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The Validity of Sharia Contracts in Fintech-Based Financing: Reconstructing Legal Certainty and Consumer Protection in Indonesia

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Abstract: *The digitalization of Islamic finance has raised important legal questions concerning the validity of Sharia contracts, legal certainty, and consumer protection in fintech-based financing. This study examines the validity of Sharia contracts in Indonesian digital financing and evaluates the adequacy of the existing legal framework in safeguarding contractual rights and consumer interests. The research employs normative legal research using a library research method, with statutory and conceptual approaches. Primary legal materials include relevant Indonesian legislation, Financial Services Authority regulations, and Islamic legal instruments, while secondary materials comprise scholarly publications on Islamic fintech, contractual validity, and consumer protection. The analysis indicates that the legal assessment of digital Sharia financing requires an integrated examination of substantive Sharia compliance, electronic contractual certainty, regulatory accountability, and consumer protection. Formal recognition of electronic agreements alone does not necessarily establish substantive Sharia compliance or ensure adequate consumer safeguards. Accordingly, this study proposes a conceptual framework connecting Sharia contract validity, electronic contractual certainty, regulatory accountability, and consumer protection. The framework emphasizes transparent contractual terms, verifiable consent, clearly allocated responsibilities, and accessible legal remedies. This study contributes a normative perspective for evaluating the coherence of the legal framework governing digital Islamic financing in Indonesia and identifying areas requiring further legal clarification and regulatory improvement.*
Keywords: *Sharia contracts, Islamic fintec,; legal certainty, consumer protection, normative legal research.*

INTRODUCTION

The digitalization of financial services has transformed Islamic finance by creating new forms of financing in which Sharia principles, national legislation, and electronic transaction mechanisms operate simultaneously. In Indonesia, the development of Islamic financial technology raises questions concerning contractual validity, legal certainty, and consumer

protection. Fidhayanti (2024) examines the regulatory landscape of Islamic fintech in Indonesia, demonstrating the importance of understanding the policies and legal arrangements governing its development. This situation raises a fundamental question concerning how Sharia contracts should be validated and enforced when financing agreements are established through digital platforms.

The relationship between Sharia, fiqh muamalah, and state law is central to understanding the legal foundations of digital Islamic financing. Although Sharia provides the normative principles of Islamic commercial transactions, fiqh muamalah elaborates their application to contractual relationships. In digital financing, contracts such as murabahah, mudharabah, musyarakah, and wakalah bi al-ujrah must satisfy both the requirements of their respective Sharia principles and applicable national law. Fithria (2022) examines the application of Sharia contracts in Indonesian Islamic fintech peer-to-peer lending, providing a relevant foundation for analyzing how Islamic contractual principles operate within technology-mediated financing arrangements.

The Indonesian regulatory framework involves electronic transactions, financial services regulation, and consumer protection, each addressing different aspects of digital financing. Their interaction becomes particularly important when contractual consent, disclosure obligations, and the responsibilities of financing providers must be assessed. The legal recognition of electronic agreements does not automatically establish the substantive compliance of an underlying Sharia contract. Consequently, the validity of digital financing arrangements must be examined through both the requirements governing electronic contract formation and the principles applicable to the relevant Islamic commercial transaction.

The validity of Sharia contracts also depends on the clarity of contractual terms, the parties' consent, and the allocation of rights and obligations. Digital interfaces may simplify the agreement process, but consumers may not fully understand the contractual structure, associated costs, or implications of the financing arrangement. These concerns are especially relevant when the financing provider and the digital platform perform different functions. Therefore, legal certainty requires more than formal contract recognition; it also requires transparent information, clearly defined responsibilities, and enforceable contractual rights.

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Consumer protection constitutes an essential dimension of this problem. Indrarini et al. (2025) examine accountability and transparency in Indonesian Sharia peer-to-peer lending, highlighting issues directly relevant to the governance of digital Islamic financing. From a legal perspective, consumers should be able to understand the financing terms, identify the responsible parties, and access effective complaint and dispute-resolution mechanisms. These safeguards must be assessed alongside Sharia compliance because a contract's religious designation alone cannot guarantee transparency, accountability, or adequate legal remedies.

