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Research Article

Negotiating Fiqh, State Law, and Local Norms in Islamic Economic Practices: A Legal Pluralism Perspective

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Abstract

Contemporary economic activities among Muslim communities take place within a plural legal environment, where *fiqh*, state law, and local norms intersect in regulating economic transactions. In practice, the application of Islamic economic law rarely follows *fiqh* alone; rather, it involves processes of negotiation, adaptation, and reinterpretation among these three sources of normativity. This study aims to analyze the patterns of interaction among *fiqh*, state law, and local norms in shaping Islamic economic practices, as well as to explain the mechanisms of legal negotiation that occur among them from the perspective of legal pluralism. This study employs library research with a qualitative-descriptive approach. Data were collected from literature on *fiqh muamalah*, statutory regulations governing Islamic economics, legal documents, and previous studies on the economic practices of Muslim communities, and were subsequently analyzed using content analysis based on Griffiths' theory of legal pluralism. The findings demonstrate that Islamic economic practices are shaped by dynamic interactions among three normative regimes: *fiqh* as a source of religious legitimacy, state law as a formal-institutional framework, and local norms as a foundation for social acceptance. Their interaction does not always result in harmonization, but may also generate adaptation and contestation, thereby driving an ongoing process of legal negotiation. These findings affirm that Islamic economic law is dynamic and contextual and should be understood as the product of interactions among religious norms, formal law, and law as it operates within society. Legal pluralism therefore offers an important analytical framework for understanding the transformation of Islamic economic law within contemporary Muslim societies characterized by normative diversity.

[*Aktivitas ekonomi umat Islam kontemporer berlangsung dalam ruang hukum yang plural, tempat fiqh, hukum negara, dan norma lokal saling bersinggungan dalam mengatur transaksi ekonomi. Penerapan hukum ekonomi Islam pada kenyataannya jarang berjalan tunggal mengikuti fiqh semata, melainkan melalui proses negosiasi, adaptasi, dan reinterpretasi terhadap ketiga sumber normativitas tersebut. Penelitian ini bertujuan menganalisis pola interaksi antara fiqh, hukum negara, dan norma lokal dalam membentuk praktik ekonomi Islam, serta menjelaskan mekanisme negosiasi hukum yang berlangsung di antaranya melalui perspektif pluralisme hukum. Penelitian ini menggunakan jenis penelitian kepustakaan (*library research*) dengan pendekatan kualitatif-deskriptif. Data dikumpulkan dari literatur fiqh muamalah, peraturan perundang-undangan ekonomi syariah, dokumen hukum, dan hasil* *penelitian terkait praktik ekonomi masyarakat Muslim, kemudian dianalisis menggunakan teknik analisis isi (*content analysis*) berlandaskan teori pluralisme hukum Griffiths. Hasil penelitian menunjukkan bahwa praktik ekonomi Islam terbentuk melalui relasi dinamis antara tiga rezim normatif: fiqh sebagai sumber legitimasi keagamaan, hukum negara sebagai kerangka formal-institusional, dan norma lokal sebagai penopang keberterimaan sosial. Interaksi ketiganya tidak selalu menghasilkan harmonisasi, tetapi juga memunculkan adaptasi dan kontestasi yang mendorong proses negosiasi hukum berkelanjutan. Temuan ini menegaskan bahwa hukum ekonomi Islam bersifat dinamis dan kontekstual, serta perlu dipahami sebagai hasil interaksi antara norma keagamaan, hukum formal, dan hukum yang hidup di masyarakat. Perspektif pluralisme hukum dengan demikian menawarkan kerangka analitis penting untuk memahami transformasi hukum ekonomi Islam di tengah masyarakat Muslim kontemporer yang majemuk secara normatif.*

Keywords: Legal Pluralism, Legal Negotiation, *Fiqh Muamalah*, Islamic Economic Law, Local Norms.

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INTRODUCTION

The Global economic transformation has changed the way societies conduct production, trade, financing, and consumption, while simultaneously bringing diverse value systems into an increasingly complex economic environment. The development of digital technology, the expansion of cross-regional markets, population mobility, and growing intercultural interactions have caused economic activities to no longer operate within simple social and legal boundaries.[1] These changes have also influenced the development of Islamic economics, which has become increasingly integrated with national and global economic systems.[2] Economic practices oriented toward *sharia* principles are now carried out through various forms of transactions, institutions, and business relationships operating within a pluralistic legal environment. Within Muslim societies, this condition brings into interaction religious norms derived from *fiqh*, formal regulations established by the state, and societal practices that have developed as local norms.[3] These three normative sources may mutually reinforce one another, but they may also give rise to differences in determining how a particular economic practice should be conducted. This phenomenon demonstrates that global economic change has created a new context for Islamic economic practices, requiring

[1] Gema Bangsawan, "Kebijakan Akselerasi Transformasi Digital Di Indonesia: Peluang Dan Tantangan Untuk Pengembangan Ekonomi Kreatif," *Jurnal Studi Kebijakan Publik* 2, no. 1 (2023), https://doi.org/10.21787/jskp.2.2023.27-40.

[2] Amany Amany et al., "The Role of Islamic Economic Law in Strengthening Global Partnerships for Sustainable Development Goals," *Multidiscience : Journal of Multidisciplinary Science* 2, no. 1 (2025), https://doi.org/10.59631/multidiscience.v2i1.323.

[3] Istianah Zainal Asyiqin, "Islamic Economic Law in the Digital Age: Navigating Global Challenges and Legal Adaptations," *Media Iuris* 8, no. 1 (2025), https://doi.org/10.20473/mi.v8i1.61800.

a legal approach capable of accommodating the diversity of these normative sources in a comprehensive manner.

A fundamental issue in the practice of Islamic economics lies in the presence of multiple normative systems that operate simultaneously in shaping the economic behavior of society. *Fiqh* serves as a reference for determining the validity of transactions based on *sharia* principles,[4] state law establishes binding formal rules through regulations and institutions,[5] while local norms regulate behavior through customs, social values, traditions, and community agreements.[6] These three systems do not always provide identical provisions concerning a particular economic activity. Under certain circumstances, socially accepted practices require adjustment to conform to *fiqh* provisions or state regulations; conversely, formal provisions established by the state may undergo interpretation and adaptation when implemented in communities with strong religious traditions and local customs. This situation encourages members of society to engage in processes of selection, adjustment, compromise, or negotiation among competing norms. The central issue of this study, therefore, is not merely the conflict between Islamic law and state law, but rather how communities manage the interaction among multiple legal systems in everyday economic practices.

