnila Sari, Esti Alfiah, and Katra Pramadeka, 'Analisis Praktek Pembulatan Harga dalam Perspektif Ekonomi Islam', *Al-Intaj: Jurnal Ekonomi Dan Perbankan Syariah*, 9.2 (2024), p. 271 <<https://doi.org/10.29300/aij.v9i2.2489>>.

⁵ Laksmana Adzani, 'Analysis of Consumer Legal Protection Against the Practice of Rounding Fuel Prices at Gas Stations : Perspective of the Consumer Protection Law', 2024.

⁶ Syamsiar Arief and Arry Wirrawan, 'Analisis Perlindungan Konsumen pada Penerapan Pembulatan Harga Barang yang Dilakukan oleh Pihak Penjual', *Alauddin Law Development Journal*, 4.2 (2022), p. 372-82 <<https://doi.org/10.24252/aldev.v4i2.28488>>.

⁷ Lina Khalida and Muhammad Arsad Nasution, 'Pembulatan Uang Sisa', *Jurnal El-Thawalib*, 2.4 (2021), p. 318-330 <<https://doi.org/10.24952/el-thawalib.v2i4.4240>>

transactions. The existing practice of price rounding needs to be evaluated to ensure its compliance with the law and Islamic values, especially related to the element of ambiguity (*gharar*) in transactions. In addition, it is expected that this research will promote the protection of consumers against losses due to unfair price rounding practice and contribute to the formation of the more transparent and fair regulations. Harmonization between national law and Islamic law in this context is also important to uphold justice and legal harmony that satisfy the needs of the Indonesian people.

2. Method

The type of research is that of normative legal research which focuses on the study of legal norms, legal principles, and legal doctrines. This normative legal research employs both statutory and conceptual approach in analyzing the legality of the price rounding practice in daily transactions. Primary legal materials used include the Indonesian Civil Code (*Kitab Undang-undang Hukum Perdata*) and relevant legal provisions from both the Qur'an and the Hadith as the main sources of Islamic Law. In addition, secondary legal materials have also been studied. These include textbooks on civil law and Islamic commercial law, scientific journal articles on agreement law and consumer protection, as well as the opinions of legal experts and scholars regarding the validity and fairness of price rounding practices. The mentioned legal materials were collected through library study and were then analyzed using prescriptive method. The practice of price rounding was evaluated based on the principle of freedom of contract and good faith as recognized under the Indonesian Civil Law and was also viewed based on relevant Islamic legal sources, especially custom (*'urf*).

3. Discussion and Analysis

3.1 Legal Position of Price Rounding System under Indonesian Law

As a form of contract, sale and purchase transaction is governed by civil law or more specifically contract law. The main source of Indonesian civil law is the Civil Code (*Kitab Undang-undang Hukum Perdata/KUH Perdata*). The existing Civil Code of Indonesia was adopted from the former Dutch Civil Code (*Burgerlijk Wetboek*) which has come into effect since 1 May 1848 during the reign of the Dutch colonial government. This Code was still applied after 1945 independence and even remains applicable in Indonesia today.

Article 1320 of the Indonesian Civil Code stipulates four elements to establish a valid contract. These include:

1. Mutual consent of both parties;
2. Legal capacity of both parties;
3. A particular subject matter;
4. A lawful cause.

The first point highlights the importance of consensus between the contracting parties. Such a consensus is valid only when mutual consent is achieved, and it should be grounded in the principle of good faith (*i'tikad baik*). Good faith refers to condition of being free from deceit or malicious interest that could harm others. By adhering to this principle, contracts should prioritize mutual interests in an honest and transparent manner, fostering trust and fairness between the parties involved.⁸

⁸ May Shinta Retnowati and others, 'Analisis Asas Itikad Baik dalam Jual Beli Online Berbasis COD (Cash on Delivery),' *Jurnal Studi Islam*, 3.1 (2022), p. 10-18 <<https://dx.doi.org/10.30595/ajsi.v3i1.11867>>.

