

**A SET ASPECT OF PAPER MONEY:
A Reading on Ahmad Khatib Al-Minangkabawi's Thought**

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Abstract

This article aims to identify Sheikh Ahmad Khatib Al-Minangkabawi's initial concept of Paper Money, which in the early 19th century wrote Raf'ul Iltibas. Through a qualitative approach, with critical extraction analysis, several things can be revealed related to the thoughts of Sheikh Ahmad Khatib Al-Minangkabawi about paper money. From a careful reading of Sheikh Ahmad Khatib Al-Minangkabawi, several significant findings can be formulated: First, in his work, Ahmad Khatib Al-Minangkabawi applies two methods lead to his critical thinking about Paper money, namely the comparative law method and Qiyas. Second, Sheikh Ahmad Khatib believes that paper money has similarities with dinars and dirhams in several aspects, namely the function of its nominal value. It is just that the existence of these values is different. The value of paper money is politico-economic.

Meanwhile, the nominal value of dirhams and dinars is intrinsic and natural. Sheikh Ahmad Khatib Al-Minangkabau's work related to Paper Money is written heavily from the perspective of fiqh. Briefly, it is challenging to describe economic assumptions from work. As a result, articles are also thicker with fiqh analysis. Sheikh Ahmad Khatib Al-Minangkabawi's view regarding Paper Money becomes the foundation for the theory of the value of money in Islam. However, it is rarely disclosed, so that this paper can serve as the foundation of the value for money offered by scholars from Indonesia in the early 19th century. Strengthening the idea that money is not suitable as a commodity must be positioned as capital to be productive and finally becomes why trade is compelling and becomes the most practical reason for removing Zakat from it. There are not many, not even articles that attempt to reveal the concept of classical ulama from Indonesia relating to Paper Money. This article manages to identify that, and at the same time, becomes a novelty.

Keywords: *Paper money, Comparative Law; Qiyas; money philosophy; fiat money; and nominal value*

A. Introduction

Before Indonesia's independence, the discourse on money in the Nusantara had drawn polemics.¹ It did not only develop among Dutch scholars and technologists. But also involves the *ulama*. Especially when money began to transform form, both physical and functional, it is believed that this is an implication of the widespread and massive use of money since the early 19th century. Money is used for complex purposes. Apart from being a medium of exchange, money also has a social and political function. Initially, the economy was driven by a barter system. However, over time, money has become an instrument in economic transactions and is widely used by Muslims as a medium of exchange, even a commodity that is traded. Not only in Indonesia but also in other parts of the country. It triggers money to undergo a complex transformation, especially from the physical and socio-economic functions that cover it.² Historically, paper money was functioned to check accounts. Muslim communities widely used it in the early 19th century until now. It triggered a polemic among Muslim scholars and the *ulama*. The debate ensued. The discussion of this has broad dimensions — from economic philosophy; historical to *fiqh*.

The development and transformation of money as an instrument of economic transactions are understandable. Economic history in the Arab world is the keyword for understanding how Islamic legal thinking is discussed and plays an essential role in providing legitimacy for money used in Arab societies.³ There are three main issues related to the discussion of money in the *fiqh* tradition, both among the Maliki *madhab*, Hanbali; Syaf'iyah or Hanafiyah: *First*, the difference between coins as a commodity and as a medium of exchange; *Second*, the exchange rate between gold and silver; and *third*, the basis for using *fiat money* which has an exchange rate that

¹ Latifa Annum Dalimunthe, "Kajian Proses Islamisasi Di Indonesia: Studi Pustaka," *Jurnal Studi Agama Dan Masyarakat* 12, no. 1 (2016).

² Nikolaus A. Siegfried, "Concepts of Paper Money in Islamic Legal Thought," *Arab Law Quarterly* 16, no. 4 (2001): 319–32, <https://doi.org/10.1163/A:1013840123393>.

³ Siegfried.

exceeds the intrinsic value of money.⁴ The study of money is produced as human civilization develops and the need for money increases. Money is believed to have both economic and social functions. It is a determining factor why then the money is discussed in a broad perspective.

In the Islamic scientific tradition from classical to contemporary times, many scholars and the ulama have discussed money, for example, Abu Hanifah, Abu Hamid Al-Ghazali, and Abu Yusuf.⁵ It is just that the discussion about money carried out by classical Muslim scholars does not debate the dimensions of the transformation of money, either from its form, functions, and legal reasoning for the change. Sheikh Ahmad Khatib al-Minangkabawi (1860-1916), a charismatic *ulama* from Minangkabau and once served as the Imam of the Grand Mosque, Makkah, wrote a *treatise* on paper money. The treatise is *Raf'ul al-Itibas a Hukem al-annwad al-muta'mil biba baina an-nash*. Sheikh Ahmad Khatib is a productive scholar, where at least twenty-four books were recorded in Arabic and Malay ⁶. It is no exaggeration if his work on money, *Raf'ul al-Itibas*, is the foundation referred to by scholars and researchers of money and its transformation. In the complexity of money today, it is crucial to re-refer to Sheikh Ahmad Khatib Al-Minangkabawi's thoughts on paper money. So, Ahmad Khatib al-Minangkabawi's reasoning can be understood and reconstructed. In this context, this study was carried out. It is intended to fill the *gap* in studies that may have escaped the attention of classical scholars, especially regarding the transformation of the form of money, the philosophical building of Paper money, and the legal implications.

⁴ Ressi Susanti, "Sejarah Transformasi Uang Dalam Islam," *Aqlam: Journal of Islam and Plurality* 2, no. 1 (2018): 33–42, <https://doi.org/10.30984/ajip.v2i1.509>; Siegfried, "Concepts of Paper Money in Islamic Legal Thought."

⁵ Alam Asadov, "Money in Islam: A Social Contract Perspective," 2017, <https://doi.org/10.13140/RG.2.2.18325.63206>; Norbert Oberauer, "Money in Classical Islam: Legal Theory and Economic Practice," *Islamic Law and Society* Vol. 24, no. 4 (2018): 427–66, <https://doi.org/https://doi.org/10.1163/15685195-00254A03>.

⁶ Drs Fadhlán Mudhafier, *Syeikh Ahmad Khatib Al-Minangkabawy: Pemikiran Dan Perjuangannya, Masa 1276 – 1334 Hijriah (1852 – 1915 Masehi)* (Jakarta: Pusat Kajian Buya Hamka, 2013).

Thus, this study will examine two main issues, namely: *First*, What are the problems related to currency raised by Sheikh Ahmad Khatib al-Minangkabawi in his *Raf'ul Al-Itibas*, and in what context Sheikh Ahmad Khatib discussed the matter; *Second*, what kind of philosophical foundation was built by Sheikh Ahmad Khatib al-Minangkabawi in elaborating the issue of Paper money, to producing *legal reasoning* that was different from similar works of his time. To understand and interpret the text written by Sheikh Ahmad Khatib al-Minangkabawi, it seems necessary to discuss the relevant conceptual framework from other works of literature.

