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The Role of Sharia Economic Law in Advancing MSME Digitalization for SDGs in Indonesia: A Systematic Literature Review (SLR)

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Abstract

Objective: This study aims to analyze the influence of Sharia Economic Law on the digitalization of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, with a focus on how Sharia-based regulations can support the digital transformation of these enterprises in line with the Sustainable Development Goals (SDGs). **Theoretical framework:** The theoretical framework is grounded in the concept of Sharia economic law, which emphasizes ethical business practices, social justice, and economic inclusivity, all of which are integral to the achievement of SDGs. **Literature review:** A review of relevant literature reveals that Sharia-based regulations, such as support for Sharia-compliant QRIS and the rise of halal fintech, have significantly facilitated the adoption of digital technology by MSMEs. These initiatives are aligned with SDGs, particularly in fostering economic growth (SDG 8) and promoting innovation (SDG 9). **Method:** The research uses a Systematic Literature Review (SLR) methodology, involving the collection and analysis of the latest academic articles, books, and policy reports related to the subject. The main research questions address the role of Sharia economic law in advancing MSME digitalization, the political dynamics influencing these developments, and the challenges and opportunities that emerge from this transformation. **Results:** The findings indicate that while the digitalization of MSMEs is progressing, there is a need for stronger integration between Sharia regulations and national laws, as well as efforts to improve digital literacy among MSME owners and employees. Additionally, it is important to create incentives to support the adoption of Sharia-based digital technology. **Implications:** The study's implications include providing policy recommendations for harmonizing regulations and fostering an enabling environment for the digital transformation of MSMEs in Indonesia. **Novelty:** The novelty of this research lies in its focus on Sharia economic law as a driver of MSME digitalization in Indonesia, a topic that has not been extensively explored.

Keywords: sharia economic law, digitalization, msmes, sdgs, systematic literature review

INTRODUCTION

In the era of digital transformation, the integration of technology into business practices has become essential for the sustainability and competitiveness of Micro, Small, and Medium Enterprises (MSMEs). In Indonesia, where MSMEs constitute a significant portion of the national economy, their digitalization is not only a strategic economic agenda but also a vital step toward achieving the Sustainable Development Goals (SDGs), particularly those related to economic growth, innovation, and reduced inequality. Amid this transformation, the role of Sharia Economic Law has gained increasing attention, especially in supporting MSMEs that operate based on Islamic principles [1].

The relevance of Sharia economic law in this context lies in its ability to provide a regulatory framework that aligns ethical, legal, and financial practices with the values of justice, transparency, and social welfare. Policies such as the Sharia QRIS and fatwas issued by the Indonesian Ulema Council (MUI) have opened new opportunities for Sharia-compliant MSMEs to participate in the digital economy. However, challenges such as digital literacy gaps, regulatory harmonization, and limited access to infrastructure persist. This research theme is thus crucial, as it explores how Islamic legal frameworks can actively contribute to the empowerment of MSMEs and the realization of inclusive, ethical, and sustainable economic development aligned with Indonesia's commitment to the SDGs [2].

Digital transformation is the implementation of digital technology to improve services in a business through changing services from manual processes to digital processes or replacing old technology with newer technology, Digital solutions aim to achieve efficient automation innovation and creativity. Digital transformation requires organizations to change more professionally [1], [3].

Digital transformation has become an urgent need for businesses in this digital era. Experts have extensively discussed the positive impact and importance of this transformation in improving operational efficiency, creating added value, and enhancing business competitiveness. Digital transformation plays a crucial role in changing the way businesses operate and interact with customers. According to the 2023 McKinsey Study, digital transformation can increase productivity by up to 40% and cost efficiency by up to 30% in various industry sectors [2].