The second point highlights the competence of the parties to enter into contract. It is required that the contracting parties must be capable persons. Article 1329 of the Civil Code recognizes that all persons are eligible to make a contract with some exception. There are several categories of person who are deemed incapable to make a contract based on Article 1330 of the Civil Code. These include: underage person, those placed under guardianship, and women in marriage. According to Article 330 of the Civil Code, a person is considered an adult upon reaching the age of 21 or when the person has got married.⁹ In the context of sale and purchase transaction involving underage buyer, it remains valid if the buyer has sufficient maturity and ability to understand and make a legal action. This validity is contingent upon the absence of objections from either party. Typically, a minor would be accompanied by his parent or guardian to ensure the agreement's legitimacy. In such cases, the agreement is considered lawful and binding.¹⁰

The third point requires particular subject matter for establishing a contract, meaning to say that a contract must have a clear object representing both parties' rights and obligations. Article 1330 of the Civil Code provides that the object or item must be identifiable and meet the necessary legal provisions. In the context of price rounding during the sale and purchase of vegetables, as long as this practice does not violate the law, involves payment from the consumer, and is accepted without objection by either party, the agreement is considered valid.

The fourth point advocates that a valid contract is also subjected to the lawful cause. The term cause (Dutch: *oorzaak*, Latin: *causa*) does not refer to what prompts someone to make a contract but instead addresses the content of the agreement – specifically, whether or not it is lawful and aligns with legal norms. According to Articles 1335 and 1337 of the Civil Code, a cause is deemed unlawful if it contradicts the law, morality, or public order. The compliance with public order is a crucial consideration, especially since morality – a key component of public order – is an abstract concept that can vary significantly across Indonesia's diverse regions.¹¹ However, if the contract proceeds with payment and the consumer does not raise objections, their silent acceptance effectively signifies their consent, rendering this condition fulfilled.

Article 1338 of the Civil Code asserts that a valid contract serves as an Act and therefore is binding for those making the contract. Considering this legal implication, a contract should be made based on a good faith and supposed resulted from a fair negotiation. Unfortunately, in the context of price rounding, especially the rounding up method, the negotiation process cannot be maximized. One contributing factor is the reluctance to negotiate, often due to social pressure or embarrassment of spending too much time for shopping in one place. In such a transaction, the principle of good faith cannot be manifested due to the absence of meaningful

⁹ Andita Putri Nabila and Gunawan Djayaputra, 'Urgensi Pelaksanaan Kebebasan Berkontrak Dalam Merumuskan Perjanjian Guna Mewujudkan Keadilan Bagi Para Pihak', *UNES Law Review*, 6.2 (2023), 4072–80 <<https://doi.org/10.31933/unesrev.v6i2.1246>>.

¹⁰ Sena Lingga Saputra, 'Status Kekuatan Hukum terhadap Perjanjian dalam Jual Beli Online yang Dilakukan oleh Anak di Bawah Umur', *Jurnal Wawasan Yuridika*, 3.2 (2019), p. 199 <<http://doi.org/10.25072/jwy.v3i2.219>>.

¹¹ Retna Gumanti, 'Syarat Sahnya Perjanjian (Ditinjau dari KUHPerdara)', *Jurnal Pelangi Ilmu*, 5.1 (2012), p. 2 <<https://ejurnal.ung.ac.id/index.php/JPI/article/view/900/840>>.

negotiation. Without active participation from both negotiating parties, the binding force of the contract as advised in Article 1338 of the Indonesian Civil Code becomes questionable.¹²

The legality of price rounding in a sale and purchase transaction can be examined based on Articles 1320 and 1338 of the Indonesian Civil Code. The former deals with the requirements for establishing a valid contract, while the latter advocates the binding force of a valid contract upon the contracting parties. When all four key points as required in Article 1320 are satisfied, the sale and purchase transaction with price rounding element is considered valid. When the transaction is valid, based on the principle of *pacta sunt servanda* as advocated in Article 1338 point (1) of the Civil Code, both the seller and the buyer are bound to fulfil their respective obligations. In the context of transaction with price rounding system, the seller is responsible for providing the goods the buyer intends to purchase according to the terms agreed upon by both parties.¹³ As a consumer, the buyer is also responsible for fulfilling their obligation, namely making payment for the desired goods according to the terms agreed upon by both parties.