There is a lot of literature and studies that discuss and make money as an essential issue. In this massive treasure, three categories are required concerning this study. *First*, studies that examine the history of the development of money, both in terms of transformation and evolution.⁷ In addition, arguments are given against the concept of transformation and evolution of money from a sociological and historical perspective.⁸ *Second*, studies that discuss the economic philosophy of money, especially with daily morale.⁹ *Third*, the literature concerns the method of *legal reasoning* in *muamalah* issues, especially regarding money.¹⁰ This categorization of literature is intended to be a conceptual basis in analyzing the position of Sheikh Ahmad Khatib Al-Minangkabawi in discussing and introducing the theory of paper money in his *Raf'ul Al-Itibas* work.

⁷ Luis Angeles, "Four Phases in the History of Money," University of Glasgow, 2019.

⁸ Mathieu Deflem, "The Sociology of the Sociology of Money: Simmel and the Contemporary Battle of the Classics," *Journal of Classical Sociology* 3, no. 1 (2003): 67–96, <https://doi.org/10.1177/1468795X03003001695>.

⁹ Georg Simmel, *The Philosophy of Money, The Philosophy of Money* (London: Routledge, 2011), <https://doi.org/10.4324/9780203828298>; Adrian Walsh and Tony Lynch, *The Morality of Money: An Exploration in Analytic Philosophy*, Palgrave MacMillan (New Jersey: Palgrave Mc Millan, 2008), <https://doi.org/10.1057/9780230227804>.

¹⁰ Anver E. Emon, *Islamic and Jewish Legal Reasoning: Encountering Our Legal Other*, Dk, vol. 53 (London: Oneworld, 2015), <https://doi.org/10.1017/CBO9781107415324.004>; Umar F. Abd-Allah Wymann-Landgraf, *Malik and Medina: Islamic Legal Reasoning in the Formative Period* (Leiden: Brill, 2013), <https://doi.org/10.1017/CBO9781107415324.004>.

B. The History of Money: Transformation or Evolution?

Historically, money transformed — both form and function attached to money. It constantly changes and adapts depending on the economic conditions in which people use it.¹¹ The change in money is also determinant with the meaning attached to money. This meaning also undergoes transformation and even evolution depending on the conditions; and human civilization. In the modern economic sense, economists define money as an asset that can be easily used to obtain goods and services.¹² Likewise, with the function of money. Besides as a *medium of exchange*, a *unit of account*; also developing its process as a *store of value*.¹³ How exactly transformation; and the development of money in the history of this human civilization is? To understand the question and parse the answer, Luis Angeles offers several assumptions regarding money. This assumption becomes a framework in analyzing the historicity of money. *First*, whatever the physical form of money in circulation — paper money, coins or checks, and demand deposits. The function of money in this form is still a tool to provide satisfaction for humans.¹⁴

Second, the meaning of money that only looks at the utility and statistical functions will fail in facing the nature of money, which is currently the product of the monetary authority attached to the government. In this sense, *paper money* can be understood. Because in its development, money is not only in physical form like coins; and paper money. But it also includes Paper money, which is issued by the state. Money in its final form is a debt guarantee given by the monetary authority.¹⁵ These assumptions are built historically from the phase of money development in human civilization. The steps of money development include four stages

¹¹ König, “The Evolution Of Money From Commodity Money to E-Money By.”

¹² Angeles, “Four Phases in the History of Money.”

¹³ John F. Crown, *A History of Money from AD 800*, *Journal of Economic History*, vol. 59 (London: Routledge, 1999); Angeles, “Four Phases in the History of Money.”

¹⁴ Glyn Davies, *A History of Money: From Ancient Times to the Present Day*, *University of Wales Press*, vol. 23 (Cardiff: University of Wales Press, 2002), <https://doi.org/10.1111/j.1468-0270.2003.0448b.x>; Angeles, “Four Phases in the History of Money.”

¹⁵ Nelly Hanna, *Money, Land and Trade: An Economic History of the Muslim Mediterranean* (London: I.B. Tauris, 2002); Angeles, “Four Phases in the History of Money.”

development: *The first* phase, the initial monetary system phase. This initial phase builds on the most ancient understanding in economics that adopting a *unit of account* benefits society. The earliest records of how organizations from the 3rd century B.C. measure the value of an item through agreed units of matter. Mesopotamian using grain or *barley* and silver; ancient Egypt with copper.¹⁶

The *second* phase is the domination of coins. The discovery of coins dates back to the 6th century B.C. This period was marked by accepting currencies as a unit of exchange value and was widely practiced in society. The *third* phase is the period when paper money appears. This phase began in England in the 17th century A.D. and was followed by other European countries. At that time, paper money was considered the same and even surpassed the use of coins. Even the receipt of credit is much higher than coins. It is presumably because the availability is much greater than coins. *Fourth*, the period of the modern monetary system. When the world entered the 20th century, the financial system is believed to have reached its most established level.¹⁷ This period is marked by the complexity of money, where authorities determine the value of money, i.e., the Central Bank based on its intrinsic value based on the value of gold. It makes the value of money much more stable.¹⁸ The question that can be asked regarding this historical fact is: "can this development of money be categorized as a transformation or an evolution?"

Historically, terms of transformation and evolution can be used *equally* in understanding the historical development of money as a monetary instrument. These terms can be identified through the history of development and gave birth to two arguments: *First*, there is an evolution in the form of money — from the *unit of account* in the form of goods such as grain; coin; and coins, became paper money. So, this evolution occurs in physical money, likewise, from the value unit, which was initially

¹⁶ Angeles, "Four Phases in the History of Money."

¹⁷ Adam Abdullah, "An Islamic Monetary Theory of Value and Equation of Exchange: Evidence from Egypt (696-1517)," *Humanomics* 32, no. 2 (2016): 121–50, <https://doi.org/10.1108/H-12-2015-0090>; Olivia Orozco, "Monetary Thought in Islamic and Christian Scholars (13 Th -16 Th Century): A Comparative Perspective on Debasement and the Rise of the Quantity Theory of Money," no. June (2008).