The importance of MSMEs in the context of Indonesia's economy and welfare, Micro, Small, and Medium Enterprises (MSMEs) play an important role in the Indonesian economy, making a significant contribution to economic growth, job creation, and poverty alleviation. The latest literature underscores the importance of the MSME sector in improving economic inclusion and community welfare. The history of the Indonesian nation itself has recorded and proven the strength of SMEs in facing the economic crisis that occurred in 1998, the Government of the Republic of Indonesia itself realized the great role of SMEs in increasing the absorption of labor which can reach 97% of the entire national workforce and the contribution to the gross domestic product turnover is around 57% [4]. According to recent research, the MSME sector in Indonesia contributes more than 60% to the Gross Domestic Product (GDP) and creates about 97% of jobs in the private sector [5]. The role of the government, both at the central and regional levels, is very important in supporting the development of MSMEs. Support policies such as low-cost financing, entrepreneurship training, market access, and licensing are crucial factors in increasing the competitiveness and growth of MSMEs in Indonesia [6].

MSME companies such as Tokopedia and Bukalapak in Indonesia have become successful examples of implementing digital transformation. They use technology to increase market penetration, expand product range, and significantly improve customer experience. Digital transformation also allows MSMEs to better face global challenges, as explained by Shah et al. (2022), who underline that digital technology allows companies to adapt to market changes quickly and effectively [7]. In this context, digital transformation is not only about technology adoption but also about changing business processes and organizational culture to create long-term value [8].

One of the agendas of Indonesian Sharia economic stakeholders to promote independence and make the world the center of the Sharia economy is the utilization and strengthening of digital economy platforms in terms of trade (*e-commerce, marketplace*) and finance (financial technology/*fintech*) [9]. The economy and digital platforms are also able to strengthen several goals or strategies at once, including MSMEs [10]. Stating that Islamic banks play an important role in developing MSMEs. Islamic banks must be able to provide financing products that are by the needs, competitive, and easily accessible to MSME actors engaged in the halal food sector, halal lifestyle, must be further developed.

The Coordinating Ministry for Economic Affairs (2022) shows that the government's efforts to encourage MSMEs through various incentive and facilitation policies have had a positive impact on increasing the productivity and competitive capacity of this sector [11]. In addition, the presence of State-Owned Enterprises (SOEs) and Regional-Owned Enterprises (BUMD) also plays an important role in providing infrastructure support and access to capital for MSMEs in remote and border areas [12].

Digital banks in Indonesia are now increasingly popular among the public. The Financial Services Authority (OJK) has even issued a regulation on commercial banks which also explains digital banks. Based on OJK Regulation number 12/POJK.03/2021, it is stated that a digital bank is a bank incorporated in Indonesia (BHI) that provides and carries out business activities, especially through electronic channels without a physical office other than the head office or using a limited physical office.

Financial Services Authority [13]. OJK's guidebook entitled Assistance for digital bank branch operators, namely banking services/activities through certain bank offices using electronic/digital means owned by the bank and/or through digital media carried out independently by customers that allow prospective customers and/or bank customers to obtain information, communicate, register, open accounts, bank transactions and close accounts, This includes obtaining other information and transactions outside of banking products, including financial advisory, investments, e-commerce transactions, and other needs of the Bank's customers [14].

Maqasid al-Shariah is the main principle or objective of Islamic sharia which includes the protection of religion, soul, intellect, heredity, and property. In the context of the digital transformation of MSMEs in Palembang, the application of maqasid al-Shariah principles is important to ensure that digital technological innovations contribute positively to the socio-economic life of the community, maintain moral and ethical values, and ensure fairness in the distribution of economic benefits [15].

Realizing a benefit through *maqosid as-sharia* according to Fatkhi ad-Daraini commented: "that laws are not made for the sake of the law itself but for benefit". In a language that is not much different, Abu Zahrah stated that the essential purpose of Islamic law is benefit. There is not a single law that is shari'a either in the Qur'an or in the hadith but in it, there is benefit. The above statement further emphasizes al-Syatibi's statement that indeed the shari'a aims to realize the benefits of human beings in this world and the hereafter. *Maqasid al-Shari'ah* is a benefit. Through the analysis of maqasid al-Shari'ah, the benefits are not only seen in a mere technical sense but in the effort to dynamically develop the law, *maqasid al-Shari'ah* is seen as something that contains the philosophical value of the laws that God has decreed to humans. Based on the description above, the researcher is interested in discussing The Role of Sharia Economic Law in Advancing MSME Digitalization for SDGs in Indonesia: A Systematic Literature Review (SLR) [16].