The relationship between legal certainty and consumer protection also requires consideration of the objectives of Islamic law (maqasid al-sharia). Khaerunisa et al. (2026) address consumer protection and legal certainty in Sharia fintech lending through a normative and maqasid al-sharia perspective. This approach provides a basis for evaluating whether the applicable legal framework protects the interests of consumers while maintaining the substantive requirements of Islamic finance. Such an assessment should consider contractual transparency, the prevention of unfair practices, accountability, and the availability of remedies when contractual obligations are breached.

Recent scholarship further demonstrates the importance of connecting digital financial regulation with the normative objectives of Islamic law. Hutagalung et al. (2026) examine the relationship between digital lending regulation, Islamic financial technology, maqasid al-sharia, and consumer protection. Meanwhile, Lestari et al. (2026) address legal certainty and regulatory reconstruction in Indonesian Sharia digital financing. These studies provide important foundations for the present research. However, the extent to which the existing literature adequately integrates the substantive validity of individual Sharia contracts, electronic consent, contractual enforceability, and consumer remedies must be established through a critical comparison of their analytical approaches and findings.

Against this background, this study examines The Validity of Sharia Contracts in Fintech-Based Financing: Reconstructing Legal Certainty and Consumer Protection in Indonesia. Using normative legal research through library research, the study analyzes relevant legislation, regulatory instruments, Islamic legal principles, and scholarly publications through statutory and

conceptual approaches. It addresses three questions: how the validity of Sharia contracts is assessed in digital financing, whether the existing legal framework provides adequate legal certainty and consumer protection, and how a normative framework can strengthen contractual transparency, accountability, enforceability, and consumer remedies. The study seeks to develop an integrated legal analysis connecting Sharia contractual validity with the protection of consumers in Indonesia's digital Islamic financing sector.

METHOD

This study employs normative legal research using a library research method. Library research involves systematically identifying, examining, and synthesizing written sources to address a research problem and develop an evidence-based argument (George, 2008; Hariani & Jabbar, 2026). The study applies statutory and conceptual approaches to examine the validity of Sharia contracts in fintech-based financing and their implications for legal certainty and consumer protection in Indonesia. Primary legal materials include relevant legislation, Financial Services Authority regulations, and DSN-MUI fatwas, while secondary materials comprise scholarly books, peer-reviewed journal articles, and previous studies on Islamic fintech, electronic contracts, and consumer protection.

Research materials are collected through documentary research and selected according to their relevance, legal authority, and academic credibility. The materials are classified into three categories: contractual validity and Sharia compliance, legal certainty and enforceability, and consumer protection. Particular attention is given to Law No. 8 of 1999 concerning Consumer Protection, Law No. 1 of 2024 concerning the amendment to the Electronic Information and Transactions Law, and Financial Services Authority Regulation No. 22 of 2023 concerning consumer and public protection in the financial services sector.

The materials are analyzed qualitatively through legal interpretation, doctrinal analysis, normative comparison, and thematic synthesis. Qualitative legal analysis facilitates examination of the meaning and implications of legal texts (Mitchell, 2023). The analysis compares applicable regulations with Islamic commercial law principles to assess contractual consent, transparency,

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enforceability, and consumer rights. The findings are synthesized to identify potential normative inconsistencies and formulate recommendations for strengthening contractual transparency, Sharia compliance, accountability, and access to legal remedies.

RESULT AND DISCUSSION

1. The Legal Validity of Sharia Contracts in Fintech-Based Financing

The validity of Sharia contracts in fintech-based financing must be examined through two interconnected dimensions: compliance with the requirements of the relevant Islamic contract and recognition under Indonesian law. In Islamic commercial jurisprudence, contractual validity is associated with the parties' consent, the clarity of the contractual subject matter, and compliance with the principles governing the selected contract. In digital financing, these requirements must be evaluated alongside the electronic mechanisms through which agreements are formed and documented. Fithria (2022) examines the application of Sharia contracts in Indonesian Islamic fintech peer-to-peer lending, providing a relevant basis for understanding the relationship between Islamic contractual principles and technology-mediated financing.

The substantive requirements of a contract depend on its particular legal structure. In murabahah, the transaction involves a sale with a disclosed cost and agreed profit margin; mudharabah involves a capital-provider and an entrepreneur within a profit-sharing arrangement; and wakalah bi al-ujrah involves an agency arrangement with remuneration. These contracts are not interchangeable, and their use in digital services requires the underlying rights, obligations, and transaction sequence to reflect the relevant contractual principles. Therefore, the inclusion of a Sharia contract label in a digital platform cannot, by itself, establish substantive compliance. The contractual documentation and actual structure of the transaction must be assessed against the applicable Sharia requirements and legal rules.

