



PUBLIC POLICY IN ADDRESSING IKHTIKAR PRACTICES IN INDONESIA'S DIGITAL MARKET ECOSYSTEM

Syahidah Rahmah

Muhammadiyah University of Makassar, Makassar City, Indonesia

Email: syahidah_rahmah@unismuh.ac.id

ABSTRACT

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This study examines how the rapid development of the digital economy has transformed market structures in Indonesia while simultaneously creating new challenges in the form of digital monopolistic practices characterized by the concentration of data, algorithms, and network effects among large digital platforms. The study aims to analyze the relevance of digital monopoly practices to the concept of *ikhtikar* in Islamic economics, identify the limitations of existing public policies in addressing platform dominance, and formulate the Digital Hisbah Framework as an alternative policy model. Employing a qualitative normative-descriptive approach with a library research method, the study draws data from competition law regulations, digital economy policies, and Islamic economic literature. The collected data were analyzed using content analysis and comparative policy analysis. The findings reveal that digital monopoly practices share substantial similarities with the concept of *ikhtikar*, as both involve the concentration and control of economic resources that may restrict market access, hinder fair competition, and undermine public welfare. Furthermore, Indonesia's current competition policy framework still faces significant limitations in addressing algorithmic manipulation, data concentration, and the increasing dependence of micro, small, and medium enterprises (MSMEs) on digital platforms. Based on these findings, the study proposes the Digital Hisbah Framework, which integrates the principles of *al-hisbah*, market justice, transparency, equitable data governance, and MSME protection into the supervision of digital markets. This framework is expected to provide a more adaptive policy model for fostering a fair, transparent, competitive, and public welfare-oriented digital ecosystem.



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INTRODUCTION

The rapid development of the digital economy has fundamentally transformed market structures and business ecosystems worldwide, including in Indonesia. The expansion of digital platforms, electronic commerce, and algorithm-based services has generated significant opportunities for economic growth, innovation, and efficiency. Digitalization has enabled businesses to reach broader markets, reduce transaction costs, and improve the allocation of resources through information technology and data-driven decision-making (Motta, 2023; Morbel, 2023). In Indonesia, the digital economy has become one of the major drivers of national economic growth, with millions of micro, small, and medium enterprises (MSMEs) utilizing digital platforms to expand their market access and increase productivity (Rohman et al., 2023). The increasing penetration of internet services and mobile technology

has accelerated the integration of consumers and producers into digital ecosystems, creating a new form of market interaction characterized by speed, connectivity, and data dependency (Mutadi et al., 2022).

Despite these advantages, the digital economy has also introduced new forms of market concentration and economic dominance. Unlike conventional markets, where market power is primarily determined by capital ownership and production capacity, digital markets derive competitive advantages from the control of data, algorithms, artificial intelligence, and network effects (Morbel, 2023). Digital platforms benefit from positive feedback mechanisms whereby larger user bases attract more participants, thereby strengthening market dominance and creating barriers for competitors (Yin, 2022). Consequently, a limited number of technology companies possess substantial control over digital infrastructures, consumer behavior, and information flows, enabling them to maintain dominant positions over extended periods (Fitz & Scheeg, 2023). Such dominance raises concerns regarding market fairness, competition, and the sustainability of digital ecosystems.

The concentration of economic power within digital platforms has generated concerns regarding digital monopoly practices. Emerging forms of anti-competitive behavior include predatory pricing, self-preferencing, algorithmic discrimination, exclusive contracts, and manipulation of search rankings (Wibowo et al., 2022). These practices may restrict market entry, reduce consumer choices, and increase dependency among smaller enterprises that rely heavily on dominant platforms. Furthermore, the accumulation of vast amounts of user data enables large platforms to strengthen their market power and establish information asymmetries that are difficult for competitors to overcome (Motta, 2023). Such conditions challenge the effectiveness of traditional competition law, which was primarily designed to address conventional forms of monopoly based on market share and price control rather than algorithmic governance and data concentration (Mutadi et al., 2022).

