

Contractual Risk Mapping and Sharia Compliance: Evaluating Microfinance Schemes in the Fashion Industry

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Abstract

Informal credit practices in rural micro-fashion retail play a strategic role in addressing consumer liquidity constraints; however, they frequently neglect standardized Shariah compliance frameworks. This study aims to analyze the level of Shariah compliance and map contractual risks within the credit schemes of rural micro-fashion businesses. Employing a descriptive qualitative approach with an exploratory case study design at Nurtatik Fashion Store in Pandan Lagan Village, data were gathered through participatory observation, semi-structured in-depth interviews with the store owner, debtors, and local community leaders, as well as documentation studies. Data were analyzed using the interactive model of Miles, Huberman, and Saldana, verified via source and method triangulation. The findings reveal that, on a fundamental substance level, the credit sales transactions align with muamalah principles—being free from interest rates (riba) and exploitative late fees—and comply with DSN-MUI Fatwa No. 04/DSN-MUI/IV/2000. However, procedural deviations from Shariah principles occur due to complete reliance on oral agreements lacking written documentation (al-kitabah). The absence of payment receipts and unclear maturity dates induce gharar fahish (major uncertainty), which triggers moral hazard, disputes over receivable balances, and negatively impacts the principle of Hifz al-Mal (protection of wealth) for both parties. This study recommends reconstructing transaction management through written contract agreements and payment control cards to eliminate gharar, mitigate operational risks, and achieve transparent and sustainable micro-business governance.

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Keywords: Shariah Compliance; Contract Risk Mapping; Informal Micro-Credit; Gharar; Maqashid Shariah; Rural Fashion Retail.

INTRODUCTION

Credit transaction practices in the micro, small, and medium enterprise (MSME) sector play a strategic role in sustaining the rural economy, particularly as a mitigation mechanism for consumers' liquidity constraints (Handayani & Rachman, 2023; Pratama et al., 2024). Within the Islamic economic landscape, this deferred transaction phenomenon should ideally be framed under the principles of fiqh muamalah, which emphasize transparency and freedom from uncertainty (gharar) and exploitation (riba) (Hidayat & Zulkifli, 2023). Integrating Sharia values into microfinance transactions is not merely a fulfillment of religious norms, but a foundation for establishing fair and equitable transaction governance (Saputra et al., 2025). Nonetheless, credit commercialization at the micro-retailer level often operates informally without adopting a standardized Sharia compliance framework (Rahmat & Febriani, 2024). This disparity between the normativity of Sharia contracts and the practical reality of micro-retailing highlights the urgent need to re-evaluate how informal financing schemes are practiced at the grassroots level (Nurhayati et al., 2023).

The evolution of credit sales instruments in the rural micro sector generally adapts the concepts of murabahah financing or bai' bithaman ajil (deferred payment installments) (Kurniati & Hasanah, 2024). The legal construction of the murabahah contract demands full transparency regarding the acquisition cost and the profit margin explicitly agreed upon by both parties (Fathoni & Mufid, 2023; Setiawan et al., 2025). This transparency aligns with regulations and fatwa guidelines from religious authorities aimed at safeguarding the integrity and public interest (maslahah) of transactions (Hapsari & Fauzi, 2024). However, limited Islamic financial literacy among micro-entrepreneurs frequently leads to the neglect of the essential elements (rukun) and valid conditions (syarat sah) of the contract (Mulyani & Rahmawati, 2023). Consequently, schemes originally intended to expand accessibility to consumer goods risk devolving into gharar practices due to price ambiguity, shifting installment amounts, or non-Sharia-compliant penalty mechanisms (Ramadhani & Wibowo, 2024).