A contract reflects a situation where both parties have willingly consented the terms,¹⁴ either explicitly or implicitly, based on their mutual intentions. However, if the consent of one or both parties was influenced by coercion, negligence, or error, the contract can be annulled. In such cases, the contract remains valid until it has been officially nullified by the judge following a request from one of the parties. This represents a subjective condition for an agreement to be considered valid. In the context of price rounding during transactions, such as buying vegetables, the agreement is often implied. For instance, the consumer's silence can be interpreted as indirect consent to the seller's terms, indicating mutual agreement to the transaction. In such a transaction, the principle of good faith (*i'tikad baik*) plays a crucial role from both subjective and objective point of view. From the subjective point of view, an individual entering into a contract should act with the intention and expectation that the terms will be honored. While from objective point of view, the contract must adhere to societal norms and principles of decency, ensuring that no ethical boundaries are transgressed in its fulfillment.¹⁵

In fact, price rounding system has been applied in wider area of transaction. Not only in the transaction of vegetables, it has also been applied in the transactions of essential goods such as food and clothing. In accordance with Section 6 point (3) and (4) of the Regulation of the Minister of Trade of the Republic of Indonesia Number 35/M-DAG/PER/7/2013, price rounding can be made if the seller asks for permission from the consumer and the consumer allows this and the nominal will be rounded up is not in circulation.¹⁶ As a consumer, the buyer

¹² Aditya Fadli Turagan, "Pelaksanaan Perjanjian dengan Itikad Baik menurut Pasal 1338 KUHPerdara," *Lex Privatum*, 7.1 (2019), p. 46-51 <<https://ejournal.unsrat.ac.id/index.php/lexprivatum/article/view/25866>>.

¹³ I Komang Mahesa Putra, Ni Luh Mahendrawati, and Desak Gde Dwi Arini, 'Penerapan Pasal 1320 KUH Perdata terhadap Tanggung Jawab Penjual dalam Perjanjian Jual Beli Barang melalui Media Internet', *Jurnal Analogi Hukum*, 2.1 (2020), p. 73-77 <<http://doi.org/10.22225/ah.2.1.1623.73-77>>.

¹⁴ Nur Putri Hidayah and others, 'Modeling the Contract and Execution Fiduciary on Constitutional Court Decision', *Journal of Human Rights, Culture and Legal System*, 3.1 (2023), p. 95-108 <<https://doi.org/10.53955/JHCLS.V3I1.76>>.

¹⁵ M. Muhtarom, 'Asas-asas Hukum Perjanjian : Suatu Landasan dalam Pembuatan Kontrak', *Suhuf*, 26.1 (2014), p. 48-56 <<https://publikasiilmiah.ums.ac.id/handle/11617/4573?show=full>>.

¹⁶ Dewi Putri Mulyani and Riky Rustam, 'Keabsahan Pembulatan Nominal Pembayaran oleh Petugas SPBU di DIY menurut Hukum Islam', in *Prosiding Seminar Hukum Aktual Fakultas Hukum Universitas Islam Indonesia*, 2024, p. 117-31 <<https://journal.uui.ac.id/psha/article/view/34815>>.

is also responsible for fulfilling their obligation, namely making payment for the desired goods according to the terms agreed upon by both parties.

In the case of the transaction of vegetables, this transaction creates a binding contract between the parties. If either party breaches the contract, the aggrieved party has the right to seek redress. However, if neither party is harmed, the transaction proceeds smoothly and concludes successfully. For instance, when a seller enters into a sale and purchase contract using the price rounding system with a consumer, the transaction typically proceeds without issue. However, if the consumer remains unresponsive and fails to pay the rounded price, the contract is effectively terminated.