The urgency of this study stems from the fact that Islamic economic practices are directly connected to the social life and well-being of Muslim communities. Activities such as trade, financing, business cooperation, asset management, and various forms of economic transactions require a normative foundation capable of providing religious legitimacy, legal certainty, and social acceptance simultaneously.[7] When these three aspects do not operate harmoniously, communities may face uncertainty in determining which economic practices are considered religiously valid, legally permissible, and socially accepted within their respective environments—a gap that may emerge between norms formulated in legal texts and practices occurring in everyday life. Conversely, when various normative systems are able to interact adaptively, Islamic economic practices have the potential to develop while maintaining *sharia* principles and simultaneously adapting to the requirements of national law and the characteristics of local communities. On this basis, examining the relationship among *fiqh*, state law, and local norms is of both academic and practical importance for understanding how communities respond to the diverse normative demands they encounter.

The key concept employed in this study is legal pluralism, which refers to a condition in which multiple legal systems or normative orders coexist and influence the behavior of communities within the same social space.[8] This perspective broadens the understanding of

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[4] Necmeddin Güney, "Maqāsid Al-Sharī'a in Islamic Finance: A Critical Analysis of Modern Discourses," *Religions* 15, no. 1 (2024), https://doi.org/10.3390/rel15010114.

[5] Tubagus Muhammad Nasarudin, "Asas Dan Norma Hukum Administrasi Negara Dalam Pembuatan Instrumen Pemerintahan," *Jurnal Hukum Novelty* 7, no. 2 (2016), https://doi.org/10.26555/novelty.v7i2.a5463.

[6] Cipto dkk Hamonangan, "Asas Dan Norma Hukum Administrasi Negara Dalam Pembuatan Instrumen Pemerintahan," *Jurnal Hukum Tata Negara* 6, no. 2 (2023).

[7] Luthfi Rantaprasaja and Diah Fachrunisa, "Bisnis Dalam Perspektif Fiqh Muamalah: Analisis Teoritis Terhadap Prinsip Syariah Dalam Praktik Ekonomi Kontemporer," *MIZANUNA: Jurnal Hukum Ekonomi Syariah* 3, no. 1 (2025).

[8] Hamonangan, "Asas Dan Norma Hukum Administrasi Negara Dalam Pembuatan Instrumen Pemerintahan."

law by not limiting its sources to rules established by the state. In the context of this study, *fiqh* is understood as an Islamic normative system that provides guidance for economic behavior based on *sharia* principles; state law refers to formal rules established and enforced through state authority to regulate economic activities; while local norms encompass customs, traditions, social values, and regulatory mechanisms that develop within particular communities and gain legitimacy through social acceptance. These three are understood as normative systems that interact with one another in shaping Islamic economic practices. The perspective of legal pluralism enables this study to view communities as not being subject to a single legal system, but rather as living within a multilayered normative space—and it is on this basis that the concept is employed as a framework for analyzing the processes of interaction and negotiation among *fiqh*, state law, and local norms.

Although legal pluralism provides a relevant framework, the relationship among *fiqh*, state law, and local norms remains complex and cannot be reduced to either harmonious relations or conflict alone. These three normative systems have different sources of legitimacy, characteristics, and mechanisms of application: *fiqh* derives its authority from scholarly traditions and sources of Islamic law, state law derives its formal force from state institutions, while local norms derive their legitimacy from social acceptance and community practices.[9] These differences create the potential for overlap, intersection, and even tension when all three regulate the same economic activities. An approach that places excessive emphasis on the supremacy of state law risks overlooking the roles of religious and local norms; conversely, an approach focused solely on *fiqh* risks neglecting the national legal context and social realities, just as an approach that emphasizes only local norms may overlook *sharia* principles and legal certainty. This complexity underlies the need to critically examine approaches that rigidly separate the three normative systems, while simultaneously highlighting the need for an analysis capable of examining how different norms interact, adapt, and are negotiated within particular social contexts.

Previous studies on Islamic economic practices can be grouped into three main tendencies. The first group focuses on *fiqh* and Islamic economic law by examining the principles of contracts, the prohibition of *riba*, *gharar*, and *maysir*, as well as the validity of transactions based on *sharia* norms.[10] The second group examines the relationship between Islamic law and state law, particularly the processes of regulation, the formalization of *sharia* principles, Islamic economic institutions, and legal certainty in economic activities.[11] The third group investigates legal pluralism, customary law, and local norms, emphasizing the existence of legal systems that operate within society beyond state law.[12] These three strands of research have provided an important foundation for understanding Islamic economic

[9] Mumpuni Gati Lintang, "Sinkronisasi Hukum Negara Dengan Hukum Islam Dalam Konteks Pluralisme Hukum Di Indonesia," *Journal of Society and Scientific Studies* 1, no. 1 (2025), https://doi.org/10.62504/scientiva5.

[10] Ayu Sukreni Hakim and Fauzatul Laily Nisa, "Pengembangan Ekonomi Syariah : Tantangan Dan Peluang Di Era Digital," *JURNAL RUMPUN MANAJEMEN DAN EKONOMI* 1, no. 3 (2024).

[11] Yonathan Parlinggoman Wicaksono and Mahipal Mahipal, "Eksistensi Hukum Islam Dalam Sistem Hukum Nasional Indonesia: Peluang Dan Tantangan," *Indonesian Journal of Islamic Jurisprudence, Economic and Legal Theory* 3, no. 3 (2025), https://doi.org/10.62976/ijijel.v3i3.1238.

[12] Hakim and Nisa, "Pengembangan Ekonomi Syariah : Tantangan Dan Peluang Di Era Digital."

practices and the diversity of legal sources. However, these studies tend to examine each dimension separately or focus on the interaction between only two normative systems at a time. Consequently, the simultaneous relationship among *fiqh*, state law, and local norms in shaping Islamic economic practices has not yet received sufficient attention. This condition creates an opportunity for research that integrates these three perspectives within a single legal pluralism framework.

The *research gap* addressed in this study lies in the *translation problem*, namely, how a norm is translated from one normative system into another when it is applied in economic practice. Previous studies have adequately explained the principles of *fiqh*, state regulations, and the existence of local norms, but have not fully elucidated the processes through which these three sets of norms are translated and adapted within the economic life of communities. For example, *fiqh* principles may undergo changes in form when incorporated into state regulations and subsequently implemented in communities with particular customary practices; conversely, local norms may be adjusted when confronted with *sharia* requirements and formal regulations. This translation process does not necessarily result in conformity, but may instead generate compromise, selection, adaptation, and even tension. The research gap therefore lies in the insufficient explanation of the social and normative mechanisms that enable such translation processes to occur. Accordingly, this study views the central issue not merely as the coexistence of multiple legal systems, but as how communities transform, interpret, and negotiate norms when moving from one legal domain to another.