Indonesia has attempted to address monopolistic practices through Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. This law provides the legal basis for the Business Competition Supervisory Commission (KPPU) to monitor market concentration and prevent abuses of dominant positions. Nevertheless, the rapid evolution of digital technologies has created a regulatory gap between existing legal frameworks and the realities of digital business models (Motta, 2023). The emergence of platform-based economies, algorithmic decision-making, and data-driven competition has revealed significant limitations in conventional regulatory mechanisms (Wibowo et al., 2022). As a consequence, Indonesia, similar to many other countries, faces a phenomenon commonly referred to as regulatory lag, where public policies fail to adapt adequately to technological changes and the increasing complexity of digital markets (Fitz & Scheeg, 2022).

Previous studies have highlighted the growing challenges posed by digital monopolies and the inadequacy of traditional competition policies. Research conducted by Mutadi et al. (2022) demonstrated that algorithm-based market power and data ownership have become major determinants of competitive advantage in digital ecosystems. Similarly, Rohman et al. (2023) argued that Indonesian digital regulations remain insufficient to address issues related to network effects, data concentration, and platform dependency among MSMEs. International studies have also emphasized the difficulties faced by competition authorities in identifying and regulating algorithmic collusion and self-preferencing practices in digital markets (Motta, 2023; Fitz & Scheeg, 2022). These developments indicate that conventional antitrust approaches require substantial adaptation to effectively respond to the dynamics of digital economies.

From the perspective of Islamic economics, the issue of market dominance and concentration of economic resources has long been discussed through the concepts of *ikhhtikar* and *al-hisbah*. Classical Islamic scholars generally define *ikhhtikar* as the intentional control or withholding of essential resources that results in public harm and market distortion (Taufiq

& Razali, 2020). Although traditionally associated with hoarding commodities, contemporary scholars argue that *ikhtikar* should be interpreted more broadly to encompass any form of economic domination that undermines justice and public welfare (Tamba et al., 2022). Accordingly, the concentration of data, algorithms, and market access by digital platforms may be regarded as a modern manifestation of *ikhtikar* when such control restricts competition and creates excessive dependency among economic actors.

The Islamic economic system also introduces the institution of *al-hisbah*, which historically functioned as a mechanism for supervising markets, preventing exploitation, and ensuring justice in economic transactions. The principle of *al-hisbah* emphasizes accountability, transparency, and the protection of public interests, making it highly relevant to contemporary digital governance challenges (Damayanti & Masse, 2023). In classical Islamic civilization, the *muhtasib* was responsible for monitoring market activities and preventing unfair practices that could harm society. These principles correspond closely with modern concerns regarding algorithmic transparency, equitable data governance, and the protection of vulnerable market participants, particularly MSMEs that depend heavily on digital platforms.

Although various studies have examined digital monopolies, competition law, and Islamic economic principles separately, attempts to integrate digital monopoly practices with the concept of *ikhtikar* remain relatively limited (Oktaviandi et al., 2022). Existing studies generally focus either on legal perspectives concerning antitrust regulations or on normative discussions of Islamic economic concepts without establishing a comprehensive relationship between the two. Consequently, there remains a lack of theoretical frameworks capable of explaining digital market concentration through the lens of Islamic economics while simultaneously offering practical policy solutions for contemporary digital governance.

Furthermore, current competition policies in Indonesia still face considerable challenges in addressing hidden and complex forms of digital dominance, including algorithmic manipulation, control over user data, and the increasing dependence of MSMEs on platform ecosystems (Rohman et al., 2023; Wibowo et al., 2023). These challenges indicate the necessity for alternative policy approaches capable of integrating ethical principles, market justice, and technological governance. In this regard, the reconstruction of *al-hisbah* into a modern framework for digital market supervision offers a promising avenue for policy innovation. By combining the principles of accountability, fairness, transparency, and public welfare, Islamic economics provides normative foundations that may complement existing competition policies and contribute to more inclusive digital governance.

Based on these considerations, a significant theoretical and policy gap remains in understanding digital monopoly practices in Indonesia. Existing studies have largely addressed digital monopolies from the standpoint of conventional competition law or examined *ikhtikar* and *al-hisbah* independently within Islamic economic discourse. Little attention has been devoted to integrating algorithmic market dominance and data concentration with Islamic concepts as a basis for modern public policy development. Therefore, this study aims to analyze the relevance of digital monopoly practices to the concept of *ikhtikar*, examine the limitations of existing competition policies in addressing digital market concentration, and propose the Digital Hisbah Framework as an alternative model for digital public governance. The framework is expected to provide a more adaptive, equitable, and welfare-oriented approach to supervising digital markets and promoting a fair, transparent, and competitive digital ecosystem in Indonesia.