LITERATURE REVIEW

The intersection of Sharia economic law and the digitalization of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia has emerged as a significant area of academic inquiry, particularly in relation to inclusive economic development and the Sustainable Development Goals (SDGs). Previous studies have examined the critical role of MSMEs in national economic growth, job creation, and poverty reduction, highlighting the importance of facilitating their transition into the digital economy. Digital transformation is seen as a means to improve operational efficiency, expand market access, and enhance competitiveness, especially in the post-pandemic era [17].

Sharia economic law, which emphasizes ethical business practices, transparency, and social justice, offers a unique foundation for supporting the digitalization of MSMEs in Indonesia, where a large portion of the population adheres to Islamic principles. Scholars have explored how instruments such as Sharia-compliant financial technology (fintech), QRIS Syariah, and MUI fatwas can drive technological adoption among Islamic-based enterprises. However, despite these positive developments, various barriers remain [18].

Literature has identified challenges such as inconsistent legal frameworks between Sharia and national regulations, limited digital infrastructure in rural areas, and low levels of digital literacy among MSME actors. Some researchers have emphasized the need for government and institutional support, including harmonized policies, incentives, and educational programs, to foster a more inclusive digital ecosystem. There is also a growing call for integrating Islamic values with technological innovation to ensure digitalization aligns with moral and social objectives. The current body of literature underscores the necessity of a more systematic understanding of how Sharia economic law can be effectively leveraged to support MSME digital transformation in alignment with the SDGs, particularly in the areas of economic growth (SDG 8), innovation (SDG 9), and reduced inequalities (SDG 10). This study contributes to filling that gap by offering a comprehensive systematic literature review (SLR) that synthesizes existing research, identifies best practices, and outlines strategic policy directions for a Sharia-based digital economy [18].

Unlike previous studies that generally focused on MSME digitalization from technological or economic perspectives alone, this research uniquely integrates Sharia economic law as a guiding framework. It explores how Islamic legal principles specifically influence digital transformation among MSMEs, addressing both ethical and regulatory dimensions. While earlier themes may emphasize innovation or digital literacy, this study connects these elements with religious compliance, offering a holistic approach aligned with the Sustainable Development Goals (SDGs). This makes it distinct in bridging faith-based law with digital economic empowerment in the Indonesian context.

METHODOLOGY

This study uses the Systematic Literature Review (SLR) approach. *Systematic Literature Review* (SLR) is defined as the steps of identifying, assessing, and interpreting all existing research evidence to provide answers to specific research questions The purpose of the SLR method is to identify, review, and evaluate all relevant research to provide answers to the questions of a research set by some journal sources written by researchers. This research consists of several stages, namely the formulation of research questions, literature search, data, data processing, and conclusion [19].

The inclusion criteria method includes journal articles, books, and research reports published in the last seven years, which discuss sharia economic law, MSMEs, and digitalization in Indonesia. Exclusion criteria include non-peer-reviewed literature, opinion articles, and literature that is not available in full text. The elements used in compiling the questions in this study use PICOS [19]. An acronym that refers to the five main elements that help design and focus research in SLR, namely:

Table 1. Skeleton PICOS Systematic Literature Review (SLR)

Population (Populasi)	MSMEs in Indonesia in the context of digital transformation and the implementation of sharia economic law.
Intervention (Intervensi)	Sharia-based policies such as sharia QRIS, halal fintech, and community-based digital literacy.
Comparison	Sharia-based MSMEs vs conventional MSMEs in the context of digitalization.
Outcomes (Hasil)	Technology adoption, digital literacy, and sharia-based MSME growth.
Study Design (Desain Studi)	Systematic Literature Review with PRISMA guidelines.