Empirically, the sustainability of informal microcredit schemes heavily relies on social capital foundations specifically mutual trust and moral integrity between sellers and buyers



(Firmansyah & Utami, 2023; Zahra & Ismail, 2025). In the context of rural micro-retailing such as the micro fashion sector deferred transactions are practiced to retain customer preferences and maintain inventory turnover (Anwar & Sutrisno, 2024). Nevertheless, over-reliance on social capital without proper administrative systems often creates significant risk vulnerabilities (Lestari & Santoso, 2023). The absence of transparent bookkeeping and written documentation (al-kitabah) triggers internal conflicts between merchant and buyer records in cases of default (Suryani & Arifin, 2024). This situation indicates that local trust alone is insufficient to guarantee long-term legal certainty and Sharia compliance (Wahid & Maulida, 2025).

A number of prior studies have examined credit transaction practices in Islamic microfinance institutions and general MSMEs (Hidayat & Zulkifli, 2023; Kurniati & Hasanah, 2024). However, most studies have focused on formal financial institutions or evaluated banking-based cash financing schemes (Pratama et al., 2024; Rahmat & Febriani, 2024). A research gap remains regarding how contract risk mapping and Sharia compliance are analyzed within rural informal micro-fashion retail, which operates unconstrained by banking regulations and relies entirely on verbal agreements grounded in local traditions. The reality that informal credit schemes persist amid administrative vulnerabilities and contractual uncertainties indicates unique muamalah dynamics that warrant deeper theoretical analysis (Saputra et al., 2025; Setiawan et al., 2025).

This study aims to analyze Sharia compliance and map contract risks in rural micro-enterprise credit schemes within the fashion sector. The novelty of this research lies in formulating a fiqh muamalah-based contract risk mitigation model specifically designed to bridge the administrative limitations of micro-retailers without disrupting the social capital structure of rural communities. Theoretically, the findings are expected to enrich the Islamic economics literature regarding the reconstruction of informal murabahah contracts at the grassroots level. Practically, this study offers actionable recommendations for micro-entrepreneurs to manage credit transactions that are not only financially profitable but also compliant with Islamic law principles.

METHOD

This study employs a descriptive qualitative approach with an exploratory case study design to map Sharia compliance practices and contract risks in micro-enterprise credit schemes (Assaat et al., 2023). The selection of the research location at Toko Nurtatik Fashion—a micro-fashion retail enterprise in Pandan Lagan Village, Tanjung Jabung Timur Regency—was based on



the unique characteristics of the site, which implements informal credit schemes grounded in collateral-free verbal agreements within a rural setting (Hidayat & Zulkifli, 2023). The research subjects or key informants were selected using purposive sampling, comprising the store owner (creditor), credit customers (debtors), and local religious/community figures to provide a triangulation of local muamalah perspectives (Rahmat & Febriani, 2024). Utilizing this design enables the researchers to thoroughly explore the dynamics of economic interaction and the potential emergence of gharar or riba elements in daily transaction realities (Saputra et al., 2025).

Primary data were collected through participant observation and in-depth semi-structured interviews with the informants (Nurhayati et al., 2023). Observations focused on price offering mechanisms, installment schedule determinations, and field-level transaction recording practices. In-depth interviews were conducted to unpack the subjective understanding of the parties regarding contractual clarity, margin transparency, and perceived default risks (Kurniati & Hasanah, 2024). Meanwhile, secondary data were gathered through documentary studies of informal transaction notes/internal logs, recent academic literature, and the National Sharia Board-Indonesian Council of Ulema (DSN-MUI) Fatwa No. 04/DSN-MUI/IV/2000 concerning Murabahah as a regulatory benchmark for evaluating Sharia compliance (Hapsari & Fauzi, 2024).

The data analysis technique follows the interactive model proposed by Miles, Huberman, and Saldana, which encompasses three primary stages: data condensation/reduction, data display, and conclusion drawing/verification (Setiawan et al., 2025). During the reduction stage, all interview transcripts and field notes were categorized according to Sharia compliance indicators (price transparency, contract schemes, and freedom from usurious/ribawi fines) alongside operational/administrative risk indicators. The reduced data were subsequently presented in a narrative-analytical format and structured within a contract risk mapping matrix to facilitate theoretical synthesis (Lestari & Santoso, 2023).