METHOD

This study employed a normative-descriptive qualitative approach using a library research method to analyze digital monopoly practices from the perspectives of public policy and Islamic economics, particularly the concepts of *ikhtikar*, *al-hisbah*, and *Maqasid al-Shariah*.

A qualitative approach was considered appropriate because it enables an in-depth examination of legal norms, policy frameworks, and conceptual issues without relying on statistical measurements (Creswell & Creswell, 2018; Miles, Huberman, & Saldaña, 2019). The study utilized both primary and secondary sources. Primary data consisted of legal documents and regulations concerning competition policy and digital governance in Indonesia, including Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, guidelines issued by the Indonesian Competition Commission (KPPU), and regulations governing electronic commerce. Secondary data were obtained from books, scientific journal articles, policy reports, and Islamic economic literature discussing digital monopolies, market concentration, *ikhtikar*, *al-hisbah*, and wealth protection (*hifz al-mal*) within the framework of *Maqasid al-Shariah* (Kamali, 2008; Chapra, 2000; Motta, 2023). This approach is widely used in normative legal and Islamic economic studies to understand contemporary socio-economic issues from both regulatory and ethical perspectives (Hassan & Lewis, 2007; Dusuki & Abdullah, 2007).

Data collection was conducted through documentation techniques by identifying, classifying, and reviewing relevant literature according to the objectives of the study (Bowen, 2009). The analysis employed content analysis and comparative policy analysis. Content analysis was used to identify key principles embedded in competition regulations and Islamic economic doctrines concerning market supervision, justice, and public welfare (Krippendorff, 2018). Meanwhile, comparative policy analysis was utilized to compare the characteristics of digital monopolies recognized under positive law with the indicators of *ikhtikar* found in Islamic economic thought, thereby identifying their substantive similarities and differences (Patton, 2015). The findings from these analytical procedures were subsequently synthesized to formulate the Digital Hisbah Framework as an alternative model for digital market governance in Indonesia. This framework integrates the principles of *al-hisbah*, transparency, market justice, equitable data governance, and the protection of micro, small, and medium enterprises (MSMEs), with the aim of promoting a fair, competitive, and welfare-oriented digital ecosystem (Kamali, 2008; Chapra, 2000).

RESULT AND DISCUSSION

The Relevance of Digital Monopoly Practices to the Concept of *Ikhtikar*

Monopolistic practices in the digital ecosystem have different characteristics than conventional monopolies. In the digital market, dominance is not only established through control of capital and distribution of goods, but also through control of data, algorithms, user networks, and technological infrastructure. Large digital platforms have the ability to create economic dependency because businesses and consumers rely on the systems they control. This situation leads to unbalanced business competition, especially for MSMEs with limited access to technology and data.

Practices such as predatory pricing, self-preferencing, controlling search algorithms, and limiting product visibility are forms of digital market domination that are difficult to monitor using conventional competition approaches. In many cases, digital platforms can control market mechanisms through algorithms that determine product recommendations, promotion systems, and search priorities. As a result, small businesses often experience dependence on platform policies without having an equal bargaining position.

From an Islamic economic perspective, this condition is related to the concept of *ikhtikar*. Substantively, *ikhtikar* is understood not only as the hoarding of goods, but also as any form of control of economic resources that causes public harm and impedes market fairness. Therefore, the control of data, algorithms, and market access by digital platforms can be understood as a modern form of *ikhtikar* practice when used to limit competition and gain unfair profits.