Electronic consent presents an additional issue. A digital agreement may be concluded through an electronic interface, but its legal assessment must consider whether the parties' consent is sufficiently clear, whether material terms are accessible, and whether the electronic record can establish the agreement's content. The Indonesian Electronic Information and Transactions

framework recognizes electronic information and documents within the legal system, while the general principles of contract law remain relevant to agreement formation. Consequently, the central issue is not whether digital contracts are inherently invalid, but whether the specific agreement satisfies the applicable requirements of contractual formation, enforceability, and substantive Sharia compliance.

The literature therefore supports an integrated approach to contractual validity. Fidhayanti (2024) examines the Indonesian regulatory environment for Islamic fintech, while Fithria (2022) addresses the application of Sharia contracts in peer-to-peer financing. Together, these perspectives indicate the importance of evaluating digital financing agreements through both regulatory and contractual analysis. For the present study, contractual validity is treated as a starting point for assessing legal certainty and consumer protection, rather than as a sufficient guarantee that all consumer interests are adequately safeguarded.

2. Legal Certainty and the Indonesian Regulatory Framework

Legal certainty in digital Sharia financing depends on the clarity and coordination of the rules governing contractual relationships, financial service providers, and consumer rights. Relevant legal instruments operate at different levels: general contract law provides the foundation for agreements; electronic transaction legislation addresses digital documents and transactions; consumer protection legislation establishes consumer rights; and financial services regulation governs the relevant activities of providers. These instruments must be interpreted together to determine how contractual rights and responsibilities apply in a digital financing relationship.

The regulatory framework for technology-based joint funding has also developed beyond its earlier arrangements. OJK Regulation No. 40 of 2024 governs Layanan Pendanaan Bersama Berbasis Teknologi Informasi (LPBBTI) and establishes requirements relating to provider operations, risk mitigation, and other aspects of the industry. OJK subsequently issued Circular Letter No. 19/SEOJK.06/2025 concerning the implementation of LPBBTI services. These instruments are relevant when the Sharia financing model falls within the LPBBTI regulatory category. Their applicability must not automatically be extended to every digital financial product, particularly products governed by a different regulatory regime.

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Sharia-specific requirements also play an important role in determining the contractual structure of digital financing. DSN-MUI Fatwa No. 117/DSN-MUI/II/2018 addresses information technology-based financing services based on Sharia principles. Its relevance lies in providing a Sharia framework for evaluating financing arrangements mediated by information technology. However, the application of this fatwa must be considered alongside the relevant legislation and regulatory requirements. Sharia compliance and state-law compliance are related but distinct assessments: conformity with a Sharia principle does not automatically resolve every question of licensing, disclosure, enforceability, or consumer remedies.

Recent scholarship has directly examined legal certainty and consumer protection in Sharia fintech lending. Khaerunisa et al. (2026) analyze the relationship between these issues through a normative and maqasid al-sharia perspective. Lestari et al. (2026) likewise examine legal certainty and regulatory reconstruction in Indonesian Sharia digital financing. These studies demonstrate that regulatory coherence is already an important subject of scholarly inquiry. Accordingly, the contribution of this article must lie not in claiming that regulatory uncertainty has never been studied, but in specifying how contractual validity, electronic consent, and consumer remedies can be integrated into a coherent legal analysis.

3. Consumer Protection and Normative Challenges in Digital Sharia Financing

Consumer protection is a central component of the legal evaluation of digital Sharia financing because the validity of an agreement does not necessarily guarantee that consumers understand its terms or can exercise their rights effectively. Digital financing may involve standardized contracts, information asymmetry, complex fee structures, and uncertainty regarding the division of responsibilities between providers and platforms. These issues require examination of disclosure obligations, transparency, accountability, and access to complaint mechanisms. Indrarini et al. (2025), in their study of accountability and transparency in Indonesian Sharia peer-to-peer lending, provide a relevant basis for considering these governance dimensions.

The allocation of responsibility is particularly important when a platform acts as an intermediary rather than as the financing party. OJK Regulation No. 40 of 2024 describes the LPBBTI model as an intermediary arrangement and establishes requirements concerning risk. This

regulatory distinction matters because the platform's responsibilities should not automatically be equated with every obligation arising from the underlying financing contract. A sound legal assessment must identify the parties to the agreement, determine their respective obligations, and establish the applicable mechanisms for resolving complaints and disputes.