To ensure the credibility and confirmability (trustworthiness) of the research findings, data validity tests were performed using source triangulation and method triangulation techniques (Assaat et al., 2023; Setiawan et al., 2025). Source triangulation was executed by cross-checking information obtained from the store owner, credit customers, and local religious leaders regarding contractual agreements. Meanwhile, method triangulation was carried out by comparing verbal interview data with direct field observations and the merchant's accounts receivable records (Suryani & Arifin, 2024). The integration of both triangulation methods



guarantees that the conclusions drawn remain unbiased toward any single perspective and possess high methodological reliability (Nurhayati et al., 2023).

RESULTS AND DISCUSSION

Research conducted at Toko Nurtatik Fashion in Pandan Lagan Village reveals that credit sales practices have become a local economic driver, as the majority of the community relies on the palm oil and horticulture sectors with seasonal income patterns. The sale of apparel and household goods through installment payment systems is conducted on the basis of mutual trust and close social ties among rural residents. However, the absence of written agreements and standardized administrative record-keeping induces uncertainty (*gharar*) regarding payment deadlines and remaining installment balances. Reliance on verbal memory without valid documentation frequently leads to divergent perceptions between the store owner and buyers upon final settlement (Fadli & Rahmad, 2023).

Field findings indicate that the credit agreement pattern at Toko Nurtatik Fashion has not yet met the ideal criteria for *murabahah* or *bai' bi at-taqsih* (installment sale) contracts as stipulated in *fiqh muamalah*. The lack of written agreement sheets and inconsistent collection practices—resulting from self-management by the owner amid time constraints—creates ambiguity regarding the maturity timeline and installment amounts. This substantial uncertainty falls under the category of *gharar fahish* (excessive uncertainty), which potentially triggers disputes and prejudices either party (Hidayat et al., 2024). This condition contradicts the principle of transparency (*al-wuduh*) ordained in the Qur'an, Surah Al-Baqarah verse 282, regarding the obligation to record non-cash transactions (Ibrahim & Muna, 2023).

Although the fundamental substance of the transaction scheme at Toko Nurtatik Fashion is categorized as permissible trade (*bai'*) free from interest rate charges (*riba*) and exploitative late payment fees its procedural execution exhibits deviations from Sharia principles. Taking a profit margin directly on deferred sales is permissible in Islam as compensation for delayed payment (Suryani, 2023). This aligns with the DSN-MUI Fatwa No. 04/DSN-MUI/IV/2000, which permits *murabahah* contracts provided the cost price, profit, and payment schedule are agreed upon at the outset (Ramadhan & Nastiti, 2024). Nevertheless, the weak contractual evidence at Toko Nurtatik Fashion diminishes legal certainty and undermines the pillar of transaction transparency.



Discrepancies in collection schedules and installment calculation variances serve as major operational impediments. The income instability characterizing rural consumers often triggers payment delays, which in the context of Islamic economics can be tolerated as an emergency situation (maysarah) in accordance with the principle of granting debt deferrals to those experiencing hardship (Umar & Fatimah, 2025). However, when such delays are not managed through structured administrative governance, ambiguities in installment amounts and collection schedules recur, exacerbating the moral hazard risk from capable buyers who defer their obligations (Pratama, 2023).

From a muamalah standpoint, the absence of systematic debt collection and valid documentation steers transactions toward prohibited gharar practices. The gharar occurring at Toko Nurtatik Fashion is not merely an ordinary delay, but touches upon core elements of the contract, namely uncertainty surrounding the settlement deadline and installment breakdown details (Nurbaiti & Siregar, 2024). Sharia strictly prohibits transactional habits that rely solely on verbal memory without authentic references, as this practice risks deteriorating fraternal ties and breeding mutual suspicion among community members (Lubis, 2024).

In terms of governance and business sustainability, neglecting the obligation to record credit transactions directly impacts the store's cash flow. Unmonitored deferred payments result in working capital becoming trapped in non-performing accounts receivable over extended periods (Aulia & Zulkifli, 2025). From an Islamic perspective, every indebted buyer bears a moral responsibility to fulfill their promises, while the seller is obligated to safeguard business assets against depletion caused by managerial negligence (Fauzi et al., 2023).