Insistence becomes necessary for the buyers to hold sellers accountable when a price rounding system is applied. In this context, accountability refers to the obligation to bear the consequences of one's actions. It may also be defined as the duty to fulfill the obligations required.¹⁷ However, there are challenges in initiating a lawsuit in such cases. One obstacle is the lapse of the obligation to sue, which can occur when the buyer, either explicitly or implicitly, agrees to the seller's actions. For instance, if a consumer verbally agrees or passively accepts the rounding system without objection, such consent may nullify their ability to pursue legal action. This situation arises from the consensual principle outlined in Article 1320 of the Civil Code which highlights that mutual consent is a fundamental requirement for a valid contract.¹⁸

The Code of Law has provided a clear definition of the obligation arising from contract (contractual obligation) and obligation that arise from statutory law (statutory obligation). The nature of obligation arising from the sale and purchase transaction with price rounding system is that of contractual obligation. Both the seller and the buyer are bound to fulfill their respective obligation. Payment (*betaling*) refers to the fulfillment of achievements in an agreement. In this context, the payment goes beyond the everyday notion of handing over money – it encompasses the fulfillment of commitments, which can take the form of actions, goods, or financial resources, such as money.¹⁹

Article 1321 of the Civil Code reads: "there is no valid contract if the consent is given due to negligence, or obtained by coercion or fraud." This implies that the price rounding system in business transactions is permissible under the Civil Code as long as the contract is carried out and concludes with the fulfillment of obligations, namely the payment made by the consumer. The initiation of payment signifies the formalization of the consent, eliminating any grounds for legal disputes, as the consumer's payment indicates their consent. In other words, the rounding in buying and selling transactions is legally valid as long as it adheres to the above conditions.²⁰

¹⁷ Daryl John Rasuh, 'Kajian Hukum Keadaan Memaksa (Force Majeure) menurut Pasal 1244 dan Pasal 1245 Kitab Undang-undang Hukum Perdata', *Lex Privatum*, 4.2 (2016), p. 173-80 <<https://ejournal.unsrat.ac.id/index.php/lexprivatum/article/view/11366>>.

¹⁸ Hetty Hassanah, 'Analisis Hukum tentang Perbuatan Melawan Hukum dalam Transaksi Bisnis secara Online (E-Commerce) Berdasarkan Burgerlijke Wetboek dan Undang-undang tentang Informasi dan Transaksi Elektronik' *Wawasan Yuridika*, 32.1 (2015) < <https://doi.org/10.25072/jwy.v32i1.88>>.

¹⁹ Jifer Naki, 'Subrogasi Sebagai Salah Satu Alasan Hapusnya Perikatan menurut Kitab Undang-undang Hukum Perdata (BW)'1, *Lex Privatum*, 7.1 (2019), p. 31-38 < <https://ejournal.unsrat.ac.id/index.php/lexprivatum/article/view/25863>>.

²⁰ Sigit Irianto, 'Pemahaman tentang Pengertian Pasal 1321 KUHPerdata dalam Hukum Perjanjian', *Spektrum Hukum*, 17.1 (2020), p. 72-83 <<http://doi.org/10.35973/sh.v17i1.1431>>.

3.2 Legal Position of Price Rounding System under Islamic Law

Islamic law refers to all legal rules that regulate Muslims' behaviours. These legal rules derived mainly from the Qur'an and the Sunna of the Prophet Muhammad. Besides these two primary sources, Islamic law also refers to some other sources such as *Ijma'* (consensus of Islamic jurists), *Qiyas* (analogy) and '*Urf* (local custom). These secondary sources will be referred only the primary sources is silent in particular subject matter.

Islamic law governs all aspects of human life, including business activities. Islam does not only encourage Muslims to do business but also provides rules and guidelines in doing so. There are some Qur'anic provisions that highlight ethical-based transaction, including Surah al-Nisa verse 29. In this place Allah said, "O you who believe, do not eat one another's wealth in a false way, except by way of business that takes place in a consensual way among you. This verse highlights the importance of conducting business ethically and correctly, rejecting any form of falsehood in business activities.

Another ethical guideline is found in, for example, Surah al-Muthafifin verses 1-3, which reads: "Woe to those who cheat (in measuring and weighing)! (Namely) those who when they receive measurements from others they ask for sufficiency and when they measure or weigh (for others), they reduce." In conjunction to this, in surah al-Isra' verse 35, Allah said: "And perfect the measure when you measure, and weigh it with the right balance. That is what is more important (for you) and better as a result".