The principles of maqasid al-sharia offer an additional perspective for evaluating consumer protection. The protection of wealth (hifz al-mal) is particularly relevant to financial transactions because it emphasizes the protection of property and economic interests within the broader objectives of Islamic law. Hutagalung et al. (2025) examine the relationship between digital lending regulation, Islamic financial technology, maqasid al-sharia, and consumer protection. Khaerunisa et al. (2026) similarly connect legal certainty and consumer protection in Sharia fintech lending with a maqasid al-sharia approach. These perspectives support an assessment that considers not only formal contractual compliance but also whether the regulatory arrangements adequately protect consumers from misleading terms, unclear obligations, and ineffective remedies.

A normative challenge arises when contractual transparency, Sharia compliance, and consumer protection are addressed through separate legal or institutional mechanisms. A contract may be structured according to a recognized Sharia model, while questions concerning the clarity of digital consent, disclosure of charges, or responsibility for contractual performance remain unresolved. This possibility should be treated as an issue for legal evaluation rather than as proof that the existing regulatory framework is necessarily inadequate. The analysis must establish which obligations already exist, how they interact, and where further clarification may be justified. Such an approach avoids overstating the research findings while allowing the article to formulate a defensible proposal for improving the coherence of digital Sharia financing governance.

4. A Conceptual Framework for Reconstructing Legal Certainty and Consumer Protection

The preceding analysis indicates that Sharia contract validity, electronic contractual certainty, regulatory accountability, and consumer protection are interconnected dimensions of digital Islamic financing governance. Their interaction determines whether financing arrangements comply with Sharia principles, provide legal certainty, and safeguard consumer

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rights. Building on the regulatory and consumer protection perspectives discussed by Fidhayanti (2024), Hutagalung et al. (2025), and Lestari et al. (2026), this study proposes a conceptual framework integrating these dimensions to evaluate the legal governance of Sharia-compliant fintech financing in Indonesia.