¹⁸ Angeles, "Four Phases in the History of Money."

based on natural values that were socially constructed and then evolved based on the gold value set by the Central Bank. *Second* meanwhile, transformation refers to the function of money itself. Initially only as a medium of exchange, then turned into a commodity, and then had a socio-economic role. The socio-economic position of money is a product of various human interactions that shape the socio-economic life of humans themselves.¹⁹ Money not only functions in an economic sense as 'valuations and currents,' but money also correlates with culture and society. So, the value of money is very determinant of how culture and society define and construct the conception of money.²⁰ It is in this context that the evolution of money deserves meaning. The emergence and acceptance of paper money is a product of culture; and community conditions. Thus, paper money is not only worthy of a narrow interpretation as a medium of exchange. But it is also worth studying the culture and needs of the society in which paper money was introduced. The transformation of the dimensions of money seems appropriate to be understood in terms of the philosophy of money. In the reason that money develops and changes. It was an object. Money then becomes the subject, which determines 'human being' and determines how humans shape their social world.²¹ In this context, it is vital to parse the concept of money from a philosophical perspective.

C. Money as a Social and Economic Product

Outside the economic tradition, money is interpreted in a complex way. It is not conceptualized as merely an instrument or medium of exchange. But money is then linked with the issue of morality. Because it is undeniable that money has become a source of moral problems that touch almost all aspects of human life, humans will always be associated with money from birth to death. It is no longer merely a means of exchange but has become a determinant in constructing the

¹⁹ Simmel, *Philos. Money*.

²⁰ Deflem, "The Sociology of the Sociology of Money: Simmel and the Contemporary Battle of the Classics."

²¹ Simmel, *Philos. Money*.

behavior; and how humans understand life and other humans. It is not an exaggeration if Voltaire asserts that "loving money too much is the root of all evil, money makes the world go round."²² Voltaire's view is the foundation of the argument that money has given rise to new morality in humans' social and cultural structure.

In interpreting money, Georg Simmel offers two terms closely related to the conception of money and morality, namely: *labeled analytic*. This term is used to understand money relations with conditions that determine the essence and meaning of the existence of money. In addition, Simmel also proposed another time, namely *labeled synthetics*, which is used to understand the historical phenomenon of money - both in terms of ideas and structures that build *feelings of value*, and praxis relating to things and the reciprocal relationship between humans and their presuppositions. Against money.²³ These two terms appear in George Simmel's work, *the Philosophy of Money*. First, "labeled analytics." In elaborating on money in the meaning of *labeled analytics*, outlined George Simmel discussed three main issues: 1) *value and money*; 2) *the Value of Money as a Substance*; 3) *Money in the Sequence of Purposes*.²⁴ At the core of George Simmel's thought about *labeled analytical* money, it revealed that reality and value are mutually independent categories and are formed through human conception, which later becomes an *image of the world*.²⁵ Second, labeled synthetics is a contradiction in terms. Because money itself is like a fashion—on a side, money represents the relationship between the individual and the object. On the other hand, money also acts as a tool to go beyond the relationship.²⁶ That is, money has both social and economic dimensions.

The social dimension of money can be identified from how people treat money. Meanwhile, the economic bulk of the money is the value of funds formed; and determined politically by the state. Of course, these two dimensions are filled

²² Kelvin Low, "Money And Morality: Some Perspectives From Singapore," *New Zealand Journal Of Asian Studies* 7, No. 1 (2005): 37.

²³ Low.

²⁴ Simmel, *Philos. Money*.

²⁵ Simmel.

²⁶ Simmel.

with two paradigms in interpreting capita: economic sociology, which understands money as a social product and political economy that positions money as a political-economic product.²⁷ In practice, both social and political influence the value of money. In addition, both will determine the function; and how humans position money in everyday life. In *locus*, this then money develops meaning and its role in society. As a result, the law of using money is transformed. From only as a tool but then made into a commodity. It then created new problems in the law, including Islamic law. Of course, in producing a legal opinion on money the Islamic scholars introduced *istinbath* or method of legal reasoning in a distinctive and specific way. Therefore, it is necessary to discuss how to conceptualize; processes and procedures of legal reason in the Islamic tradition, especially about *muamalah*.

D. The Legal Reasoning Tradition of Shafi'i School

Money is not a new issue in the fiqh tradition. Still, money has always been an issue to be studied because money is developing, i.e., dynamic and changes throughout the ages.²⁸ Norbert Oberauer introduced the concept of *three-tier currency* and how Islamic law weighs and discusses this concept. This concept of *three-tier currency* involves at least three forms of money, namely the gold *dinar*, silver dirham, and copper money. Interestingly, Oberauer introduced a thesis in which "money that exists and circulates in the market is money with a complex meaning. The spread of money that was very wide, and in large amounts, made money a complex medium of exchange, sparking legal debates among scholars." The complexity of money, i.e., the gap between money and how it is used by society in the economic market. In addition, people's attitudes towards money are also different and have a locality effect.

²⁷ John Smithin, "Requirements of a Philosophy of Money and Finance," Research Gate, 2013, <https://doi.org/10.1057/9781137302953>.

²⁸ Norbert Oberauer, "Money in Classical Islam: Legal Theory and Economic Practice," *Islamic Law and Society* 25, no. 4 (October 19, 2018): 427–66, <https://doi.org/10.1163/15685195-00254A03>.

In the market, the value of money will tend to follow market mechanisms. Understandable because the market is theoretically complex.²⁹ In this context, there are two concepts of money in monetary theory, namely exogenous and endogenous money. These two typologies are introduced due to how the value of money is determined, both by the market and by the monetary system.³⁰ Money is considered exogenous because it is produced and established by law and state authority. Menger, in this case, argues that money is not only generated top-down through power, but it is an unplanned product of the market mechanism. The role of the market and the law of "demand-supply" determine and significantly determines the value of a currency. It is just that in Islam, the value of money is determined systematically, and in a patron-law-based system —Islam through fiqh has provided guidelines on how the public should ideally transact money. The jurists' *ijtihad* must be seen in this context.

In the Islamic legal tradition, there are several *manhaj* or methods of legal stipulation. This method is connected to the four fiqh madhabs popular in Islamic fiqh — the Hanbali *mashable*, Maliki, Shafi'ite, and Hanafi.³¹ Islamic legal reasoning has a long history until finally, it became popular with the four primary schools of fiqh. However, other schools are outside the circle of the four schools, such as the Shi'i and Zahiri Mashable. This paper is concerned with Sheikh Ahmad Khatib al-Minangkabawi's thoughts because he is classified as a fiqh expert and the mufti of the Masjidil Haram who has Shafi'i as the answer. So, the *Islamic legal reasoning* that will be laid out here is *manhaj* mashab shafi'i ³². In its development, Islamic legal

²⁹ Oberauer.

³⁰ Arkadiusz Sieroń, "Endogenous versus Exogenous Money: Does the Debate Really Matter?," *Research in Economics* 73, no. 4 (2019): 329–38, <https://doi.org/10.1016/j.rie.2019.10.003>.

³¹ Mohammed Hocine Benkheira and Bernard G. Weiss, *Studies in Islamic Legal Theory, Studia Islamica* (Leiden: Brill, 2003), <https://doi.org/10.2307/1596263>.

