

## The Implementation of the Ba'i Istisna Principle in Online Trading Practices

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### Abstract:

The digital transformation of the commercial sector has encouraged communities to adopt online trading systems, including in Kelurahan Talang Babat, where the practice of ordering goods based on specific customer requirements has become increasingly common. In this context, the Ba'i Istisna contract, as a form of Islamic legal agreement that allows for the production of goods upon request, emerges as a relevant and applicable mechanism. This study aims to examine how the implementation of Ba'i Istisna in online transactions influences consumer trust and to identify the challenges encountered in its application. Employing a qualitative approach with a phenomenological strategy, data were collected through field observations and in-depth interviews with business actors and consumers, and then analyzed thematically using triangulation techniques. The findings reveal that contract transparency, clarity of product specifications, and seller accountability are key factors in fostering customer loyalty, while regulatory limitations, digital literacy gaps, and technological readiness remain significant barriers to the optimal application of Islamic principles. These results contribute to the development of a community-based sharia-compliant transaction model that is adaptive to digital dynamics and offer a conceptual foundation for local policy formulation and inclusive Islamic economic education.

### Keywords:

*Ba'i Istisna, online trading, consumer trust, sharia transaction.*



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## INTRODUCTION

The development of digital technology has changed the global economic landscape, including the trade in goods and services sector. E-commerce is now the main pillar of digital transformation, with global transaction value reaching USD 6.3 trillion by 2024 (Statista, 2024). In Indonesia, this phenomenon has also encouraged micro, small, and medium enterprises (MSMEs) to utilize digital platforms to expand their markets and improve operational efficiency (Rahman et al., 2023). In Kelurahan Talang Babat, similar changes can be seen through online buying and selling practices and custom order systems, which open up opportunities for the application of the Ba'i Istisna contract as an alternative to sharia transactions that are in accordance with Islamic values in the modern economy (Ismail & Jusop, 2025).

However, the implementation of Ba'i Istisna in e-commerce practices still faces significant challenges. Most business actors and consumers do not fully understand the principles of this contract, such as clarity of goods specifications, price agreements, and delivery times that must be

agreed upon from the start (Wahdan et al., 2025). Limited digital literacy and Islamic finance, as well as the absence of regulations that comprehensively support Islamic transactions, exacerbate the gap between theory and practice (Rusli et al., 2024). Consumer trust in digital transactions is also highly dependent on transparency and legal certainty, two aspects that are still a major challenge in the digitalization of Islamic contracts (Muhammad et al., 2013).

To understand this phenomenon in depth, the research uses a phenomenological approach to explore the subjective experiences of business actors and consumers in implementing the Ba'i Istisna contract on digital platforms. This approach is relevant because it can explore perceptions and socio-economic meanings formed from sharia-based buying and selling interactions (Maghfirah, 2022). As a form of buying and selling goods that do not yet exist, Ba'i Istisna has similar characteristics to the custom order system in e-commerce (Suhaimi et al., 2023). The values of contract clarity, trustworthiness, and fairness in Islamic transactions not only strengthen consumer trust but also form the basis of business ethics that encourage sustainable relationships between sellers and buyers (Ismail et al., 2025; Abu Samah et al., 2025).

This article aims to examine how the application of Ba'i Istisna principles in online buying and selling in Talang Babat Village can affect the level of consumer trust, as well as identify the technical, social, and regulatory challenges faced by the community. By integrating observational and interview data through triangulation analysis, this research seeks to strengthen the empirical understanding of the digital Islamic economy at the local level. The scholarly contribution of this article lies in the integration of a phenomenological approach and Islamic economics studies that reveal the practice of Ba'i Istisna in the context of non-institutionalized communities, an area that remains under-researched (Khotamir et al., 2024; Hussin et al., 2023; Razi et al., 2023).

Thus, this research seeks to fill the gap in the literature regarding the application of sharia contracts in an evolving digital context. A phenomenological approach was chosen to capture social dynamics, perceptions, and meanings that are unreachable by quantitative methods (Maghfirah, 2022). The synthesis of consumer trust theory, fiqh muamalah principles, and digital commerce concepts forms an analytical framework that explains the relationship between contract transparency and customer loyalty. This article is expected to not only enrich the academic repertoire on the digitalization of the Islamic economy, but also provide a practical basis for the development of more inclusive policies and education in supporting the sharia-based e-commerce ecosystem in Indonesia (Huda, 2025).