Identify Research Questions

This study uses *Research Questions* (RQ) in *the Systematic Literature Review* (SLR) which are specific and directed questions that function to focus the study and determine the scope and purpose of the literature review. RQ acts as a guide in the entire SLR process, from literature search, and study quality assessment, to analysis and synthesis of relevant results [20]. These questions are formulated to answer the key issues that the research seeks to answer, ensuring that SLRs are carried out in a systematic and structured manner. At this stage, the researcher tries to write a formulation of the problem that will be discussed in detail. The main research question raised is: "How does the implementation of sharia economic law affect the digitalization of MSMEs in Indonesia?" This question is broken down into sub-questions to focus the literature search on specific aspects of sharia economic law and the digitization of MSMEs.

Table 2. Research Question (RQ)

RQ1	How does the political policy of Islamic law in Indonesia affect the application of sharia economic law in supporting the digitalization of MSMEs?
RQ2	How does Islamic legal politics encourage harmonization between sharia regulations and positive law in the process of digitizing MSMEs?
RQ3	What are the political and regulatory obstacles faced in the implementation of sharia economic law to encourage the digitalization of MSMEs in Indonesia?
RQ4	How can the political strategy of Islamic law improve the digital literacy of Sharia-based MSMEs to support a sustainable economy?
RQ5	To what extent does the role of policies based on Islamic law, such as the MUI Fatwa or QRIS Syariah, accelerate the digital transformation of MSMEs in Indonesia?

Literature Search Strategy

This study uses the Tracking and Selection of Data *Systematic Literature Review* (SLR) approach to explore the influence of the implementation of sharia economic law on the digitalization of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. In this SLR, the researcher will use the *Preferred Reporting Items for Systematic Reviews and Meta-analysis (PRISMA) guidelines*, The SLR process is carried out by following the PRISMA guidelines, which include the stages of identification, screening, feasibility, and inclusion to assist the author in conducting research [21]. The step taken is that researcher seeks to collect data in the form of articles related to the influence of the implementation of sharia economic law on the digitalization of MSMEs in Indonesia, to be identified and analyzed.

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After the researcher conducted a literature search through several academic databases such as Scopus, *Web of Science*, *Google Scholar*, and ProQuest. Therefore, the researcher tracked and reported the number of studies involved in each stage of the estuary review process from identification, screening, eligibility, and inclusion, to selection and finally inclusion in the final analysis [22]. The researcher limited the search to articles published from 2014 to 2024 to see the newness and development of research over the past 10 years, out of 200 articles the author screened relevant articles so that it could become 10 articles relevant to the author's research.

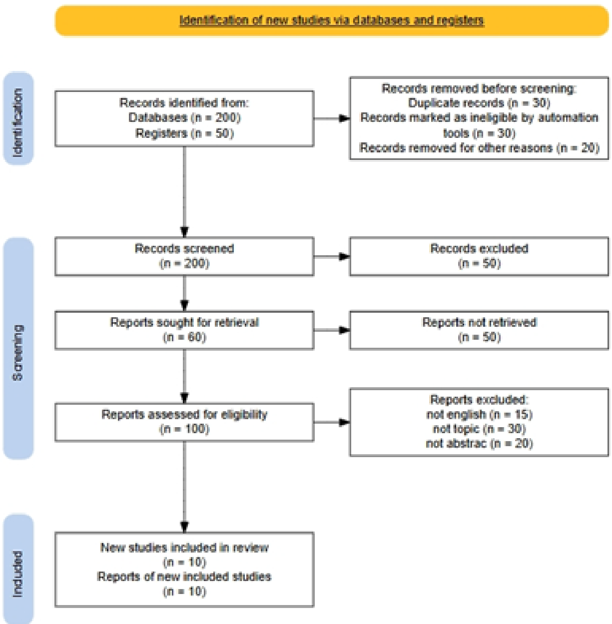

Figure 1. PRISMA Diagram Article Selection

Development of Inclusion and Exclusion Criteria

The selection of literature found was evaluated based on the title and abstract to determine its relevance to the research question. Articles that meet the inclusion criteria are then read in full for confirmation of their relevance and quality [23]. This selection process was carried out by two independent researchers to minimize bias.