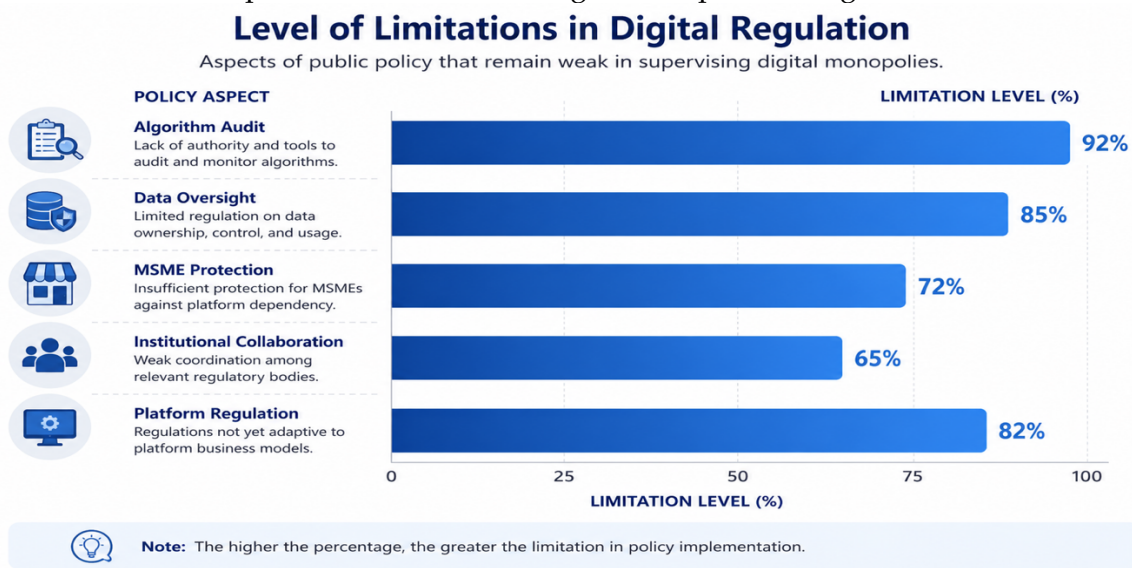
Table 1.
Comparison of Digital Monopoly and the Concept of Ikhtikar

Aspect	Digital Monopoly	Ikhtikar in Islamic Economics
Market Control	Platform dominance through data and algorithms	Control over economic resources
Market Barriers	Network effects and ecosystem control	Restriction of economic access
Price Control	Predatory pricing	Unreasonable profit seeking
Information Control	User data control	Information asymmetry
Social Impact	Weakening MSMEs and market competition	Harm to public welfare (<i>maslahah</i>)
Supervisory Objective	Fair business competition	Justice and market equilibrium

Source: research results

The similarities between digital monopoly and the ihtikar indicator indicate that both have the potential to create economic injustice and public harm. Thus, the ihtikar concept can be used as an alternative perspective in understanding the practice of modern digital market domination.

Figure 1.
Graphic of Weaknesses of Digital Competition Regulation



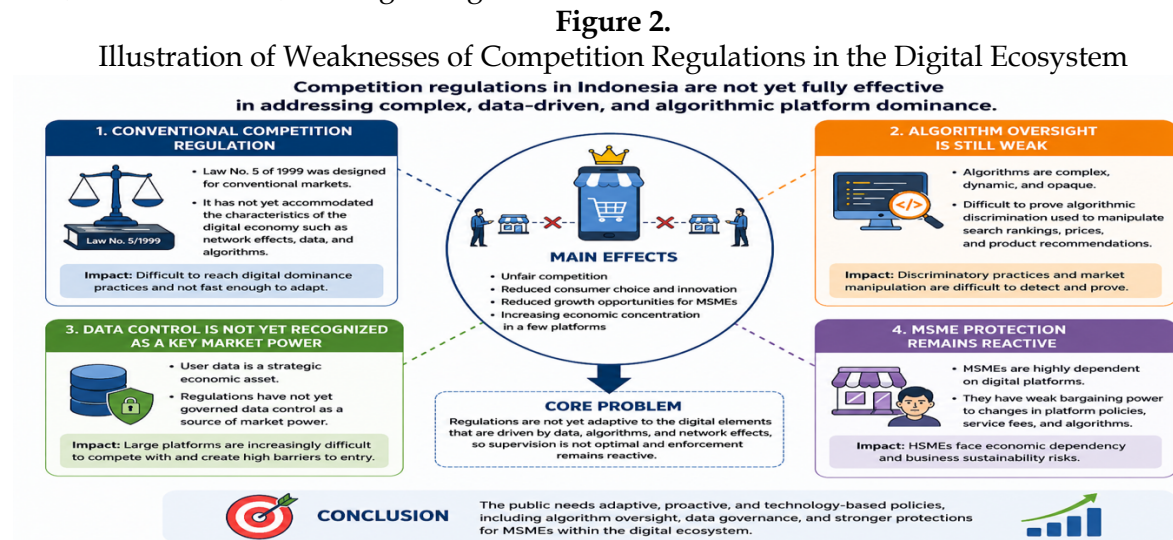
Graph 1. above shows that data control, network effects, and algorithmic control are the main factors strengthening the dominant position of digital platforms. Data control enables platforms to understand consumer behavior and control the market more effectively. Meanwhile, network effects make it increasingly difficult for large platforms to compete due to the ever-increasing number of users. Furthermore, algorithmic control also gives platforms the ability to regulate product visibility and consumer preferences, potentially creating unbalanced business competition.