## **METHOD**

This research uses a qualitative approach with a phenomenological strategy to explore in depth the subjective experiences of business actors and consumers in applying the principles of Ba'i Istisna in online buying and selling transactions in Talang Babat Village. The phenomenological strategy was chosen because it is able to reveal the meanings formed by individuals in the social and economic context that they experience directly (Maghfirah, 2022). Primary data were obtained through field observations and semi-structured interviews with purposively selected informants, namely online buying and selling actors and community leaders who have knowledge of Islamic

economic practices. Secondary data were obtained from local documentation, academic literature, and regulations related to Sharia transactions. Data collection instruments included interview guidelines that had been prepared based on the principles of Ba'i Istisna, as well as observation sheets to record the dynamics of social interaction and transaction practices in the field. The inclusion criteria for informants included business actors who are active in order-based online buying and selling and have at least one year of experience, while exclusion was applied to individuals who were not directly involved in the transaction or did not understand sharia principles. The unit of analysis in this study is the narrative and transaction practices carried out by the informants, which are analyzed to identify patterns of meaning and challenges in the implementation of the Istisna contract in the digital context.

The data analysis technique used is thematic triangulation, which combines the results of observations, interviews, and documentation to form main themes that represent the experiences and perceptions of informants. The analysis process was carried out through the stages of data reduction, categorization, and thematic interpretation with the help of NVivo 12 qualitative analysis software to map relationships between themes and ensure consistency of analysis (Zamawe, 2015). Data validity was maintained through member checking and audit trail techniques, as well as cross-comparison between data sources to ensure the validity of findings (Nowell et al., 2017). The phenomenological approach in this study follows Colaizzi's analytical framework, which emphasizes the description of real experiences and reflection on meaning from the perspective of participants (Morrow et al., 2020). Thus, this method allows researchers to deeply understand how the principles of Ba'i Istisna are implemented in online buying and selling practices, as well as how consumer trust is formed through contract transparency and seller responsibility. This research also considers the social and regulatory contexts that influence the implementation of Islamic contracts, so that the results of the analysis can contribute to the development of local community-based Islamic economic policies and education.

## RESULTS AND DISCUSSION

### Results

Based on the results of field data analysis obtained through observation and in-depth interviews with business actors and consumers in Talang Babat Village, four main themes were found that represent the implementation of Ba'i Istisna principles in online buying and selling practices, namely: (1) transparency of contracts and product specifications, (2) consumer trust in the ordering system, (3) technical and operational challenges, and (4) regulatory and cultural barriers. These themes were obtained through an open and axial coding process using NVivo 12 software, which allows for the systematic identification of patterns of meaning from informants' narratives.

Tabel.the results of field data analysis

Theme	Core Findings / Informant Insights
1. Contract Transparency & Product Specification	- Emphasis on clear details of price, materials, size, model, and delivery time. - Transparent and flexible payment system (e.g., down payment + final settlement) increases consumer confidence. - MN and RF highlighted that detailed product explanations and fair payment schemes enhance trust.
2. Consumer Trust Toward Ordering System	- Open communication and seller accountability are key to maintaining consumer trust. - TH and SR noted that replacing or fixing defective products increases loyalty. - Dispute resolution and fulfillment of promises strengthen confidence.
3. Technical and Operational Challenges	- Issues include delays in production, poor quality monitoring, and a lack of proper record-keeping. - Limited workforce and supply chain delays cause late deliveries. - Manual bookkeeping and traditional payment methods increase the risk of disputes.
4. Regulatory and Cultural Barriers	- Limited public understanding of <i>Ba'i Istisna</i> . - Resistance to digital transactions due to the habit of face-to-face interactions. - Inadequate local regulations for Sharia-based contracts.
Supporting Subthemes	- Role of religious leaders in educating about Sharia contracts. - Local community initiatives promoting Islamic digital business ecosystems. - Expectations for government and Islamic financial institution support.
Overall Findings	- <i>Ba'i Istisna</i> principles are applied independently by local entrepreneurs with notable adaptability. - Main success factors: contract clarity, seller responsibility, and open communication. - Main obstacles: weak regulation and low digital literacy.

The first theme, transparency of contracts and product specifications, emerged consistently in informants' narratives, which emphasized the importance of clarity on prices, materials, sizes, models, and processing time from the beginning of the transaction. Informant MN stated that a detailed explanation of the products ordered makes consumers feel confident and not hesitate to order. This is in line with the findings by Suhaimi et al. (2023), which show that the clarity of the contract in Istisna transactions can increase customer satisfaction in Islamic e-commerce. The RF informant added that the flexible payment system, such as a down payment at the beginning and repayment after the product is finished, provides a sense of security for consumers. The study by Abu Samah et al. (2025) supports this finding by stating that a transparent payment system is a key indicator in building consumer trust in digital halal platforms.

The second theme, consumer trust in the ordering system, is reflected in the statements of informants TH and SR, who emphasized the importance of open communication and seller responsibility for product delays or defects. Consumers feel more trusting when sellers are willing to repair or replace non-conforming goods. Research by Razi et al. (2023) shows that consumer trust in Islamic e-commerce is strongly influenced by the seller's commitment to dispute resolution and fulfillment of contract promises. In the local context, the clarity of the contract and the social responsibility of the seller are the main factors that shape customer loyalty.