Data Extraction Data from selected literature is extracted using a standard form that includes information such as author, year of publication, research objectives, methodology, key findings, and conclusions [24]. This data is then arranged in tables to facilitate further analysis.

Synthesis The extracted data is analyzed and synthesized to identify patterns, relationships, and gaps in the existing literature. Thematic analysis techniques are used to group findings based on main themes related to sharia economic law and the digitization of MSMEs [25]. The results of this synthesis are used to answer research questions and develop practical recommendations.

Table 3. Data Inclusion and Exclusion Criteria

Inclusion Criteria	Data Exclusion
The original article was published in trusted scientific journals.	Articles that do not meet quality and relevance standards are not included in the analysis.

The geographical scope of the research must include MSMEs in Indonesia or make a direct contribution to the context of MSMEs in Indonesia.	Opinion, editorial, or news articles that do not go through the peer-review process.
The article should specifically examine the relationship between the application of sharia economic law and indicators of MSME digitalization.	Studies conducted outside Indonesia without direct links to MSMEs in Indonesia are also irrelevant to the context of this study.
The research methodology used must be reliable, be it quantitative, qualitative,	Not using methodologies that are unclear, invalid, or do not present sufficient empirical data or in-depth analysis.

RESULTS AND DISCUSSION

The results of *the search strategy* described in the previous discussion were obtained from *the Google Scholar* database The researcher limited the search to articles published from 2014 to 2024 to see the newness and development of research over the last 10 years, out of 200 articles the author did a screening of relevant articles so that it could be 10 articles relevant to the research that are suitable for answering *The research question* in this study, which will be explained in the table below:

Table 4. List of Selected Articles

Paper	Abstrak Summary	Methodology	Theoretical Framework
Systematic Review: Strategy for Empowering MSME Actors Towards a Digital Economy Through Social Action [26].	This systematic review analyzes strategies for empowering small and medium enterprises (UMKM) to go digital through social actions like volunteers, communities, and digital economy initiatives.	Identifying research questions Establishing a database of research results Selecting relevant and indexed research results Extracting data Synthesizing results using narrative methods Presenting the data	Not mentioned (the abstract does not mention any specific theoretical framework used in this study)
Conceptualizing Digital Transformation in Business Organizations: A Systematic Review of Literature [27].	This paper is not relevant to the given query, which is about the influence of the implementation of Islamic economic legal politics on the digitalization of MSMEs in Indonesia. The paper discusses the general	Not mentioned (the abstract does not describe the methodology of a specific study)	Not mentioned (the abstract does not explicitly state any theoretical frameworks used in the research paper)

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	concept of digital transformation in business organizations.		
Indonesia's Digital Economic Policy To Increase Economic Resilience [28].	The implementation of digital economy policies in Indonesia can strengthen economic resilience by supporting MSMEs, attracting investment, and promoting innovation.	Qualitative, descriptive research approach Systematic review of secondary data from scholarly sources (journals, research publications, reports, websites) Qualitative data analysis and integration into the text	Not mentioned (the abstract does not explicitly state any theoretical framework used in this research)
Media and Digital Literacy in Indonesia: A Systematic Review [29].	This paper is not relevant to the given query, which is about the influence of the implementation of Islamic economic law politics on the digitalization of MSMEs in Indonesia. The paper instead provides a systematic review of media and digital literacy in Indonesia.	The study used a qualitative descriptive research design. The researchers systematically searched for and selected articles on media literacy published in nationally accredited journals from Sinta 2 to 4 over the last 10 years, using keywords like "digital literacy", "digital media literacy", "media literacy", and "information literacy". From the initial 27 articles found, the researchers screened them based on author expertise and article quality criteria, resulting in 20 articles. They then further selected only the 15 articles that specifically focused on digital literacy, even if different terminology was used, and excluded those focused only on information literacy. These 15 articles were then analyzed using inductive content analysis, where categories were	Not mentioned (the paper does not explicitly state any theoretical frameworks used in the study)
Digital Pilkada: Have Local Elections (Pilkada) been Affected	This paper is not relevant to the query about the	Qualitative approach based on a systematic literature review	Not mentioned (the paper does not explicitly state any