³² Eka Putra Wirman, "Syekh Ahmad Khatib Al-Minangkabawi; Icon Tholabul Ilmi Minangkabau Masa Lalu Untuk Refleksi Sumatera Barat Hari Ini Dan Masa Depan," *Jurnal Ulunnuha* 6, no. 2 (2019): 161–75, <https://doi.org/10.15548/ju.v6i2.598>.

theory exists to understand the sources and methods of the resulting law.³³ In this case, the style of Islamic law is determinant or depends on the sources used by the mujtahid. It can be the Quran; Sunnah; Ijma' and Qiyas. In treating sources and placing their positions, it gave birth to several traditions of *legal reasoning* in giving birth to Islamic law.

The difference between manhaj-ijtihadiyah is the necessity of the ulama's thought in the field of *i'tikad*; politics, and *fiqh*.³⁴ This difference encourages the distinctive features of each *mashab* in producing Islamic law. The proof is that the ijihad tradition developed by Imam Syafi'i is different from the istinbath tradition of Imam Hanafi in producing Islamic law. Imam Syafi'i arranged the sources of Islamic law hierarchically, consisting of the *Quran*, *Hadith*, *Ijma'* and *Qiyas*.³⁵ The Quran for Imam Shafi'i is the primary source of Islamic law. Likewise, the *hadith* of the Prophet occupies the primary source after the Quran. Shafi'i positioned the *hadith* of the Prophet as *primus inter pares*.³⁶ As for placing the *sunnah*, Shafi'i also set it equal to the *hadith* as the primary source of Islamic law. Because the *sunnah* is the behavior of the Prophet Muhammad and an inspiration for the conduct of Muslims, suppose a *mujtabid* or scholar does not find answers to the problems and issues of Islamic law. So, Imam As-Shafi'i offered one more source, namely the *ijma'* of the *ulamas*.

Schacht explained that the Quran and Sunnah are the two main principles, while *ijma'* and *Qiyas* are the subordinates. Meanwhile, Abari understands that in the Syafi'i tradition, there are only three *proposals* (main points) of the Shari'a, namely the Quran; Sunnah, and Ijma'. In contrast, Qiyas in the classical tradition, especially among *ushuluyyin* is the result of compromise. It is in line with what was described by Imam

³³ Wael B. Hallaq, *A History of Islamic Legal Theories, A History of Islamic Legal Theories* (Cambridge: Cambridge University Press, 1997), <https://doi.org/10.1017/cbo9780511801266>.

³⁴ Al-Imam Muhammad Abu Zahrah, "Tarikh Al-Mazahib Al-Islamiyah Fi Siyasah Wal Aqaid Wa Tarikh Mazahib Al Fiqhiyah" (Kairo: Dar al-Fikr Al-'Arabi, n.d.).

³⁵ Muhammad bin Idris As Syafi'i, *Ar Risalah Lil Imam Al Mutalibi Muhammad Bin Idris As-Syafi'i* (Bairut: Dar Kutb Al Islamiyyah, 2006).

³⁶ N.J. Coulson, *A History of Islamic Law* (Edinburgh: Edinburgh University Press, 1964).

As-Shafi'i.³⁷ The theory of Islamic law developed by Imam Shafi'i undoubtedly influenced his followers. It is followed in the methodology of establishing Islamic law and becomes the foundation of Islamic legal reasoning carried out by its followers in responding to legal problems that arise. Included in this Sheikh Ahmad Khatib al-Minangkabawi as a scholar from Minangkabau, Indonesia, believed to have taught at the Grand Mosque since the crew of the 19th century, until he became the Grand Imam of the Grand Mosque, Mecca.³⁸ As a scholar with the Shafi'i principle, Sheikh Ahmad Khatib al-Minangkabawi indeed undertakes *ijtihad* within Islamic legal theory and the *usul fiqh* methodology offered by Imam Syafi'i. In this context, then this article seeks to understand Sheikh Ahmad Khatib al Minangkabawi's reasoning in expressing his views on money through his work *Raf'ul al-Iltilbas*.

E. Material and Methods

This article uses a qualitative approach. It was chosen qualitatively because the study analyzed the thoughts of Sheikh Ahmad Khatib Al-Minangkabawi about money contained in his *Raf'ul Al-Iltilbas*. This process is termed the extraction of the meaning of the text in the work of Sheikh Ahmad Khatib al-Minangkabawi.³⁹ This extraction refers to several categories to be found from the work of Sheikh Ahmad Khatib Al-Minangkabawi, *Raf'ul al-Iltilbas*, which includes: *First*, the issue of money discussed by Sheikh Ahmad Khatib al-Minangkabawi in his *Raf'ul Al-Iltilbas*, and in what context Sheikh Ahmad Khatib addressed the matter; *Second*, what kind of philosophical foundation was built by Sheikh Ahmad Khatib al-Minangkabawi in elaborating the subject of money, to produce *legal reasoning* that was different from similar works of his time. Extracting the thoughts of Sheikh Ahmad Khatib Al-Minangkabawi through his work, i.e., *Raf'ul Al-Iltilbas*, the model offered by Antar Abdellah & Abdelbaset Haridy can be applied in this article.

³⁷ Benkheira and Weiss, *Studies in Islamic Legal Theory*.

³⁸ Mudhafier, *Syeikh Ahmad Khatib Al-Minangkabawy: Pemikiran Dan Perjuangannya, Masa 1276 – 1334 Hijriah (1852 – 1915 Masehi)*.

³⁹ Antar Abdellah and Abdelbaset Haridy, "Medieval Muslim Thinkers on Foreign Language Pedagogy: The Case of Ibn Khaldun," *Lingua* 193 (2017): 62–71, <https://doi.org/10.1016/j.lingua.2017.05.001>.

There were several processes followed to extract the thoughts of Sheikh Ahmad Khatib Al-Minangkabawi, namely: 1) text extraction presented in Arabic, with the title "*Raf'il Al-Itibas' an Hukm Al-Anwat al-Mutamil baina al- Nas*"; 2) comments on the main ideas presented in the extraction are understood in a historical context; *Islamic legal theories*; and economic philosophy; 3) the conclusions presented pay attention to the implications of the findings for modern Islamic money theory.⁴⁰ The interpretation approach refers to the model used by Lilian Abou-Tabickh, wherein extracting ideas from a text, paying attention to the context and setting in history in which the text was produced. Interpretation will depend on identifying the structure of reasoning that is built into a text.⁴¹ Thus, this approach is expected to understand and grasp the ideas behind the concept developed by Sheikh Ahmad Khatib Al-Minangkabawi about the money poured in his *Raf'ul Al-Itibas work*. It is important and something new in uncovering the initial theory of money discussed by scholars with the syafi'iyah claim from the Nusantara and living in Mecca in the early 19th century.