The main argument of this study is that Islamic economic practices in communities characterized by a plural legal structure are the outcome of an ongoing process of negotiation among *fiqh*, state law, and local norms. These three systems do not always operate separately or within a hierarchical relationship; rather, they may influence one another through processes of interpretation, adaptation, and normative translation. Communities, as economic actors, play an active role in determining how a particular norm is applied based on the context of the transaction, economic needs, religious requirements, and the social environment in which they operate. In this process, *fiqh* provides moral orientation and religious legitimacy, state law provides legal certainty and a formal framework, while local norms provide social acceptance and contextualization of practices. These relationships may produce harmonization when the three systems mutually support one another, but they may also generate tension when their normative requirements diverge. This study therefore argues that legal pluralism should not be understood merely as the coexistence of multiple legal systems within a single social space, but rather as a dynamic process through which communities negotiate and translate norms across different normative domains in order to sustain Islamic economic practices.

Based on the issues and research gaps identified above, this study aims to analyze the process of negotiation among fiqh, state law, and local norms in Islamic economic practices through the perspective of legal pluralism. This objective is pursued through three main efforts: understanding how the three normative systems are manifested in economic practices, examining how communities translate the demands of each system, and analyzing how these processes of interaction produce harmonization, adaptation, selection, or tension.

This study also seeks to identify the factors that influence community choices when they encounter differences among fiqh norms, state regulations, and local customs. With this focus, the study positions communities not merely as subjects who receive legal rules, but as active actors who interpret and negotiate various sources of norms—an approach that is expected to provide a deeper understanding of the formation of Islamic economic practices within a plural legal environment.

The theoretical contribution of this study lies in its effort to expand the perspective of legal pluralism through an analysis of the processes of negotiation and translation across normative systems in Islamic economic practices. To date, legal pluralism has predominantly been used to explain the existence and coexistence of multiple legal systems within a single social space; this study advances a more dynamic understanding by positioning the translation problem as an important component of inter-normative relations. This contribution enables legal pluralism to explain how fiqh norms, state law, and local norms not only coexist, but also translate, adapt to, and shape one another in the formation of particular economic practices. At the same time, this study contributes to the field of Islamic economic law by demonstrating that the application of sharia principles takes place through social processes influenced by the structure of state law and the context of local norms. This study offers a theoretical framework that views Islamic economic practices as an arena of normative negotiation, rather than merely as the application of Islamic law or compliance with state regulations a perspective that is expected to enrich the discourse on legal pluralism and Islamic economic law through a more contextual, relational, and socially responsive approach.

METHOD

The object of this study is the phenomenon of negotiation among *fiqh*, state law, and local norms in Islamic economic practices that take place within a social space characterized by legal pluralism. This phenomenon was selected because Islamic economic practices are not only subject to normative provisions derived from *fiqh*, but must also interact with the state legal system and local norms that develop within community life.[13] The study focuses on how these various normative systems interact, adapt, and are negotiated in shaping economic practices that are considered religiously valid, formally legal, and socially acceptable. The object of the study also encompasses the translation of norms from one legal system into another, including the possibility of harmonization, compromise, tension, and normative conflict. In this context, Islamic economic practices are understood not as the application of a single source of law, but as a socio-legal phenomenon formed through the intersection of multiple norms. Accordingly, the object of the study is situated within a legal pluralism framework to uncover the dynamics of the relationship among *fiqh*, state law, and local norms in Islamic economic practices.

[13] Mizar Aulia, "Kajian Fikih Kontemporer: Ruang Lingkup Dan Urgensitas Di Era Modernisasi," *Jurnal Al-Nadhair* 2, no. 2 (2023), https://doi.org/10.61433/alnadhair.v2i2.36.

Research Design and Data Sources

This study employs a library research design with a qualitative-descriptive approach to gain an in-depth understanding of the phenomenon of negotiation among *fiqh*, state law, and local norms in Islamic economic practices based on relevant written sources.[14] The primary data consist of key literature that directly addresses legal pluralism, *fiqh*, Islamic economic law, state law, local norms, and Islamic economic practices, including theoretical works and journal articles that specifically examine the relationships among these normative systems. Secondary data are used to enrich and complement the analysis through supporting literature related to the study's keywords, such as academic books, scholarly reports, and other relevant publications.

The literature search was conducted through established databases, such as Scopus, Google Scholar, Sinta, and Garuda, using the keywords "fiqh muamalah", "legal pluralism", "Islamic economic law", "local norms", and "legal negotiation" within the specified publication period. The inclusion criteria were: (1) journal articles or books discussing the relationship among *fiqh*, state law, or local norms in the context of Islamic economics; (2) publications in indexed journals or reputable academic books; and (3) sources directly relevant to the focus on legal pluralism. The exclusion criteria included sources that did not directly address the three normative systems or that were not available in full text.

Research Procedures

The research process was conducted systematically through several stages: problem identification, source searching, collection of bibliographic data, information classification, critical reading, and organization of data according to the research focus. The initial stage involved identifying the phenomenon of negotiation among *fiqh*, state law, and local norms in Islamic economic practices, followed by the formulation of key concepts as keywords for the literature search. Data were collected through documentary research by examining relevant written sources—academic books, previous studies, journal articles, and scholarly reports—that contain information related to the research focus. The identified literature was selected based on thematic relevance, academic quality, and its contribution to the discussion, and was subsequently categorized into the main themes of *fiqh*, Islamic economic law, legal pluralism, state law, local norms, and economic practices. This process was conducted systematically to establish conceptual relationships among the themes, thereby producing a structured bibliographic database to address the research focus.

Data Analysis

The data analysis technique employed was content analysis.[15] which involves examining, interpreting, and processing information from various bibliographic sources to identify patterns, relationships, concepts, and key information related to the research object. The analysis began with a comprehensive reading of the sources to understand the context of the discussion, followed by the identification of textual passages related to *fiqh*, Islamic economic law, legal pluralism, state law, local norms, and economic practices. The identified data were then categorized according to relevant themes and concepts and compared to

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[14] Mestika Zed, *Metode Penelitian Kepustakaan* (Yayasan Pustaka Obor Indonesia, 2008).
[15] Sugiono, *Metode Penelitian Kombinasi (Mixed Methods)* (Bandung: Alfabeta, 2018).

identify similarities, differences, relationships, and patterns of argumentation within the literature. The subsequent stage involved interpreting the relationships among categories using the perspective of legal pluralism as the primary analytical framework, with the aim of identifying how *fiqh*, state law, and local norms interact and are negotiated in Islamic economic practices. The findings were presented descriptively and narratively to produce a conceptual synthesis that systematically explains patterns of negotiation and the translation of norms across legal systems. To maintain the credibility of the analysis, this study employed source triangulation by comparing findings from several types of literature, including theoretical works, journal articles, and regulations, to ensure the consistency of the interpretation.[16]