by Digitalization? Attainment, Challenges, and Policy Solutions [30].	influence of the implementation of Islamic economic legal politics on the digitalization of MSMEs in Indonesia.	(systematic review/SRs) Used both primary data (from interviews with election officials) and secondary data (from publications, news, etc.) Followed a systematic review process to collect empirical evidence, minimize bias, and draw reliable conclusions	theoretical frameworks)
Digitalization of Education in the Implementation of Kurikulum Merdeka [31].	This paper is not relevant to the given query, which is about the impact of implementing Islamic economic law policies on the digitalization of SMEs in Indonesia. The paper instead discusses the digitalization of education in the implementation of the Merdeka Curriculum in Indonesia.	The methodology used in the study by Mega Novita, Nugroho Dwi Saputro, Alok Singh Chauhan, and R. R. Waliyansyah (2022) is a descriptive qualitative approach. The researchers acted as the main data collection instruments, conducting fact-finding and observation of relevant activities. Due to a lack of published literature on the research topic, the researchers relied on library research, internet sources, and YouTube streaming to describe the findings.	Not mentioned (the paper does not explicitly mention any theoretical frameworks)
Digital Transformation of Financial Literacy and Inclusion as a Support for Convenience for MSMEs [32].	Digital transformation of financial literacy and inclusion provides convenience and access for MSMEs.	The study used the RISMA 2020 (Preferred Reporting Items for Systematic Review and Meta-Analyses) approach, which aims to increase the transparency and completeness of reporting systematic review results. The inclusion criteria for the articles were: 1. published between 2017 and 2023, 2. with research design, 3. in English, 4. published in full-text format, and	Not mentioned (the paper does not explicitly state any theoretical framework)

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		5. open access. 17 articles met the inclusion criteria, as the digitization of financial literacy and inclusion began in 2020.	
Electronic Human Resources Management (e-HRM) Adoption Studies: Past and Future Research [33].	This paper is not relevant to the given query, which is about the influence of the implementation of Islamic economic law politics on the digitalization of MSMEs in Indonesia. The paper instead discusses the adoption of electronic human resource management (e-HRM) systems.	Systematic literature review of 21 empirical papers on e-HRM Categorization of the papers into 4 key characteristics influencing e-HRM adoption: 1. System and technology characteristics 2. Organizational characteristics 3. User/individual characteristics 4. Environmental and contextual characteristics 5. Development of a conceptual framework for e-HRM adoption based on the systematic review 6. Proposal of future research directions	Not mentioned (the abstract does not explicitly state a specific theoretical framework used in the paper)
E-commerce Adoption in SME: A systematic review [34].	This paper reviews factors that influence e-commerce adoption in SMEs but does not address the impact of sharia economic policy implementation on SME digitalization.	A systematic review using the PRISMA method Data sources included academic papers, reports, books, presentations, and websites. Focused on identifying the factors that influence e-commerce adoption in small and medium enterprises (SMEs)	Not mentioned (the abstract does not explicitly state any theoretical frameworks used in this study)
Entrepreneurs as strategic transformation managers: Exploring micro-foundations of digital transformation	This paper is not relevant to the given query, which is about the influence of the implementation of Islamic economic	Systematic literature review to identify 27 individual-level micro foundations in 4 categories	theory of planned behavior

in small and medium internationalizes [35].	legal politics on the digitalization of SMEs in Indonesia. The paper instead explores the role of individual-level behaviors and actions in the digital transformation of international SMEs.	Intuitionistic Fuzzy Delphi analysis to narrow down the 27 factors to the top 7 micro-foundations Intuitionistic Fuzzy Decision-Making Trial and Evaluation Laboratory (IFDEMATEL) analysis to examine the causal relationships and develop a conceptual framework	

The thematic analysis of the entire research above, meeting the inclusion criteria, provides in-depth insight into the discussion of the influence of the implementation of Sharia economic law. The synthesis results of these articles can provide a comprehensive overview of the digitization of MSMEs in Indonesia, which is recorded academically from various literature, After presenting the above articles along with the main themes and summaries of the results and findings, the researcher will conduct further discussions about the distribution of the themes of the eight articles, as well as answer questions from *research questions* (RQ) [36].