In Islamic law, contracting parties, for example: the seller and the buyer, must follow several principles as follows.

- a. *Al-Hurriyah* (Freedom)
This principle serves as the basis of for establishing a contract. By virtue of this principle, anyone can make a contract and determine its terms and conditions. Not only to determine the object of transaction, freedom is also enjoyed by the contracting parties to select the method of settlement if there is a dispute.²¹
- b. *Al-Musawwah* (Equality)
This principle advocates that the parties into contract stand in an equal position.
- c. *Al-adl* (Justice)
This principle suggests that the contracting parties are required to act honestly and correctly in the disclosure of their will and circumstances. In addition, they have to fulfill their respective obligations responsibly.²²
- d. *Al-Ridha* (Voluntariness)
This principle suggest that a contract must be made voluntarily as highlighted in Surah al-Nisa' verse 9.
- e. *Ash-Shidiq* (Honesty and Truth)
Honesty is a fundamental ethical value in making a contract. Islam strictly prohibits lies and deception of any kind.²³ The value of honesty in this principle requires that the parties not lie, deceive and commit forgeries when the agreement lasts and until it ends.

²¹ Istianah ZA and others, 'Freedom of Contract and Judicial Intervention: Does the Court Have the Right?', *Revista Opinião Jurídica (Fortaleza)*, 21.36 (2023), p. 205 <<http://doi.org/10.12662/2447-6641oj.v21i36.p205-221.2023>>.

²² These principles are derived from some Qur'anic verses such as Surah 'Ali Imran verse 17, Surah al-Baqarah verse 177, and Surah al-Maidah verse 1.

²³ Istianah Zainal Asyiqin and others, 'Musharakah Mutanaqisah in Indonesia and Malaysia: Fatwa Institution, Regulation, and Recent Practice', *IQTISHODUNA: Jurnal Ekonomi Islam*, 13.1 (2024), p. 1-18 <<https://doi.org/10.54471/iqtishoduna.v13i1.2302>>.

f. *Al-Kitabah* (Written)

Another crucial principle is mentioned in the Qur'an Surah al-Baqarah Verses 282-283. These verses imply that the contract must be made with the well-being of all parties and should be made in written form.²⁴

Based on the quoted verses and principles outlined above, it is clear that business activities must be conducted ethically, avoiding any form of immorality.²⁵ They emphasize the importance of fairness, such as ensuring accurate measurements, as failing to do so is considered unethical and strictly forbidden. Such dishonesty is morally wrong and carries spiritual consequences in the form of sin. It can be concluded that relationships between individuals in business are of great importance. Profiting at the expense of others or intentionally causing harm for personal gain is not justified. Ethical business practices must prioritize mutual respect and fairness, ensuring no party is disadvantaged.²⁶

It is important to be noted that Islamic law differs from the Indonesian civil law in addressing certain aspects of business activities. In Islam, a business is viewed as a trust (*amanah*) that requires honesty and avoids unethical practices in the pursuit of profit. Islamic law emphasizes that all actions should align with righteous values. This is echoed in the words of Prophet Muhammad (PBUH): "Indeed, I am sent, (except) to perfect noble morals" (Hadith narrated by Malik). This hadith illustrates that the Prophet Muhammad (PBUH) emphasized the importance of perfecting moral character, which also applies to business ethics. In business activities, these morals include adhering to agreed norms, respecting the rights of others, and refraining from coercing someone into accepting personal demands. Violating these principles is considered unethical and unjustifiable.

Based on above discussion, the practice of price rounding by traders or sellers is deemed inappropriate and impermissible under Islamic law. This system disadvantages consumers, as the amount they receive does not match with the price they have paid, effectively constituting fraud by the seller. Such actions involve deceit and are inconsistent with ethical business conduct. Therefore, price rounding in sale and purchase transaction is prohibited in Islamic law, as it contravenes the guidance provided in both the Qur'an and Hadith, the primary sources of Islamic law. Both sources unequivocally forbid fraudulent practices in business transactions, making the rounding system unacceptable according to Islamic principles.