RESULTS AND DISCUSSION

The Fiqh Muamalah as the Normative Basis of Islamic Economic Practices

Fiqh muamalah occupies a central position in shaping Islamic economic practices because it provides a set of rules governing economic relations among individuals based on *sharia* principles.[17] The scope of *fiqh muamalah* encompasses sales, contracts, business partnerships, lending and borrowing, financing, and ownership, as emphasized in the literature.[18] The principles of halal and haram provide the basis for determining the boundaries of permissible economic actions, while the prohibitions of *riba*, *gharar*, and *maysir* serve as safeguards against transactions considered exploitative or speculative.[19] In addition, justice, mutual consent between parties, honesty, transparency, and the fulfillment of rights are repeatedly identified in the *fiqh muamalah* literature as fundamental principles governing economic relations.[20] For example, the *murabahah* contract in *sharia*-compliant financing requires transparency regarding the cost of goods and profit margin to avoid elements of *gharar*—a practice that has now been widely adopted by *sharia*-compliant financial institutions in Indonesia. The existence of these various provisions demonstrates that *fiqh* is concerned not only with determining the legal status of a transaction but also with regulating the manner in which economic relations are conducted so that they remain consistent with *sharia* values. *Fiqh* thus serves as one of the primary sources providing normative direction for the economic practices of Muslim communities.

The *fiqh* provisions governing economic activities encompass more than merely determining whether a transaction is halal or haram. They include rules concerning the formation of agreements, the fulfillment of rights and obligations, the clarity of the object of

[16] Masfi Sya'fiatul Ummah, "Metode Penelitian Kualitatif," *Sustainability (Switzerland)* 11, no. 1 (2019): 1–14.

[17] Hilmi Ahsan Sutisno et al., "FIQIH MUAMALAH SEBAGAI DASAR ETIKA BISNIS ISLAM DALAM KEGIATAN EKONOMI MODERN," *Media Riset Bisnis Manajemen Akuntansi* 1, no. 2 (2025), https://doi.org/10.71312/mrbima.v1i1.381.

[18] Hilmi Ahsan Sutisno et al., "Media Riset Bisnis Manajemen Akuntansi FIQIH MUAMALAH SEBAGAI DASAR ETIKA BISNIS ISLAM DALAM KEGIATAN EKONOMI MODERN," *Media Riset Bisnis Manajemen Akuntansi* 1, no. 2 (2025).

[19] T. Abrar ZA, "Etika Transaksi Bisnis Perspektif Islam (Penerapan Di Lembaga Keuangan Syari'ah)," *ISTIKHLAF: Jurnal Ekonomi, Perbankan Dan Manajemen Syariah* 6, no. 1 (2024), https://doi.org/10.51311/istikhlaf.v6i1.532.

[20] Rudi Haryanto I, "Etika Bisnis Islami Dalam Perspektif Fiqih Muamalah," *Jurnal Kajian Pendidikan Islam* 2, no. 2 (2025).

a transaction, and the procedures governing economic relations among parties.[21] The provisions governing contracts, for example, emphasize the importance of agreement and mutual consent among the parties (*taradhin*), while the prohibitions of *riba*, *gharar*, and *maysir* restrict practices considered to involve injustice, uncertainty, or excessive speculation.[22] The development of contemporary economic issues—such as digital transactions and technology-based financing—has also generated a need for the interpretation and development of new contractual forms, including adaptations of *ijarah* and *musyarakah* contracts within *sharia fintech* schemes.[23] This condition demonstrates that *fiqh* possesses a sufficiently flexible normative framework to provide guidance for various forms of economic activity, including those that were unknown during the formulation of classical *fiqh*. Within society, these guidelines serve as a reference when individuals determine the form of a transaction, establish business relationships, or assess whether an activity conforms to Islamic principles. *Fiqh* thus functions as a normative framework that provides both religious orientation and boundaries for the economic behavior of Muslim communities.

The position of *fiqh* means that Islamic economic practices cannot be separated from considerations of whether transactions comply with *sharia* principles. However, the application of *fiqh* provisions takes place within communities that are simultaneously subject to state law and influenced by local customs.[24] A transaction that is considered compliant with *fiqh* principles may nevertheless require a written agreement, documentation, or a specific registration mechanism to be recognized within the formal legal system—for example, the requirement to record *sharia* financing contracts within the regulatory framework of the financial services authority.[25] Conversely, practices that have long been established within a community may be maintained as long as they do not conflict with *sharia* principles or applicable laws and regulations. This condition demonstrates that *fiqh* functions as one normative source that interacts with other sources of norms rather than operating in isolation. Communities apply *fiqh* provisions alongside considerations of formal legality. This position confirms that *fiqh* principles continue to play an important role in shaping Islamic economic practices, but their application takes place within a broader legal and social environment. Thus, *fiqh* forms part of a process of economic practice formation involving multiple sources of norms simultaneously.

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[21] Abd. Kholik Khoerulloh and Syifa Rohmaniatul Hidayah, "Analisis Konsep Cashback Dalam Transaksi E-Commerce: Perspektif Hukum Ekonomi Islam," *Al Mashalih - Journal of Islamic Law* 4, no. 2 (2023), https://doi.org/10.59270/mashalih.v4i2.209.

[22] Achmad Tarmidzi Anas and Ahmad Andry Budianto, "ANALISIS BISNIS WARALABA DALAM PERSPEKTIF HUKUM EKONOMI ISLAM," *ANAYASA : Journal of Legal Studies* 1, no. 1 (2023), https://doi.org/10.61397/ays.v1i1.2.

[23] Ahmad Arif Zulfikar and Niken Junika Sari, "Analisis Perkembangan Ekonomi Indonesia: Perspektif Hukum Ekonomi Islam," *Jurnal Analisis Hukum* 7, no. 1 (2024), https://doi.org/10.38043/jah.v7i1.4648.

[24] Silvia Nur Febrianasar, "Hukum Ekonomi Islam Dalam Akad Ijarah Dan Rahn Contrats," *Jurnal Qawanin* 4, no. 2 (2020).

[25] Hadiat et al., "Hukum Ekonomi Islam 'Sebuah Telaah Ekonomi Berkelanjutan Perspektif Hukum Ekonomi Islam,'" *Jurnal Hukum De'Rechtsstaat (JHD)*, no. July (2024).