1. Political Policy of Islamic Law in Indonesia Affects the Application of Sharia Economic Law in Supporting the Digitalization of MSMEs

Political policies of Islamic law in Indonesia have played a strategic role in supporting the digitalization of MSMEs. Initiatives such as the implementation *of the Sharia-based Quick Response Code Indonesian Standard* (QRIS) and the development of halal *fintech* platforms demonstrate the commitment of the government and related institutions to create a digital ecosystem that supports sharia principles [37]. This policy facilitates MSMEs to access a wider market, improve operational efficiency, and create Sharia-based financial inclusion.

2. Islamic Legal Politics Encourages Harmonization Between Sharia Regulations and Positive Law in the MSME Digitalization Process

The politics of Islamic law encourage harmonization through the synergy between the regulations issued by the National Sharia Council (DSN-MUI) and the regulations set by the Financial Services Authority (OJK). However, inconsistencies between several regulations are still a challenge, especially in the implementation of Sharia-based digital products [38]. This harmonization requires strengthening dialogue between financial institutions, regulators, and religious authorities to create a consistent and inclusive legal framework.

3. Political and Regulatory Obstacles Faced in the Implementation of Sharia Economic Law to Encourage the Digitalization of MSMEs in Indonesia

The main obstacles faced include:

a. Low digital literacy: Many Sharia-based MSME actors do not have a sufficient understanding of digital technology.

b. Regulatory inconformities: Differences in interpretation between Sharia law and positive law often slow down the digital adoption process.

c. Limited access to technology: Uneven digital infrastructure, especially in remote areas, hinders the transformation of MSMEs into digital ecosystems [39].

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d. Lack of incentive policy support: There are not many incentives that specifically support Sharia MSMEs in adopting technology.

4. Islamic Law Political Strategy Can Improve Digital Literacy of Sharia-Based MSMEs to Support a Sustainable Economy

Islamic legal political strategies to improve the digital literacy of Sharia-based MSMEs can include:

a. Community-based education: Conducting digital literacy training tailored to sharia values through collaboration between the government, Islamic financial institutions, and local communities.

b. Utilization of digital media: Digital literacy campaigns through social media, e-learning platforms, and Sharia-based applications.

c. Involvement of universities and educational institutions: Internship and counseling programs involving students and lecturers to assist Sharia-based MSMEs.

d. Strengthening incentive policies: Providing technology subsidies or fiscal incentives for MSMEs that adopt Sharia-based digital platforms.

5. The Role of Policies Based on Islamic Law Politics, such as the MUI Fatwa or Sharia QRIS, Accelerating the Digital Transformation of MSMEs in Indonesia

Policies such as the MUI Fatwa and QRIS Syariah have accelerated the digital transformation of MSMEs by giving confidence to MSME actors that technology adoption is by sharia principles. Sharia QRIS, for example, facilitates safe and Sharia-compliant digital transactions, making it easier for MSMEs to reach Muslim consumers who are increasingly concerned about halal transactions [40]. Additionally, this policy helps reduce reliance on cash and improve payment efficiency. However, its effectiveness still requires supervision and strengthening of digital literacy among MSME actors.

Analysis and Discussion

The findings of this research highlight the significant role of Sharia economic law in facilitating the digital transformation of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, particularly within the context of achieving the Sustainable Development Goals (SDGs). Policies rooted in Islamic legal frameworks, such as the implementation of Sharia-compliant Quick Response Code Indonesian Standard (QRIS) and fatwas issued by the Indonesian Ulema Council (MUI), have proven instrumental in shaping a more inclusive, ethical, and efficient digital economy.