F. Sheikh Ahmad Khatib Al-Minangkabawi

1. The Character and His Intellectuality

Full name of Ahmad Khatib is *Sheikh Al-'Alamah Al Mubhaqiq al-Fahamah Al Faqih Al Falaky Al Mujadid Al Ushuli Ahmad bin Abdul Latif Al-Khatib bin Kalan al Minangkabawi Al Maki Al Shafi'i*.⁴² Sheikh Ahmad Khatib was born on Monday 6 Dzul Hijjah 1276 Hijriah. Ahmad Khatib was raised by his parents taught to memorize the Quran; learn various science directly from his father. After that, Ahmad Khatib made the pilgrimage with his family simultaneously to recite knowledge. Several years in Mecca, Khatib returned to his hometown. Because his parents always miss him. While in his hometown, Ahmad Khatib studied with

⁴⁰ Abdellah and Haridy.

⁴¹ Lilian Abou-Tabickh, "Al-'Asabiyya in Context Choicea and Historical Continuity in Al-Muqaddima of Ibn Khaldūn" (University of Toronto, 2019).

⁴² Ahmad Khatib bin Abdul Latif Al Minangkabawi Al Shafi'i, *Al-Qaul Al-Tabif Fi Tarjamati Tarikh Hayati as-Syeikh Ahmad Khatib Bin Abdul Latif* (Maktabah Ibn Harju Al-Jawi, 2016).

scholars in the Minangkabau area.⁴³ Sheikh Ahmad Khatib Al Minangkabawi returned to Mecca for the second time to study science.

Sheikh Ahmad Khatib Al-Minangkabawi succeeded in mastering the Quran under the guidance of Sheikh Abdul Hadi; and Sharia Science under the supervision of Shaykh Sayyid Umar Syata; Sheikh Sayyid Ustman Syata; Shaykh Sayyid Bakr Syata; and Sheikh Ahmad Zaini Dahlan.⁴⁴ It is not surprising that Sheikh Ahmad Khatib Al Minangkabawi has become a highly respected *ulama* in the Arabian Peninsula, especially in Mecca. Ahmad Khatib is very serious about studying. Often perform *muḥākharah*, day and night, related to various sciences. Interestingly, like other well-known scholars, Sheikh Ahmad Khatib Al-Minangkabawi, does not only master the science of sharia. But also a good hand in psychology; *reckoning*; Algebra; *al-Muqabalah*; Technique; and *Qismah al Mawarist*. In general, Ahmad Khatib learns this knowledge by himself. His mastery of various sciences cannot be separated from his very pious personality; and *mujabada* in whatever practiced. Shaykh Muhammad Shalih al Kurdi, a charismatic *ulama* in Mecca, acknowledged that Shaykh Ahmad Khatib was an *istiqomah* scholar; *zuhud*; *wara* ' ; and earnestly pursuing science. Because of that, Shalih Kurdi married Sheikh Ahmad Khatib Al Minangkabawi with his daughter.

Mastery of knowledge and extraordinary personality can not be separated from the gift from Allah *Ta'ala*. It was told that Sheikh Ahmad Khatib's mastery of the book was evidence of his dream of meeting the Prophet. One day the Prophet Muhammad told him to open his mouth and then spit his saliva into the mouth of Sheikh Ahmad Khatib. Since then, Ahmad Khatib can understand every book more easily.⁴⁵ In this context, Sheikh Ahmad Khatib Al Minangkabauwi to become a teacher and at the same time *Khatib* at the Grand Mosque, there are two opinions. *First*, the recommendation of his Kurdish Shaykh, Sharif Aun, who was close to the

⁴³ Shafi'i.

⁴⁴ Shafi'i.

⁴⁵ Ahmad Fauzi Ilyas, "Syekh Ahmad Khatib Minangkabau Dan Polemik Tarekat Naqsyabandiyah Di Nusantara," *Journal of Contemporary Islam and Muslim Society* 1, no. 1 (2017): 86–112.

ruler of Mecca at that time. *Second*, because of the skill of Sheikh Ahmad Khatib Al-Minangkabawi in giving speeches. In fact, because of his courage to correct Syarif Husein's reading.⁴⁶ With his usual broad intellectual abilities and expertise, Sheikh Ahmad Khatib Al-Minangkabawi has produced many works--twenty-four Arabic and Malay Arabic books.

These various works of Sheikh Ahmad Khatib Al-Minangkabauwi were not only readings in his day. But until now, it has become the primary reference among scholars with the principle of Shafi'iyah.⁴⁷ Even the works of Sheikh Ahmad Khatib al-Minangkabawi have brought Islamic thought to life, especially in Minangkabau. Several works wrote, deliberately commenting on the Islamic practice and behavior of Muslims in Minangkabau. Even the comments of Sheikh Ahmad Khatib Al-Minangkabauwi led to a polemic. Sheikh Ahmad Khatib Al-Minangkabauwi's comments began when Abdullah Ahmad (1879-1949) wrote a letter to Sheikh Ahmad Khatib Al-Minangkabauwi in Mecca. The contents of this letter contain five questions about the Tareqat Naqsyabandiyah, which is growing rapidly in Minangkabau, and these questions include: 1) *rabithab*; 2) *suluk*; 3) genealogy; 4) the practice of *dhikr*; and 5) prohibition of eating combined with *suluk*. Sheikh Ahmad Khatib then answered this issue with a relatively thick work, namely *Izhbar Zaqbil Kadzibin fi-tasyabbubihim bis-shadiqin*. Shaykh Muhammad Sa'ad replied to this work entitled *Irgam unufil Muta'annitin fi-inkaribim Rabithab al-Washilin*. Then they responded with a piece entitled *al-Ayat al-Bayyinah lil Munshifin*.⁴⁸ It indicates that Sheikh Ahmad Khatib Al-Minangkabauwi has become a good reference in Mecca, where Sheikh Ahmad Khatib Al-Minangkabauwi has served as the *Imam* of the Grand Mosque, even in Minangkabau itself.

Nadia Nur Indrawati, through her article *The Role of Sheikh Ahmad Khatib Al-Minangkabawi (1860-1916 A.D.) in the Islamization of the Nusantara*, also managed to

⁴⁶ Ilyas.

⁴⁷ Mudhafier, *Syeikh Ahmad Khatib Al-Minangkabany: Pemikiran Dan Perjuangannya, Masa 1276 – 1334 Hijriah (1852 – 1915 Masehi)*.