The Role of State Law in Institutionalizing Sharia Economic Practices

State law provides a formal framework for the conduct of Islamic economic activities through legislation, policies, and institutions that regulate economic relations within society.[26] Trade, financing, agreements, consumer protection, financial institutions, dispute resolution, and various other business activities fall within the scope of state legal regulation. The development of Islamic economics in Indonesia, for example, has been accompanied by the enactment of a number of regulations that specifically provide a legal basis for economic activities based on *sharia* principles, including regulations governing *sharia* banking, *sharia* capital markets, and *sharia* microfinance institutions.[27] Such regulations provide a legal foundation for institutions and economic actors to conduct their activities, while also establishing formal mechanisms for supervision, administration, and dispute resolution—for example, through *sharia* arbitration institutions as alternative forums for resolving disputes outside the general court system.[28] In this context, state law does not merely function as a constraint on economic activities but also serves as a means of providing legal certainty and formal recognition to Islamic economic activities that previously operated largely on the basis of informal agreements among business actors. The existence of formal rules enables *sharia* principles to acquire institutional forms that can be consistently implemented within the national legal system, making state law an important element in establishing a legal environment conducive to the sustainable development of Islamic economic practices.

This formal legal framework entails that Islamic economic practices must comply with requirements established under the national legal system. Economic actors are not only expected to understand the religious principles governing transactions but must also fulfill requirements concerning legal validity, written agreements, institutional administration, and the protection of the parties involved.[29] In the context of Islamic economics, this process brings *fiqh* principles into interaction with the need to formulate rules that can be uniformly applied within the national legal system—a process often referred to in Islamic economic law scholarship as the *formalization* or *positivization* of *sharia* law. *Sharia* principles are subsequently translated into various forms of regulations and institutional mechanisms so that they can become part of formal economic governance, for example through the establishment of *Sharia Supervisory Boards* in financial institutions as instruments that bridge *sharia* compliance and modern corporate governance. This translation process does not always proceed without friction: some *fiqh* provisions that are flexible and context-dependent must be simplified into standardized written rules so that they can be uniformly applied by state institutions, a consequence that some scholars regard as potentially reducing

[26] Rizqi Suprayogi, "REFORMASI HUKUM PERKAWINAN ISLAM DI INDONESIA," *Indonesia Journal of Business Law* 2, no. 1 (2023), https://doi.org/10.47709/ijbl.v2i1.1962.

[27] Ayi Nurbaeti, Ahmad Lukman Nugraha, and Ismayadi, "PERKEMBANGAN PEMIKIRAN PENYELESAIAN SENGKETA PADA EKONOMI SYARIAH DI INDONESIA," *AL-RASYAD: JURNAL HUKUM DAN ETIKA BISNIS SYARIAH* 1, no. 2 (2022).

[28] Neni Hardiati, Sindi Widiana, and Seproni Hidayat, "Model-Model Penyelesaian Sengketa Ekonomi Syariah Di Indonesia," *Transekonomika: Akuntansi, Bisnis Dan Keuangan* 1, no. 5 (2021), https://doi.org/10.55047/transekonomika.v1i5.80.

[29] Mik Imbah Arbaina and Fadoilul Umam, "PENYELESAIAN SENGKETA EKONOMI SYARIAH DALAM KERANGKA HUKUM ISLAM DAN HUKUM POSITIF DI INDONESIA," *Iqtishaduna: Jurnal Ilmiah Mahasiswa Hukum Ekonomi Syari'ah*, 2024, https://doi.org/10.24252/iqtishaduna.vi.44212.

the richness of *fiqh* interpretation itself. State law therefore provides a dimension distinct from *fiqh* because it possesses formal binding force backed by state institutions, while its implementation continues to take place within communities characterized by diverse religious backgrounds and customs. This makes state law one of the normative sources that must be considered alongside *fiqh* and local norms, rather than as a single source that supersedes them.

The presence of state law in Islamic economic practices demonstrates that economic actors encounter more than one normative demand when conducting their activities. *Fiqh* principles provide considerations regarding the permissibility and *sharia* compliance of a transaction, while state law determines the formal requirements that must be fulfilled to ensure its legal certainty.[30] At the same time, community customs continue to influence how transactions are conducted, particularly in communities that maintain economic relationships based on trust and social agreements—for example, informal practices of buying and selling and lending and borrowing among traditional market traders that continue to operate despite not being fully subject to formal contractual mechanisms.[31] This condition creates a space in which multiple norms converge within a single economic practice, where, under certain circumstances, the three sources may operate alongside one another and mutually reinforce each other, for example when state regulations incorporate local practices that have demonstrated their capacity to support principles of fairness and transparency.[32] However, when normative demands diverge—for instance, when formal procedures are perceived as excessively bureaucratic by small-scale business actors accustomed to trust-based transactions—economic actors tend to adjust the form of their transactions or even seek compromises outside fully formal channels.[33] This demonstrates that state law does not stand as the sole source of regulation in Islamic economic practices but continuously interacts with religious and social norms that have long been embedded within society. Islamic economic practices ultimately take place within a multilayered legal environment, in which compliance with formal rules constitutes only one component of a broader process that simultaneously takes religious principles and social context into consideration.

Local Norms as a Contextual Space for Islamic Economic Practices

Local norms play an important role in shaping how communities conduct economic activities through customs, traditions, kinship relations, trust, and agreements that develop within the community.[34] Practices involving trade, business cooperation, lending and borrowing, profit-sharing, and dispute resolution often rely not only on written rules but also

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[30] I, "Etika Bisnis Islami Dalam Perspektif Fiqih Muamalah."

[31] Mik Imbah Arbaina and Fadoilul Umam, "PENYELESAIAN SENGKETA EKONOMI SYARIAH DALAM KERANGKA HUKUM ISLAM DAN HUKUM POSITIF DI INDONESIA."

[32] Felita Putri Chrysilla, Elly Malihah, and Mirna Nur Alia A, "Faktor Perubahan Dalam Hubungan Sosial Pedagang Dan Pembeli Di Pasar Rakyat Drajat Melalui Program Penerapan SNI," *JIIP - Jurnal Ilmiah Ilmu Pendidikan* 8, no. 5 (2025), https://doi.org/10.54371/jiip.v8i5.7835.

[33] Indrari Hilir, Hubungan Sosial, and Social Relations, "Dinamika Hubungan Sosial Dan Ekonomi Dalam Jaringan Pedagang Tradisional Di Pasar Rakyat," *Ribh* I, no. 1 (2025).