From a legal-political perspective, the state's adoption of Sharia-based economic policies reflects a strategic approach to accommodate the religious and cultural values of Indonesia's majority Muslim population. These policies have enhanced the trust of MSME actors toward digital financial systems, promoting greater participation in the formal economy. However, the analysis also reveals that the harmonization between Sharia law and national regulations remains a critical challenge. Legal inconsistencies and bureaucratic fragmentation often hinder seamless implementation, highlighting the need for inter-agency coordination and unified regulatory standards.

Another important discussion point concerns digital literacy and infrastructure. The study shows that although Sharia policies provide a foundation for MSME digitalization, success largely depends on the actors' ability to understand and utilize digital tools. In regions with poor infrastructure and limited access to training, MSMEs face significant barriers. Thus, community-based digital literacy programs and support from educational institutions become essential in bridging the digital divide. Furthermore, the role of incentives in encouraging Sharia-compliant MSMEs to adopt digital technologies cannot be overlooked. Financial support, tax relief, and training subsidies are strategies that can accelerate adoption and scale digital transformation.

In the broader context of the SDGs, this research reinforces the idea that Islamic law can be a powerful enabler of sustainable development. By aligning ethical business practices with modern digital infrastructure, Sharia economic law not only empowers MSMEs but also contributes to inclusive economic growth (SDG 8), innovation and infrastructure (SDG 9), and reduced inequalities (SDG 10).

CONCLUSION

Based on the analysis of the formulation of the problem, this study concludes that Sharia economic law plays a significant role in advancing the digitalization of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, contributing directly to the achievement of the Sustainable Development Goals (SDGs). The study highlights several key factors influencing this transformation: 1). The Influence of Political Policy on Islamic Law: The implementation of Islamic legal political policies such as Sharia-compliant QRIS and MUI Fatwa has had a positive impact on supporting the digitalization of Sharia-based MSMEs. These policies provide a framework that facilitates MSMEs' access to a halal and efficient digital ecosystem, promoting SDG 8 (Decent Work and Economic Growth). This opens up opportunities for MSMEs to expand their digital presence, driving economic growth and fostering inclusive business practices. 2). The Importance of Harmonization of Regulations: A crucial aspect of successful MSME digitalization is the harmonization between Sharia regulations and national positive law. Despite the benefits, regulatory conformity remains a challenge. The need for cross-agency collaboration and the alignment of these regulations is vital to overcoming barriers and ensuring that MSMEs can fully benefit from digital transformation, contributing to SDG 16 (Peace, Justice, and Strong Institutions). 3). Obstacles in the Digitalization of MSMEs: The digitalization process is hindered by several obstacles, including low digital literacy, limited infrastructure, and a lack of specific incentives for Sharia-based MSMEs. These challenges slow the wider adoption of digital technologies and hinder the achievement of SDG 9 (Industry, Innovation, and Infrastructure), which aims to build resilient infrastructure and foster innovation. 4). Strategies for Digital Literacy: Effective political strategies within Islamic law, such as prioritizing community-based training, strengthening the role of educational institutions, and offering policy-based incentives, have been proven to encourage digital literacy among MSME actors. These initiatives play a critical role in equipping entrepreneurs with the necessary skills to adopt digital technologies and ensure their businesses remain competitive and sustainable, aligning with SDG 4 (Quality Education). 5). The Role of Policies such as MUI Fatwa and Sharia QRIS: The implementation of policies like the MUI Fatwa and Sharia-compliant QRIS has accelerated MSME digital transformation. These policies provide Sharia-compliant payment instruments that improve efficiency and boost the confidence of MSME actors in adopting digital technologies, further contributing to SDG 8 by promoting sustainable economic growth. In conclusion, while challenges remain, the strategic implementation of Sharia economic law policies offers significant potential for MSME digitalization, supporting the broader goals of economic growth, innovation, and education.

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Author Contribution

All authors contribute equally to the publication of this paper, all authors read and agree to this paper, and all authors declare no conflict of interest.

Conflicts of Interest

All authors declare no conflict of interest.

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