Executing credit sales without orderly bookkeeping directly incurs negative implications for achieving the primary objectives of Islamic law, particularly under the pillar of Hifz al-Mal (protection/preservation of wealth). The concept of Hifz al-Mal dictates that wealth must be managed productively, transparently, and safeguarded against loss risks arising from administrative carelessness (Nasution & Azhari, 2024). Capital losses resulting from uncollectible receivables at Toko Nurtatik Fashion reflect weak protection over the business owner's wealth against potential financial distress (Kurniawan & Fitri, 2025).

Conversely, the unavailability of valid payment receipts threatens the consumer's position as well. Consumers face the risk of being demanded to re-pay installments that have already been settled due to discrepancies in the store owner's personal records (Sari & Yulia, 2024). This mutually detrimental uncertainty confirms that implementing standardized written



documentation is not merely a positive law formality, but a mandatory Sharia instrument required to uphold justice and avoid harm (mudarat) in installment sales (Hamzah & Ridwan, 2023).

To align the business practices of Toko Nurtatik Fashion with Islamic economic principles and ensure its operational continuity, a comprehensive reform of credit transaction management is required. Concrete steps to be taken include drafting written agreement sheets detailing installment amounts, establishing firm payment deadlines, and providing payment tracking cards/receipts for buyers (Setiawan et al., 2025). This simple administrative transformation will eliminate gharar elements, reinforce the commitment to trust (amanah), and realize a transparent, equitable business governance framework grounded in maqashid shariah.

CONCLUSION

In basic substance, the credit sales practices at Toko Nurtatik Fashion in Pandan Lagan Village fulfill permissible muamalah principles, as they are free from interest charges (riba) and exploitative late payment fines, where the profit margin charged on deferred payments aligns with DSN-MUI Fatwa No. 04/DSN-MUI/IV/2000 concerning Murabahah. Nevertheless, its procedural execution exhibits deviations from Sharia rules due to an over-reliance on verbal agreements unbacked by standardized administrative systems and written record-keeping (al-kitabah). The absence of valid payment receipts and the uncertainty surrounding maturity deadlines steer transactions toward gharar fahish (excessive uncertainty), triggering moral hazard risks and disputes arising from divergent perceptions of accounts receivable balances between the store owner and buyers. This condition incurs negative implications for the achievement of maqashid shariah, particularly regarding the pillar of Hifz al-Mal (preservation of wealth), wherein the store owner's working capital risks disruption from long-term non-performing receivables, while consumers' financial rights are simultaneously threatened by potential double-billing. Consequently, social capital in the form of local trust must be refined through a transformation toward transparent transaction management. Recommended concrete steps include drafting written contract agreements detailing installment amounts and schedules, supplemented by payment tracking cards or official receipts to eliminate gharar elements, mitigate operational risks, and realize equitable and sustainable micro-enterprise governance.



FUTURE DIRECTIONS

While this study offers critical insights into contract risk mapping and Sharia compliance within rural micro-fashion retail, several limitations highlight promising avenues for future inquiry. Subsequent research could expand the empirical scope through cross-regional comparative analyses across diverse rural contexts or apply quantitative approaches, such as Structural Equation Modeling (SEM) or Analytic Hierarchy Process (AHP), to empirically measure the precise impact of contractual risks on micro-enterprise sustainability. Furthermore, future scholars should investigate the feasibility, adoption barriers, and effectiveness of lightweight mobile-based digital ledger applications (digital al-kitabah) tailored for low-literacy micro-retailers, examining how fintech solutions can bridge local social trust with formal Sharia governance. Finally, exploring institutional interventions by local Islamic financial bodies (such as Baitul Maal wat Tamwil) and religious authorities in providing standardized, simplified contract templates could significantly enhance grassroots financial literacy and operational compliance.

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