[34] Muhamad Ali, "Nilai-Nilai Pendidikan Ekonomi Pada Tradisi 'Bedeye' Dalam Sistem Perdagangan Tradisional Masyarakat Suku Sasak," *JPEK (Jurnal Pendidikan Ekonomi Dan Kewirausahaan)*, 2024, https://doi.org/10.29408/jpek.v8i3.25800.

on established patterns of social relations that have been recognized and accepted by communities across generations.[35] For example, the practice of *arisan*, commonly found in various Muslim communities in Indonesia, represents a trust-based form of economic cooperation that operates without a formal contract but remains socially binding because it is supported by moral sanctions and community reputation. Such norms derive their force from the repetition of practices and community acceptance, enabling them to function as behavioral guidelines even when they are not formulated as formal regulations. In Muslim communities, local norms are also often intertwined with religious values that have become embedded in everyday social life—some economic practices persist because they are perceived as consistent with religious values, such as the tradition of *bagi hasil* in agricultural cooperation, which is considered to reflect the principle of justice in *fiqh muamalah*, while other practices undergo changes or are abandoned when they are considered inconsistent with *sharia* principles or formal regulations. The existence of local norms demonstrates that community economic practices have a contextual dimension that cannot always be explained solely through legal texts, whether *fiqh* or state regulations. Local norms thus constitute one of the sources of regulation that contributes to shaping economic practices while simultaneously providing a socio-cultural dimension to the application of Islamic economic principles in everyday community life.

The social experience through which local norms are formed gives their application a degree of flexibility that differs considerably from that of formal law. Oral agreements, mutual trust, kinship relations, and social reputation can provide a sufficiently strong foundation for establishing economic relationships, even in the absence of written documentation. In certain communities, economic disputes are also frequently resolved through deliberation, mediation by community leaders, or mutually agreed customary mechanisms, without immediately resorting to formal channels such as courts or arbitration institutions.[36] However, the development of modern economic activities and the increasingly prominent role of state law in regulating large-scale transactions have encouraged changes in these patterns—for example, when micro-business actors who previously relied on social trust begin to be required to obtain business licenses and maintain formal financial records in order to access financing from *sharia*-compliant financial institutions. Local norms subsequently undergo adjustments so that they can coexist with a more formal legal environment without entirely losing their social character. In Muslim communities, this process of adjustment is also influenced by understandings of *fiqh* and religious values—some local practices gain stronger legitimacy when they are found to be consistent with *sharia* principles, while others undergo reformulation to avoid conflict with the prohibitions of *riba* or *gharar*. This condition demonstrates that local norms are neither closed nor static systems but rather systems that continuously evolve through interaction with *fiqh* and state law. When local norms encounter these two other normative systems, communities gain room to select the elements they consider most appropriate to their needs and the concrete circumstances they face. In other words, local norms function as a connecting element that

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[35] Ali.
[36] Ali.

bridges abstract normative rules with the constantly changing social realities of community life.

The interaction among local norms, *fiqh*, and state law demonstrates an ongoing process of adjustment in Islamic economic practices. Communities may maintain local customs as long as they are considered consistent with *sharia* principles and formal legal requirements.[37] In other circumstances, long-established practices may undergo changes in form to satisfy state legal requirements without entirely abandoning the social values that have developed within them—for example, when a family-based cooperative is transformed into a legally recognized *sharia* cooperative while retaining deliberative decision-making mechanisms as part of its local normative heritage.[38] This process demonstrates that communities do not necessarily choose one normative system exclusively, but tend to combine various considerations when determining the economic actions they undertake. When the three systems are aligned, economic practices can proceed relatively smoothly because religious norms, formal law, and local customs provide similar guidance. However, when divergent normative demands arise, they may encourage adjustments to the form of transactions, changes in procedures, or the use of context-specific compromise mechanisms—for example, hybrid arrangements that combine *sharia* contracts with community-based social guarantee mechanisms. This phenomenon clearly demonstrates that Islamic economic practices are formed within a plural normative space: *fiqh* provides religious orientation, state law provides formal legal certainty, while local norms provide the social context that enables the other two systems to be accepted and implemented in practice. All three are integral to the formation of community economic practices, while simultaneously revealing the continuous dynamics of negotiation involved in applying multiple normative sources—dynamics that will be examined more comprehensively in the following section through the framework of legal pluralism.

Legal Pluralism as an Analytical Framework for Normative Negotiation in Islamic Economics

Substantively, the findings of this study demonstrate that Islamic economic practices are not shaped by a single source of law, but rather by the intersection of three normative orientations that perform different yet complementary functions. *Fiqh* determines the religious orientation and ethical boundaries of a transaction, state law establishes legal and institutional certainty, while local norms ensure that economic practices remain relevant to the social life of the community.[39] As demonstrated in the preceding discussions of *fiqh muamalah*, the formalization of state regulations, and the dynamics of local norms, these three systems never operate entirely independently; instead, they continuously negotiate the scope of their applicability within concrete economic practices. This finding demonstrates

[37] Risma and Lilik Andaryuni, "Islamic Law as A Cultural and Social Phenomenon," *International Journal on Advanced Science, Education, and Religion* 8, no. 3 (2025).

[38] Zaimuariffudin Shukri Nordin et al., "Integrating Islamic Law and Customary Law: Codification and Religious Identity in the Malay Buyan Community of Kapuas Hulu," *Journal of Islamic Law* 6, no. 1 (2025), https://doi.org/10.24260/jil.v6i1.3410.

[39] Imron Rosadi, "TELAAH FILSAFAT HUKUM ISLAM TERHADAP AKAD DALAM KEBIJAKAN EKONOMI SYARIAH," *Equality: Journal of Islamic Law (EJIL)* 3, no. 2 (2025).

that negotiation is not merely a reactive response to normative conflicts but an integral part of how communities manage diverse legal demands in their everyday economic lives.[40] From the perspective of legal pluralism, this condition demonstrates that multiple normative systems can operate simultaneously without necessarily producing a single form of law that is dominant or superior to the others. Rather, communities become the space in which these norms are translated, filtered, and adapted according to the concrete needs faced by economic actors. Thus, the research objective of understanding the process of negotiation among *fiqh*, state law, and local norms can be addressed through the finding that these three systems form a dynamic relationship rather than a rigid hierarchy, and that Islamic economic practices ultimately emerge from the process of simultaneously reconciling religious legitimacy, legal certainty, and social acceptance.

These findings differ from the prevailing tendency in previous research, which has examined *fiqh*, state regulation, and local norms within separate areas of inquiry. Studies of Islamic economic *fiqh* are generally strong in explaining the validity of transactions based on *sharia* principles, but they have not always given sufficient attention to the process of applying these principles when they encounter formal law and customary practices operating within communities. Studies of state law, on the other hand, provide extensive explanations of the legality and institutional dimensions of Islamic economics but tend to examine economic practices primarily through a formal-normative framework, thereby capturing less of the social dynamics accompanying them. Meanwhile, studies of legal pluralism and customary law have demonstrated that multiple normative orders can coexist within the same social space, but they have not always provided an in-depth account of how these norms are concretely translated into everyday Islamic economic practices. This study offers an advantage by positioning the three systems within a relational and equal relationship rather than a hierarchical one. The focus is no longer on determining which possesses the highest legal authority among *fiqh*, the state, or customary law, but rather on how communities actively draw upon these various normative sources simultaneously to address the economic needs they encounter. Through this approach, the study broadens the understanding of Islamic economics beyond the issue of normative compliance toward a more dynamic question: how norms are applied, negotiated, and contextualized within real and continually changing economic life.