⁴⁸ Apria Putra, "Ulama Dan Karya Tulis: Diskursus Keislaman Di Minangkabau Awal Abad 20," *FUADUNA: Jurnal Kajian Keagamaan Dan Kemasyarakatan* 1, no. 2 (2017): 9–15.

trace the influence and character of Sheikh Ahmad Khatib Al-Minangkabauwi. The essence of Sheikh Ahmad Khatib Al-Minangkabauwi can be traced from his influential position as a great scholar from Indonesia who became, preacher and professor at the Grand Mosque, Mecca, and mufti of the Syafi'i mashab at the end of the 19th century. Ahmad Khatib became a teacher for Indonesian scholars who studied in Mecca. In addition, it is supported by its productivity in producing important works and books. Ahmad Khatib wrote not only in Arabic but also in Malay. The expertise and character of Sheikh Ahmad Khatib Al Minangkabauwi made him one of the influential *ulama* in the Islamization of the Nusantara.⁴⁹ It can be traced from his success in straightening inheritance law, rejecting the practice of the Naqsyabandiyah tarekat, and being the pioneer of the emergence of reform ideas in Minangkabau, as well as the great *ulama* of the Nusantara. In this context, his work, *Raf'ul Al-Iltibas an Hukm Al-Anwath Al-Muta'amal biba Baina Al-Nas*, must be seen as his contribution to Islamization in the Nusantara. This work was his answer when a pilgrim from Indonesia, how was the law of using paper money flourished in the early 19th century in Indonesia. His work discusses how the law of using paper money is and contains debates from the scholars of fiqh about the economic consequences of paper money, for example, Zakat and social consequences.

G. Paper Money

1. Issues and its Explanations

Sheikh Ahmad Khatib Al-Minangkabauwi wrote the book *Raf'ul Al-Iltibas an Hukm Al-Anwath Al-Muta'amal biba Baina Al-Nas*, to answer the questions of pilgrims who came to Mecca in the early 19th century, and asked about Paper money and its use in Indonesia at that time was booming and massive.⁵⁰ Sheikh Ahmad Khatib Al-Minangkabauwi wrote: "Indeed, questions have come from some people who come from Java. They asked about the currency system laws that were popular in the

⁴⁹ Nadia Nur Indrawati, "Peran Syekh Ahmad Khatib Al-Minangkabawi (1860-1916 M) Dalam Islamisasi Nusantara," *Jurnal Tamaddun* 1, no. 1 (2016): 177–200.

⁵⁰ Abdul Latif Khatib bin Abdullah Al-Minangkabawi, *Raf'u Al-Iltibas Hukm Al-Anwath Al-Muta'amal Biba Baina Al-Nas* (Mekah: Matba'ah Al-Turqi Al-Majidiyah, 1911).

country, such as paper money. Does this practice have any basis in Islam? Are there the same as coins and cash?

Meanwhile, the scholars disagreed about this.⁵¹ This sentence written by Sheikh Ahmad Khatib Al-Minangkabauwi informs that the use of paper money in Indonesia has only been known and has been debated in the Islamic community since the 18th century. For this reason, the book *Raf'ul Al-Itibas an Hukem Al-Anwath Al-Muta'amal biba Baina Al-Nas*, by Sheikh Ahmad Khatib Al-Minangkabauwi was published.

Historically, paper money was first used in Nusantara since the Dutch East Indies Company started it, letters of credit from *rijksdaalder* originated between 1783 and 1811. Dutch Indies Gulden credit notes were followed in 1815, and from 1827 it became guilder notes. from De Javasche Bank. The government issued the lower denomination (under 5 guilders) in 1919-1920 and 1939-1940⁵². For lack of metal for war. On the other hand, everyday transactions are made using coins. So it is not surprising, the questions raised by people on the island of Java to Sheikh Ahmad Khatib Al-Minangkabauwi related to how Islam discussed the use of paper money, which was relatively new at that time. Because of this fact, Sheikh Ahmad Khatib Al-Minangkabauwi is a respected scholar and the Imam and mufti at the Grand Mosque came from Indonesia.⁵³ For this reason, Sheikh Ahmad Khatib Al-Minangkabauwi was used as a place to request *fatwas* from Muslims who came to Mecca, either for the sake of the pilgrimage or to study religion. In his work, *Raf'ul Al-Itibas*, Ahmad Khatib wrote the piece intentionally to answer questions submitted to him by residents on the island of Java. Therefore, the main issue discussed by Sheikh Ahmad Khatib was what the law of using paper money is? Is there an obligation of *Zakat* on something that results from transacting with it?

Sheikh Ahmad Khatib Al-Minangkabauwi wrote: "Know, my brother, that the scholars of our time have different opinions about the famous coins used today,

⁵¹ Al-Minangkabawi.

⁵² Karina Anindita, "History of Money in Indonesia," *kompasiana*, 2017.

⁵³ Shafi'i, *Al-Qaul Al-Tabif Fi Tarjamati Tarikh Hayati as-Syeikh Ahmad Khatib Bin Abdul Latif*; Wirman, "Syekh Ahmad Khatib Al-Minangkabawi; Icon Tholabul Ilmi Minangkabau Masa Lalu Untuk Refleksi Sumatera Barat Hari Ini Dan Masa Depan."

which are then replaced with lighter currencies (paper money), then whether Zakat is compulsory. On this kind of money?"⁵⁴ This issue was then discussed by Sheikh Ahmad Khatib Al-Minangkabawi by making a critical comparison of classical sources and explaining how other scholars discussed the issue. Some scholars wrote Sheikh Ahmad Khatib Al-Minangkabawi, obliged him with Zakat. Because in fact, paper is a valuable medium of exchange and its status as debt with it becomes a means of exchange that generates profits. Therefore, it is obligatory to give Zakat to him.⁵⁵ The issue related to paper money is also associated with whether paper money is attached to the obligation of Zakat. It was discussed because it was related to what is the function and status of a banknote.

Syeikh Salim bin Abdullah bin Sumair, as quoted by Sheikh Ahmad Khatib Al-Minangkabawi, wrote that the form of paper money is white, on which is written a number indicating how many rupiahs one paper money is—starting from one to a thousand rupiah. Even up to ten thousand rupiahs. It was also imprinted on the date when the money was issued—also stated as *al-nawath*. With paper money like this, the public can use it for transactions. The reason why this is needed is to facilitate the community and aim at preserving their property. In addition, it is also efficient in making transactions. Because it is light and can be carried anywhere.⁵⁶ It is why paper money is widely used in society in the Nusantara since the 18th century A.D. Even in practice, if a judge or competent authority cancels or limits transactions using paper money, then economic actors must provide the value stated on the Paper money in the form of *dirhams* to the transacting party. With this legal implication, the paper money that was in effect in the 19th century A.D. in the Nusantara was somewhat different from the paper money known in modern society today.