Overall, digital monopoly practices are related to the concept of ihtikar in Islamic economics because they both demonstrate control of economic resources, restrict market

access, and potential harm to society. The dominance of digital platforms through data control, network effects, and algorithmic control demonstrates that modern monopoly practices no longer involve control of goods alone, but also control of information and economic access within the digital ecosystem.

Limitations of Public Policy in Facing Digital Monopolies

Indonesia's competition policy still faces various limitations in overseeing digital monopolies. Law No. 5 of 1999 was originally designed to oversee monopolistic practices in conventional markets, which emphasize control of production, distribution, and market share. However, in the digital economy, market power is largely determined by control of data, network effects, and digital algorithms.



One of the main weaknesses of current regulations is the limited ability to detect algorithmic manipulation and data-driven dominance. Digital platform algorithms can determine product recommendations, dynamic pricing, and search priorities, potentially creating unfair treatment for certain businesses. However, these practices are difficult to prove due to the complex and closed nature of algorithms. This makes it difficult for regulators to identify forms of digital monopoly that are not directly visible.

Furthermore, existing regulations do not fully accommodate data control as a source of market power. In practice, user data becomes a key economic asset that enables digital platforms to maintain long-term dominant positions. Large-scale data control creates barriers to market entry for new competitors, reinforcing the concentration of economic power among a small number of digital platforms (Kittaka et al., 2023).

Another limitation is the protection of MSMEs in the digital ecosystem. Many MSMEs rely on digital platforms for product marketing and distribution but lack equal bargaining power against changes in platform policies, service fees, or algorithmic mechanisms. As a result, MSMEs potentially experience economic dependence, which can undermine the sustainability of their businesses.

Construction of the Digital Hisbah Framework as an Alternative Policy Model

Based on the analysis, this study proposes the Digital Hisbah Framework as an alternative policy model for digital market oversight. This concept is a reconstruction of the al-hisbah principle in Islamic economics, adapted to the characteristics of the modern digital economy. Historically, al-hisbah served as a market oversight mechanism to ensure that economic activities operate fairly, transparently, and do not harm society.

The Digital Hisbah Framework emphasizes the importance of active oversight of digital platform behavior, particularly in the use of algorithms and data control. Such oversight is necessary to prevent market discrimination, information manipulation, and abuse of dominant positions that could harm businesses and consumers (Pandey, 2023). In this context, regulators function not only as law enforcers following violations but also as supervisors, ensuring the sustainable creation of market justice.

This framework also places the protection of MSMEs as a crucial component of digital market governance. This protection can be achieved through algorithm transparency, fair market access, monitoring platform service fees, and providing alternative digital channels for small businesses. This approach aligns with the principles of Maqasid Sharia, particularly Hifzh al-Mal, which is the protection of the community's assets and economic interests.

Furthermore, the Digital Hisbah Framework emphasizes the importance of inter-institutional collaboration in digital market oversight. Supervision cannot be carried out by a single institution but requires collaboration between the Business Competition Supervisory Commission, relevant ministries, consumer protection agencies, academics, and the MSME community to ensure digital market oversight is more effective and adaptable to technological developments.