The findings also provide an opportunity to reflect on the fact that the success of Islamic economic practices depends not only on the strength of formulated *sharia* norms or the comprehensiveness of established state regulations, but also on the ability of these various norms to be reasonably accepted and implemented within particular social contexts. *Fiqh* principles may provide strong religious legitimacy, but their application still requires forms that can be understood and implemented by ordinary members of society, rather than solely by those with advanced *fiqh* literacy. State law can provide certainty through written regulations, but its effectiveness is strongly influenced by social acceptance and its compatibility with the realities of local communities, as demonstrated by the case of micro-

[40] Alisa Bila Amalia and J Juliana, “Ruang Lingkup Fiqh Muamalah Dalam Perspektif Hukum Islam Dan Dinamika Kontemporer,” *ResearchGate*, no. August (2025).

business actors who often experience difficulties in meeting formal legal requirements even when their transactions are substantively compliant with *sharia* principles.[41] Local norms can sustain social relationships and trust among economic actors, but they nevertheless require adjustment when *sharia* principles or formal legal requirements must be fulfilled, as illustrated by the previously discussed transformation of family-based cooperatives into legally incorporated *sharia* cooperatives. This clearly demonstrates that negotiation functions as a mechanism through which diverse normative interests can be reconciled without eliminating the distinctive characteristics of each system. This perspective underscores the significance of the research not merely for descriptively explaining legal phenomena, but also for understanding how communities sustain economic practices that simultaneously possess religious legitimacy, formal legality, and social acceptance. Negotiation, therefore, constitutes a core mechanism in the formation of contextual and lived Islamic economic practices.

The emergence of negotiation among these normative systems can be further understood through the differences in the character and functions inherent in each system. *Fiqh* is rooted in Islamic sources and scholarly traditions that provide universal normative guidance for economic conduct, with an emphasis on the values of justice, honesty, and caution regarding elements of uncertainty. State law operates through formal rules that require uniformity and certainty in application across regions and communities, and therefore naturally tends to simplify contextual complexities in pursuit of legal consistency.[42] Local norms, by contrast, develop from the experiences and needs of particular communities, making them highly contextual and flexible, but also prone to variation across regions and difficult to apply uniformly. The three systems have orientations that are not entirely identical, and their intersection therefore naturally creates a need for continuous adjustment rather than a final and permanent resolution. Communities consequently occupy a position that enables them to interpret and connect these various norms according to the concrete circumstances they encounter, whether in the context of small-scale everyday transactions or larger institutional settings. Negotiation, therefore, does not necessarily indicate the weakness of a legal system or the failure of one party to assert its authority; rather, it reflects the capacity of communities to manage normative plurality in an adaptive manner. In economic practice, such a mechanism becomes increasingly important because each transaction requires not only religious validity but also formal legality and social trust simultaneously—three requirements that can rarely be fulfilled by a single normative system.

Within Griffiths' theoretical framework, the findings of this study can be understood as a form of legal pluralism that tends to be "weak" at the level of formal regulation—because *fiqh* norms and local norms ultimately still require recognition or accommodation by the state in order to operate more broadly—but that exhibits a relatively "strong" form of

[41] Yonathan Parlinggoman Wicaksono and Mahipal Mahipal, "Eksistensi Hukum Islam Dalam Sistem Hukum Nasional Indonesia: Peluang Dan Tantangan."

[42] Hendy Juni Ar Rasyid et al., "Menjelajahi Etika: Tinjauan Literatur Terbaru Tentang Prinsip-Prinsip Etika, Konflik Moral, Dan Tantangan Dalam Kehidupan Kontemporer," *CEMERLANG : Jurnal Manajemen Dan Ekonomi Bisnis* 3, no. 2 (2023), https://doi.org/10.55606/cemerlang.v3i2.1183.

legal pluralism at the level of everyday social practice, where *fiqh* and local norms often continue to operate independently regardless of whether they receive formal state recognition.[43] This dual condition demonstrates that legal pluralism in Islamic economics cannot be understood as a single, static condition, but rather as a spectrum that shifts depending on the level of analysis employed—whether at the level of state regulation, *sharia* economic institutions, or grassroots community practices. At the regulatory level, the state tends to absorb and formalize *sharia* principles and local customs considered relevant, as demonstrated by the previously discussed processes of formalizing *sharia* banking and *sharia* capital markets.[44] At the level of community practice, however, particularly among micro-business actors and communities with strong religious traditions, *fiqh* and local norms remain primary points of reference and operate relatively independently of the reach of state regulation. This multilayered reading enriches the application of Griffiths' theory to the context of contemporary Islamic economics, while also demonstrating that the *translation problem* at the center of this study—that is, how norms are translated from one system into another—occurs differently depending on the social level at which the process takes place.

The implications of this study point to the need to develop Islamic economic governance that is oriented not only toward formal compliance but also attentive to the social contexts in which regulations are actually implemented. Regulations that incorporate *sharia* principles need to consider how these norms will be received and implemented by communities with diverse cultural backgrounds, rather than being formulated solely from a normative-legalistic perspective. Likewise, Islamic economic institutions need to recognize that *sharia* compliance does not necessarily end with the fulfillment of formal procedures or compliance certification, because economic practices are also shaped by trust, customs, and social relationships that cannot be fully formalized in compliance documents. These findings have important implications for policymakers in creating more open spaces for dialogue among state authorities, *ulama*, academics, economic actors, and local communities in the formulation of *sharia* economic regulations. Such dialogue is essential to ensure that the formalization of *sharia* principles does not create an increasingly wide gap between written rules and practices actually taking place on the ground—a risk that, if left unaddressed, may encourage some communities to pursue informal channels beyond the reach of state oversight and formal *fiqh* authorities. At the same time, recognizing local norms does not mean allowing all customs to operate without limits; rather, it means ensuring that processes of adaptation continue to take *sharia* principles and legal certainty into account in a proportionate manner. Accordingly, the findings of this study can provide a basis for developing an approach to Islamic economic regulation that is more responsive to social diversity and the plurality of legal norms existing within society.