In modern society, paper money refers to money issued by government institutions, such as the Central Bank. Even in its development, money evolves along with technological developments.⁵⁷ While Paper money during the time of Ahmad

⁵⁴ Al-Minangkabawi, *Raf'u Al-Iltilbas Hukum Al-Anwath Al-Muta'amal Biba Baina Al-Nas*.

⁵⁵ Al-Minangkabawi.

⁵⁶ Al-Minangkabawi.

⁵⁷ König, "The Evolution Of Money From Commodity Money to E-Money By."

Khatib Al-Minangkabauwi was also issued by the Dutch East Indies government and referred more to letters of credit, which served as collateral for debt against economic transactions. Because the nature of Paper money at that time referred to letters of credit, scholars disagreed with the legal implications of using them. Another issue discussed by Sheikh Ahmad Khatib Al-Minangkabauwi was how the law used the massive Paper money in the Nusantara. Referring to Al-Habib Abdullah bin Smith's view, paper money is a debt. Therefore, it is compulsory for Zakat for people who have this Paper money.⁵⁸ It is understandable because what is being considered is not the material of the money — paper, but the value printed on the money. However, some scholars make distinctions based on specific criteria. It is not compulsory for Zakat for holders of the Paper money when viewed from the material of the money. Because paper money, used mainly by the people of the Nusantara since the 18th century is the same as counterfeit money or *al-fulus an-nujaz*. Because the material is not obligatory Zakat. But if what is considered is '*qimah*' or the value stated on the Paper Money, then Zakat is mandatory for the holder.

In Sheikh Ahmad Khatib Al-Minangkabauwi's *ijtihad*, paper money is only obliged to be issued for *Zakat* if used in *tijarah*. You can get profit from it. It is based on Sheikh Ahmad Khatib Al-Minangkabauwi's belief that the value stated on Paper money is determined by the state with the gold standard. Therefore, he must do *Zakat* when he reaches the *nisab* of *Zakat*. However, if it is not traded, it means that it is only stored. Then the obligatory *Zakat* on him does not apply.⁵⁹ Apart from that, Sheikh Ahmad Khatib Al-Minangkabauwi also discussed fluctuations in the value of Paper money. It also has implications for the law of *Zakat*, especially in calculating the minimum size (*nisab*) of *Zakat*. For him, fluctuations can occur due to two things: 1) natural; and 2) fiscal policy or *lil-tas'ir al-sulthani*.⁶⁰ The increase in the value of money, because the government determines it, will certainly cause a change in the minimum size of the obligatory *Zakat*, or *nisab*. Then the *nisab* is calculated based on the value of the base year since the government set the weight on the banknote. In

⁵⁸ Al-Minangkabawi, *Raf'u Al-Iltibas Hukum Al-Anwath Al-Muta'amal Biba Baina Al-Nas*.

⁵⁹ Al-Minangkabawi.

⁶⁰ Al-Minangkabawi.

this context, the value of money is a state debt. Because the state determines the value of a paper currency, therefore, it is considered a state debt. It is because implicitly, there is a guarantee for the value stated on the Paper money issued by the government authorities. This guarantee is a state debt to the holder of the banknote.

Sheikh Ahmad Khatib Al-Minangkabauwi distinguished between coins and Paper money. Ahmad Khatib called coins with *money*. Meanwhile, it is called paper money as *numt*, or credit money. But both have in common as a means of economic transactions. However, its status differs if it is related to the institution that published it, namely the government.⁶¹ Sheikh Ahmad Khatib Al-Minangkabauwi argued that paper money, indeed the material is paper, has no value or *qimah*. But it has *dalath* or markers of value in it and functions as money, so that from the government's side, it is debt. Sheikh Ahmad Khatib Al-Minangkabauwi argued that the state debt when issuing Paper money was only in terms of value, not from collateral or *dzimmah*.

In contrast, *money was* in the form of dirhams and dinars. Because the material is valuable, the value in it represents the material value of money itself and is not a debt to the state to its holders. It becomes interesting when we face the concept of debt in classical fiqh.

As for the concept of debt, with the meaning of *al-qard* where someone gives up assets to someone else, that person returns with the same quality and quantity. It was accompanied by consent and *qabul*.⁶² However, this is not the case with paper money transactions. No consent or *qabul* is attending the handover as a transaction tool. So, in this case, Sheikh Ahmad Khatib Al-Minangkabauwi believes, even though there is no *qabul* consent that is pronounced or *shariah*. But this is considered to have license, because it is understandable.

Meanwhile, in another part, Sheikh Ahmad Khatib Al-Minangkabauwi presented a dilemma such as: "how could paper money be valuable if it was related to its material. Even though it is known that there is no value in the material, which is only a small piece of paper, and of course, it is different from dirhams and dinars."

⁶¹ Al-Minangkabawi.

⁶² Al-Minangkabawi.

Sheikh Ahmad Khatib confirmed this dilemma. However, straightforwardly answered that the material did not cause the value in paper money. But there is a *qimah* or value (*al-wadhi 'imparted*) to it by government authorities. Briefly, Sheikh Ahmad Khatib Al-Minangkabau has formulated how the nominal value of money is interpreted and its legal implications.

It can be understood the thoughts of Sheikh Ahmad Khatib Al-Minangkabauwi and poured in his work, *Raf'ul Al-Iltibas an Hukm Al-Anwath Al-Muta'amal biha Baina Al-Nas*, that paper money has a nominal value. Through this value is determined by the state this value is determined by the state Therefore, this face value is valued as the sovereign debt when determining the figures and values of paper money. Thus, zakat on him is also considered obligatory,, as is the currency of the dinar and dirham.⁶³ Another interesting point, which deserves to be expressed through critical reading of the work of Sheikh Ahmad Khatib Al-Minangkabauwi, *Raf'ul Al-Iltibas an Hukm Al-Anwath Al-Muta'amal biha Baina Al-Nas*, is the pattern and characteristics of *legal reasoning* used by when explained and discussed various issues related to Paper money, which became actual problems of his time. By understanding the elements of *legal reason* applied by Sheikh Ahmad Khatib Al-Minangkabauwi in explaining Paper money, it will automatically be able to find a methodological thread between Sheikh Ahmad Khatib Al-Minangkabauwi and the tradition of the Syafi'iyah *mashab*. At the same time, it will help reveal the philosophical reasons behind his opinion and explanation of the paper money that has been widely used in the Nusantara from the 18th to the 19th century A.D. and continues to develop until today.