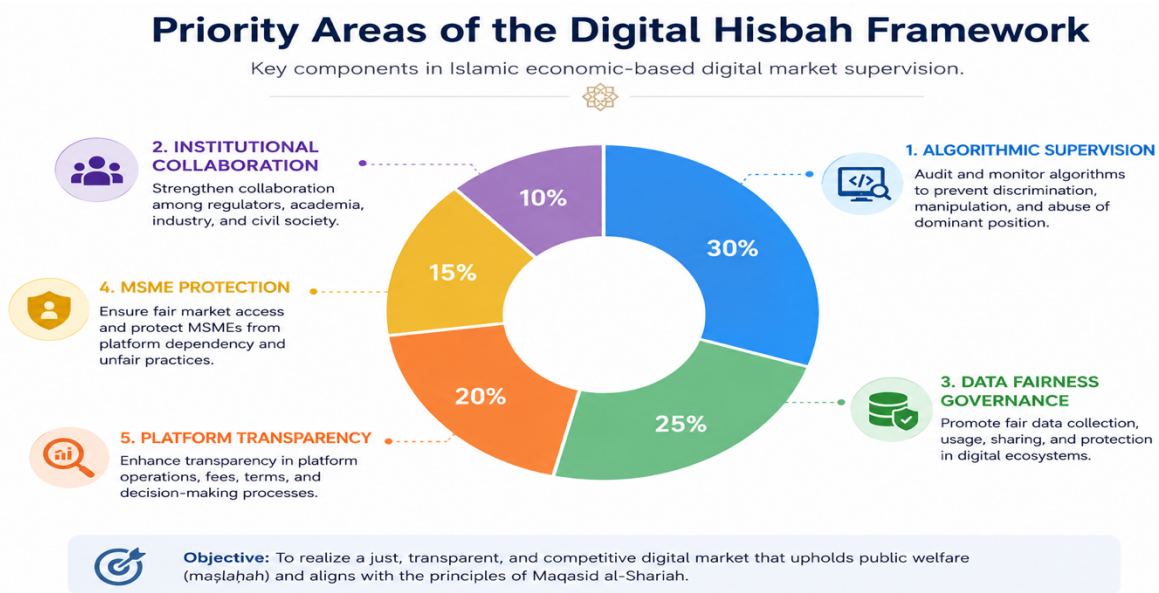
Table 2.
Components of the Digital Hisbah Framework

Component	Main Function
Algorithmic Market Supervision	Algorithm audit and monitoring
Data Fairness Governance	Fair data governance
Digital Market Accountability	Transparency of digital platforms
UMKM Protection Mechanism	Protecting market access for MSMEs
Collaborative Digital Governance	Inter-institutional collaboration

Source: research results

Figure 3.

Digital Hisbah Framework Priority Diagram



Overall, the research findings indicate that digital monopolies share characteristics with the practice of ikhtikar in Islamic economics, as they both involve control of economic resources, restrictions on market access, and potential harm to society. Competition policy in

Indonesia also faces various limitations in overseeing the dominance of digital platforms, particularly regarding data control, algorithm manipulation, and the protection of MSMEs. Therefore, a more adaptive policy approach is needed through the Digital Hisbah Framework, which integrates the principles of market supervision in Islamic economics with the needs of modern digital economic governance to create a fairer, more transparent, and more public benefit oriented digital market.

CONCLUSION

The findings of this study indicate that digital monopoly practices have characteristics that are substantially similar to the concept of *ikhhtikar* in Islamic economics because both involve the concentration of economic resources, restrictions on market access, and the potential to undermine public welfare. In the digital economy, dominance is increasingly determined by the control of data, algorithms, and network effects, enabling large platforms to maintain long-term market power and create economic dependence among MSMEs. At the same time, Indonesia's existing competition policy framework still faces significant limitations in addressing algorithmic manipulation, data concentration, and platform-based market power, demonstrating the existence of a regulatory gap between conventional antitrust mechanisms and the realities of digital markets.

Based on these findings, this study proposes the Digital Hisbah Framework as an alternative model for digital market governance that integrates the principles of *al-hisbah*, market justice, transparency, fair data governance, and MSME protection. The framework emphasizes proactive supervision of algorithms, accountability of digital platforms, and collaboration among regulatory institutions to ensure a more equitable and welfare-oriented digital ecosystem. Therefore, the integration of Islamic economic principles with contemporary public policy offers a more adaptive approach to addressing digital monopolies and contributes to the development of a fair, transparent, competitive, and socially responsible digital economy in Indonesia..

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