[43] Muhaki Muhaki and Husein Aziz, "MAQASHID AL-SYARI'AH SEBAGAI INSTRUMEN PEMBARUAN FIQH SOSIAL KONTEMPORER," *Al-Ibrah : Jurnal Pendidikan Dan Keilmuan Islam* 9, no. 2 (2024), https://doi.org/10.61815/alibrah.v9i2.476.

[44] Alexander Syauta, "PERBANDINGAN SISTEM HUKUM BENUA EROPA DAN SISTEM HUKUM NASIONAL INDONESIA," *Jurnal Penegakan Hukum Indonesia* 3, no. 1 (2022), https://doi.org/10.51749/jphi.v3i1.53.Muhaki and Aziz, "MAQASHID AL-SYARI'AH SEBAGAI INSTRUMEN PEMBARUAN FIQH SOSIAL KONTEMPORER."

Based on the findings as a whole, the way forward is to establish a more dialogical relationship among *fiqh*, state law, and local norms in the development of Islamic economics, rather than maintaining an approach that positions any one system as the sole point of reference. Policymakers need to provide broader opportunities for participation by religious authorities and local community leaders when formulating regulations concerning *sharia*-based economic activities, so that the resulting regulations are not only procedurally valid but also socially accepted. Islamic economic institutions also need to develop mechanisms for implementing *sharia* principles that comply with state legal requirements while remaining sensitive to the social conditions of the communities they serve, including consideration of more flexible approaches for micro-business actors who have traditionally faced difficulties in fully meeting formal requirements. At the community level, increasing literacy in *fiqh muamalah* and Islamic economic law has become an urgent need, enabling economic actors to understand the consequences of the normative choices they make in conducting transactions. Meanwhile, future academic research needs to move beyond a library-based approach by empirically examining these negotiation processes through field studies of different communities and economic sectors, as will be further discussed in the limitations and recommendations for future research. These steps are important to ensure that legal pluralism does not remain merely a theoretically appealing academic concept, but can genuinely serve as an instrument for designing Islamic economic practices and policies that are more adaptive to continuously changing social realities.

Through the approach outlined above, the relationship among religion, the state, and society in Islamic economic practices can ultimately be managed through a process of negotiation that produces a balance among *sharia* compliance, legal certainty, and social acceptance. This balance is not a final condition that, once achieved, remains settled; rather, it is an ongoing process that must be continuously renegotiated in response to changes in time, technology, and the social structures of Muslim communities themselves. The findings presented in the four preceding subsections—from the role of *fiqh* as a normative foundation, the formalization of state law, and the contextualization of local norms to the comprehensive analysis through the framework of legal pluralism—collectively reinforce the central argument of this study: Islamic economic practices are not the product of applying a single legal system in isolation, but rather constitute a living and continuously evolving arena of normative negotiation. This understanding paves the way for formulating a conclusion that not only affirms the theoretical importance of the legal pluralism perspective but also offers practical implications for developing Islamic economic governance that is more contextual and adaptive in the future.

CONCLUSION

The findings of this study demonstrate that Islamic economic practices do not arise from adherence to a single dominant legal system, but rather from an ongoing process of negotiation among the three normative systems. The applicability of Islamic economic principles in community life is determined not solely by the strength with which *sharia* norms are formulated or the comprehensiveness of state regulations, but also by the ability of these various normative systems to be translated and adapted to particular social contexts.

Fiqh provides religious legitimacy, state law establishes formal legal certainty, while local norms ensure that economic practices retain social acceptance—three functions that cannot substitute for one another. When the three systems intersect within a single economic activity, communities do not necessarily choose one while abandoning the others; instead, they engage in adjustment, compromise, and translation among norms, as illustrated by the transformation of family-based cooperatives into legally incorporated *sharia* cooperatives and the adaptation of contracts within *sharia fintech*-based financing schemes.

This study has several limitations that need to be openly acknowledged. First, as a library research study, its findings are conceptual and have not been tested through direct observation of economic actors' behavior in the field. Consequently, the patterns of negotiation described in this study require further empirical verification. Second, the case illustrations used in the discussion—such as *arisan* practices, *sharia* cooperatives, and *sharia fintech*-based financing—are derived from a synthesis of the literature and do not yet represent the diversity of practices across Indonesia, which has varied cultural characteristics and legal traditions. Third, the Griffiths legal pluralism framework that serves as the primary theoretical foundation of this study, although relevant, was developed within a socio-legal context different from that of contemporary Indonesian Muslim communities. Its application in this study therefore requires caution and may not fully capture the distinctive characteristics of legal pluralism in Indonesia. Acknowledging these limitations is important to ensure that the findings are understood proportionately, namely as an initial conceptual contribution that opens opportunities for more in-depth, field-based research.

Based on these limitations, this study recommends several directions for future research. First, subsequent studies should develop these conceptual findings through field research that directly examines how economic actors, religious leaders, state officials, and local communities engage in the translation and negotiation of norms in everyday practices, for example through case study or economic ethnography approaches within particular communities. Second, future research could compare these negotiation processes across different regions or communities with distinct cultural characteristics and legal traditions to examine variations in forms of legal pluralism within Islamic economic practices in Indonesia, which is highly diverse in socio-cultural terms. Third, future studies could focus on specific economic sectors, such as traditional trade, *sharia* financing, cooperatives, micro-enterprises, or digital economies based on *sharia fintech*, so that the dynamics of negotiation can be understood more specifically and operationally within each sector. Fourth, subsequent research is also encouraged to develop or enrich the legal pluralism framework employed in this study through perspectives that are more contextually grounded in Indonesia, in order to capture the distinctive relationships among *fiqh*, state law, and local norms that may not be fully encompassed by Griffiths' theory. Through these directions for further development, future research is expected to enrich the findings of this study with stronger empirical evidence and comparative perspectives, while also expanding the scholarly understanding of how *fiqh*, state law, and local norms interact to shape Islamic economic practices that continue to evolve in response to changing times.

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AUTHOR CONTRIBUTIONS STATEMENT

WZ, was responsible for the conceptualization of the study, research implementation, data collection and analysis, interpretation of the findings, manuscript preparation, and revision and finalization of the article.

AI USAGE STATEMENT

The author declares that the use of Artificial Intelligence (AI) technology in this research and manuscript preparation was strictly limited to supportive functions, including language editing, grammar checking, and improving the clarity and readability of the text. AI was not used to generate the core ideas of the research, conduct substantive analysis, interpret data, or draw scholarly conclusions. The author retains full responsibility for the originality, accuracy, and academic integrity of the entire content of the article. AI is not credited as an author or contributor, in accordance with ethical standards in academic publishing.

CONFLICT OF INTEREST

The author declares that there are no conflicts of interest related to the research, authorship, or publication of this article.

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