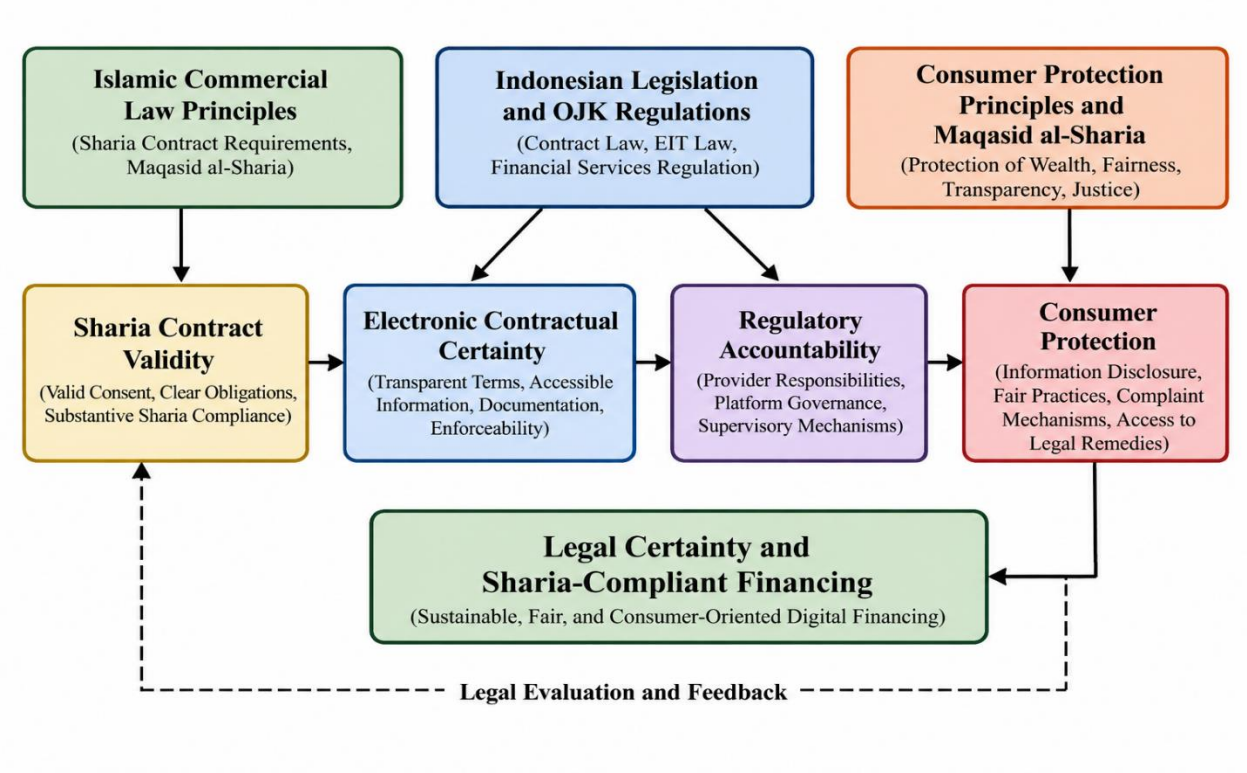


Figure 1. Conceptual Framework for Legal Certainty and Consumer Protection in Digital Sharia Financing

Source: Author's own elaboration based on the normative analysis of Indonesian legislation, Sharia contract principles, and relevant scholarly literature

The framework comprises four interconnected dimensions. Sharia contract validity examines whether the financing arrangement satisfies the requirements of the relevant Islamic commercial contract, including valid consent, clear obligations, and substantive Sharia compliance. Electronic contractual certainty concerns the clarity, accessibility, documentation, and enforceability of agreements concluded through digital platforms. Regulatory accountability identifies the responsibilities of financing providers, platform operators, and supervisory

institutions under applicable legislation. Meanwhile, consumer protection addresses information disclosure, fair contractual practices, complaint mechanisms, and access to legal remedies. Together, these dimensions provide a structured basis for assessing the legal validity and governance of digital Sharia financing.

The relationships among these dimensions are mutually reinforcing. A valid Sharia contract may remain problematic if its digital terms are unclear, while adequate disclosure may not sufficiently protect consumers if the responsibilities of the parties are uncertain. The framework therefore connects substantive contractual requirements with electronic transaction rules, regulatory responsibilities, and consumer protection principles, including the maqasid al-sharia objective of protecting wealth (hifz al-mal). This integrated perspective enables the identification of potential inconsistencies between existing legal requirements and their intended protective functions without presuming that the entire regulatory framework is inadequate.

The final component is a legal evaluation and feedback mechanism, through which the findings of the analysis inform the reassessment of contractual validity and the identification of areas requiring legal clarification or regulatory improvement. The proposed framework contributes an integrated analytical perspective by treating Sharia compliance, legal certainty, regulatory accountability, and consumer protection as interdependent elements of digital Islamic financing governance. As a conceptual model developed through normative legal research, it provides a foundation for evaluating applicable legal instruments and formulating targeted recommendations, although its practical effectiveness would require further assessment against specific financing arrangements.

CONCLUSION

This study concludes that the validity of Sharia contracts in fintech-based financing must be assessed through the interaction between Islamic commercial law principles and the Indonesian legal framework governing electronic transactions, financial services, and consumer protection. The use of electronic platforms does not inherently invalidate Sharia contracts; however, the legal assessment must consider the substantive requirements of the relevant contract, the validity of the

parties' consent, the clarity of contractual obligations, and compliance with applicable regulations. Consequently, Sharia compliance and the legal enforceability of electronic agreements should be treated as related but distinct dimensions of contractual validity.

The analysis further indicates that legal certainty and consumer protection depend on the coordination of contractual requirements, regulatory accountability, and consumer safeguards. Transparent contractual terms, accessible information, clearly defined responsibilities, and effective complaint and dispute-resolution mechanisms are important elements of a coherent legal framework. The proposed conceptual model integrates four dimensions—Sharia contract validity, electronic contractual certainty, regulatory accountability, and consumer protection—to provide a structured basis for evaluating digital Islamic financing arrangements. Rather than assuming that existing regulations are wholly inadequate, this framework supports the identification of specific inconsistencies and areas requiring clarification.

This study contributes to normative legal scholarship by connecting the substantive validity of Sharia contracts with the enforceability of digital agreements and the protection of consumer rights. Its practical implications include strengthening contractual disclosure, clarifying the responsibilities of financing providers and digital platforms, and improving access to legal remedies. Nevertheless, because the study relies on documentary legal materials, it does not establish how consistently these protections are implemented in actual financing practices. Future research could apply the proposed framework to specific Sharia financing products or complement normative analysis with empirical evidence from providers, regulators, and consumers.

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