The question is whether the practice of price rounding in sale and purchase transaction is completely illegal under Islamic law or there is certain room to exercise it. Can the practice of price rounding in sale and purchase transaction be justified based on other source of Islamic law? In regard to this, it is necessary to look at the local custom (*'urf*). As already mentioned that Islamic law recognizes local custom (*'urf*) as one of its secondary sources, especially in regard to daily affairs (*muamalah*). *Urf* is derived from Arabic "*arafa-ya'rifu*" which means known or know. This refers to something that has been known by the members of the society.

²⁴ Jalil Abdul, 'Hukum Perjanjian Islam (Kajian Teori dan Implementasinya di Indonesia)', *Cendekia: Jurnal Studi Keislaman*, 6.2 (2020), p. 216 <<https://ejurnal.staiha.ac.id/index.php/cendekia/article/view/96>>.

²⁵ Muhammad Khaeruddin Hamsin, Abdul Halim, and Rizaldy Anggriawan, 'Digital Lending in Smart Society: Legal and Sharia Perspectives on Consumer Privacy and Ethical Collection Practices', ed. by Y. Jusman and others, *SHS Web of Conferences*, 204 (2024), 07001 <<https://doi.org/10.1051/shsconf/202420407001>>.

²⁶ Bahtiar Effendi, 'Asas Akad Ekonomi Islam Perspektif KHES (Kompilasi Hukum Ekonomi Syariah)', *Jurnal Alwatzikhoebillah: Kajian Islam, Pendidikan, Ekonomi, Humaniora*, 8.2 (2022), p. 70-81 <<http://doi.org/10.37567/alwatzikhoebillah.v8i2.1475>>.

It seems that the term '*urf*' relates to the more familiar term '*adat*' which is derived from the term "*ada-ya'udu*" which means to be repeated (habit).

Different from worship related matters (*'ibadah*), the law governing daily affairs (*mu'ammalah*) is more flexible. In the field of *mu'ammalah*, everything is permissible except what has clearly been declared as prohibited. What is then the legal position of price rounding system in sale and purchase transaction when it has become a common practice in the society and justified by the local custom? If a community is accustomed to adhering to certain practices within their transactions, these practices are considered valid and permissible, provided they do not contradict the decrees of Allah SWT.²⁷ If the people there are used to practicing the applicable law, then it can be ensured that the law is valid and permissible for them as long as they do not violate the decree of Allah SWT.²⁸

4. Conclusion

The need for easiness in making transaction has resulted in a unique method of payment known as price rounding system. This system operates in two ways: rounding up and rounding down. This system is frequently found in the transaction of various goods, including vegetables, foods, clothing, and shelters. In spite of its practical advantage, there is a potential economic loss suffered by the buyers or consumers, especially when the sellers tend to round the price up. Consequently, the question on its legality arises. Under the Indonesian civil law, the practice of price rounding is considered permissible or legal if the buyer agrees to pay the item with rounded prices. However, Islamic law prohibits such a practice as they contravene the Qur'anic values and principles, including justice (*al-Is*) and honesty and truth (*al-Sidq*). However, there is an opportunity to continue such a practice in particular places where the local custom (*'Urf*) in the mentioned places tolerate it. The authors suggest that consumers should pay more attention on such a practice to avoid any manipulation committed by the sellers.

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²⁷ M Afnan Nadhif, Anis Fittria, and Abdul Ghofur, 'Analisis Hukum Ekonomi Syariah terhadap Pembulatan Pembayaran Pada Jual Beli Online Shopee Cash On Delivery (COD)', *Al-Rasyad*, 1.2 (2022), pp. 15-27
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²⁸ Eko Sariyekti, Achmad Syaichi, and M Rohiq, 'Analisis Urf terhadap Jual Beli Borongan Sayuran di Desa Purbosari Kecamatan Ngadirejo Kabupaten Temanggung', *El-Qenon: Journal of Islamic Law*, 1.1 (2024), pp. 21-29.

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