H. Paper money and Ahmad Khatib's Legal Reasoning

1. Methods and Philosophical Foundations

The method that stands out and is easily identified in Sheikh Ahmad Khatib Al-Minangkabauwi - *Raf'ul Al-Iltibas an Hukm Al-Anwath Al-Muta'amal biha Baina Al-Nas*, is exploring *nadzary al-mashabi*, or referring to the views of *mashab* in finding patterns of issues and characteristics of law. It is included in the *comparative* legal

⁶³ Al-Minangkabawi.

approach, which puts forward intellectual activity towards law as an object and comparison as a process.⁶⁴ In addition, *comparative law* also has a dual meaning, which includes: methods, science, and instructional disciplines. Concerning the technique applied by Sheikh Ahmad Khatib Al-Minangkabauwi when answering Paper money, legal comparisons refer to the comparison of scholars and jurists' opinions regarding the issues and views of fiqh on the massive problems of Paper money used by society since the 18th century A.D. This method can be identified throughout the text written by Sheikh Ahmad Khatib Al-Minangkabauwi.

Sheikh Ahmad Khatib Al-Minangkabauwi, in applying the comparative law method, referred to the opinion *jurists'* in explaining the legal discourse related to Paper money used by the people of the Nusantara since the 18th and 19th centuries. Sheikh Salim bin Abdullah bin Samir; Al-Habib Abdullah bin Samith; Imam Jalaluddin Al-Mahally; Jalaluddin As-Suyuthi; and Sheikh Ahmad Rida Ghani Al-Barilay Al-Hindi are the scholars referred to by Sheikh Ahmad Khatib Al-Minangkabauwi in explaining legal issues related to paper money. For example, in explaining the concept of paper money, Ahmad Khatib Al-Minangkabauwi, quoted the opinion of Sheikh Salim bin Abdullah bin Samir, where paper money refers to paper used as a transaction tool, written on several values and issued by government authorities or banks.⁶⁵ It becomes the foundation for assessing the comparative legal approach used by Sheikh Ahmad Khatib Al-Minangkabauwi. In addition, Ahmad Khatib Al-Minangkabauwi does not simply use the method *close legal*. But the use of Analogy, or *Qiyas*, can be identified in this work.

As in the Aristotelian philosophical tradition, Analogy is epistemologically close to the *Qiyas* introduced by Imam Shafi'i. In addition, some scholars call *Qiyas a* syllogism. But these two terms, of course, are inadequate for understanding the method of *Qiyas*, which is traditional in Shafi'i schools. At least there are several techniques in *Qiyas*, namely: 1) *inference of a shared policy reason for abstract similarity*; 2)

⁶⁴ Hamid Harasani, "Islamic Law as a Comparable Model in Comparative Legal Research: Devising a Method," *SSRN Electronic Journal* 3 (2014): 186–202, <https://doi.org/10.2139/ssrn.2507210>.

⁶⁵ Al-Minangkabawi, *Raf'u Al-Iltibas Hukm Al-Anwath Al-Muta'amal Biba Baina Al-Nas*.

arguments a *fortiori* of the form *a minore ad maius* and *a maiore ad minus*; and 3) comparison based on substantial similarities, or *shabah*.⁶⁶ This technique was applied by Sheikh Ahmad Khatib Al-Minangkabawi, in elaborating on his issues and opinions regarding Paper money.

Interestingly, Ahmad Khatib Al-Minangkabawi expressed scholars and fiqh experts who consistently used the *qiyas* approach in thinking about paper money. For example, his quote was related to the statement of Sheikh Al-Bani, who explained that paper money could be used as a transaction tool. There is similarity between *ilath* and dinar or dirham money, which has a nominal value. Even Sheikh Ahmad Khatib Al-Minangkabawi emphasized that the law attached to dinars and silver coins was also linked to paper money as long *ilath* or *extant indication* as the same was found.⁶⁷ The meaning that can be produced from using these two methods by Sheikh Ahmad Khatib Al-Minangkabawi is that both lead to fundamental philosophical thoughts on the function of paper money used by the people of the Nusantara since the 18th century.

Sheikh Ahmad Khatib Al-Minangkabawi tried to weigh the various opinions about Paper money introduced by scholars during his time with him. Ahmad Khatib also questioned philosophically how money is used by society. Finally, Ahmad Khatib found socio-economic factors that must be considered in determining the law on the use of Paper money.⁶⁸ Transactions using paper money are necessary for the benefit of the people of the Nusantara and protect the assets of the people. As a result, what needs to be considered is the nominal value set by the authority issuing Paper money. So, as long as the transaction is based on the nominal value stated in one paper currency, its function is the same as the function for dirhams and dinars.

⁶⁶ Joseph E. Lowry, *Early Islamic Legal Theory: The Risla of Muammad Ibn Idri As-Shafi'i* (Leiden: Brill, 2007).

⁶⁷ Al-Minangkabawi, *Raf'u Al-Iltibas Hukm Al-Anwath Al-Muta'amal Biba Baina Al-Nas*.

⁶⁸ Alam I Asadov, "Money in Islam: A Social Contract Perspective," 2017, <https://doi.org/10.13140/RG.2.2.18325.63206>; Francesca Gino, "Time , Money , and Morality" (Harvard, 2014); Angeles, "Four Phases in the History of Money"; Simmel, *Philos. Money*.

However, the value formation is different.⁶⁹ Paper money is caused more by political factors, while dinars and dirhams are valued based on the intrinsic value of the two currencies. This philosophical reasoning distinguishes the thoughts of Sheikh Ahmad Khatib Al-Minangkabauwi compared to other scholars. Not only does it engage in text debates, but it also elaborates on the social and economic functions of paper money.

I. Conclusion

Paper money is massive and has been the main problem expressed by the people of the Nusantara since the 18th century and then brought before Sheikh Ahmad Khatib Al-Minangkabauwi. He served as the Imam of the Grand Mosque, Mecca. Ahmad Khatib explained the laws surrounding paper money, keeping in mind the social needs and economic dynamics. Ahmad Khatib also established and legitimized paper money as a means of relaxation because of the political role of the state in fixing the nominal value of Paper money. Therefore, paper money can be used as a transaction tool because there is a guarantee by the state. This conclusion was formulated by Sheikh Ahmad Khatib Al-Minangkabauwi, through strict methodological reflection, namely by using *comparative legal* and *Qiyas*. Both brought him critical thinking on the function and law of paper money. It can even explore the philosophical foundations that cover the socio-economic dynamics of why paper money has been widely used in the Nusantara since the 18th century. It is just that as a study, this study has weaknesses. Because they did not conduct historical triangulations related to the evolution of the use of Paper money in the Nusantara, it can be elaborated on later, in connection with the thoughts of Sheikh Ahmad Khatib Al-Minangkabauwi about paper money.

⁶⁹ Mohamed Fairouz Abdul Khir, "The Concept of the Time Value of Money : A Shari'Ah Viewpoint," *The International Journal of Excellence in Islamic Banking and Finance* 3, no. 2 (2013): 1–15, <https://doi.org/10.12816/0001426>; Anindita, "History of Money in Indonesia"; Oberauer, "Money in Classical Islam: Legal Theory and Economic Practice."

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