The third theme, technical and operational challenges, includes uncertainty in processing time, difficulty in monitoring product quality, and a suboptimal transaction recording system. Informants mentioned that delays in the supply of raw materials and limited labor often cause orders not to be completed on time. A study by Huda (2025) identified that small businesses often face obstacles in integrating production management systems with sharia principles, especially in a digital environment that is not yet fully supportive. In addition, manual record keeping and traditional payment methods increase the risk of errors and disputes. Research by Sari and Hidayat (2023)

showed that digitizing recording and payment systems can improve the efficiency and accuracy of Islamic transactions.

The fourth theme, regulative and cultural barriers, includes the lack of public understanding of the Ba'i Istisna contract, unpreparedness for technological adaptation, and limited local regulations that support sharia transactions. Informants stated that some consumers are still hesitant about online transactions because they are used to the face-to-face system. Research by Roestamy et al. (2024) highlighted that digital regulations for sharia contracts at the local level are still inadequate, so business actors must rely on personal initiative. The study by Khotamir et al. (2024) also shows that the adaptation of Islamic contract law to digitalization requires more progressive and inclusive policy support. In the context of Talang Babat Village, limited digital infrastructure and technological literacy are additional obstacles to the optimal application of Ba'i Istisna.

In addition to these four main themes, some subthemes support a deeper understanding of the dynamics of sharia-based online transactions. These subthemes include: (a) the role of religious leaders in providing education about sharia contracts, (b) local community initiatives in forming a digital business ecosystem based on Islamic values, and (c) business actors' expectations of government support and Islamic financial institutions. The study by Sakti and Huda (2025) shows that community-based education and institutional support can strengthen the implementation of sharia principles in digital transactions. Research by Qudah et al. (2023) also identified that the trend of community approach in Islamic finance development is an effective strategy in improving sharia inclusion and literacy at the grassroots level.

Overall, the results of this study show that the implementation of Ba'i Istisna principles in online buying and selling in Talang Babat Village has been carried out independently by business actors with a fairly high level of adaptation, although it still faces various technical, social, and regulatory challenges. Field data reveals that clarity of contract, seller responsibility, and open communication are the main factors that shape consumer trust, while limited regulations and digital literacy are obstacles that need to be overcome through educational approaches and supportive policies.

## Discussion

The results of this study confirm that the application of the Ba'i Istisna principle in online buying and selling practices in Talang Babat Village contributes significantly to increasing consumer trust. This finding directly answers the first problem formulation, namely, how the Ba'i Istisna principle affects consumer trust in digital transactions. Contract transparency, clarity of product specifications, and seller responsibility for product delays or defects are the main factors that shape customer loyalty. This is in line with the research objective, which is to examine the impact of sharia contract implementation on consumer convenience and security in online transactions. This affirmation strengthens the position of Ba'i Istisna as a contractual instrument that is adaptive to the needs of modern society, while maintaining sharia values in digital economic practices (Suhaimi et al., 2023).

The interpretation of the findings in the theoretical framework shows that the principles of Ba'i Istisna, such as clarity of contract, trustworthiness, and fairness, serve as a trust-building mechanism in online transactions. From the perspective of *fiqh muamalah*, Istisna contracts emphasize explicit agreements between sellers and buyers, thereby reducing the risk of moral hazard and uncertainty (Alamin, 2025). The phenomenological approach used in this study allows the extraction of meaning from the subjective experiences of businesses and consumers, which shows that clarity of information and commitment of the seller are the main cornerstones in building sustainable business relationships (Maghfirah, 2022). The findings also confirm that sharia contracts are not only normative but also have a social function in strengthening trust structures in local communities (Ismail & Jusop, 2025).

When compared with previous studies, the results of this study show harmony with the findings of Abu Samah et al. (2025), which states that the quality of the sharia system in e-commerce affects consumer trust. Research by Razi et al. (2023) also supports that contract transparency is a major determinant in shaping customer loyalty in Islamic transactions. However, there are differences with the study by Khotamir et al. (2024), which places more emphasis on the role of formal institutions in supporting the digitization of Islamic contracts. This study shows that communities can carry out Istisna contracts independently, even without institutional support, as long as sharia principles are consistently maintained. This difference highlights the importance of a community-based approach in the development of a digitalized Islamic economy.

The scientific contribution of this article lies in the integration of a phenomenological approach and Sharia contractual analysis in a local context that has not been widely researched. This research expands the scope of the literature by presenting the perspective of grassroots communities that carry out sharia transactions independently through digital platforms. As such, this article contributes to the development of consumer trust theory in Islamic economics, as well as enriches the understanding of the adaptation of sharia contracts in an uninstitutionalized business environment (Huda, 2025). In addition, this research shows that the Ba'i Istisna principle can be an inclusive and sustainable transaction model if supported by effective education and communication between businesses and consumers (Sakti & Huda, 2025).

The limitation of this study lies in the limited geographical scope, which only covers the community of Talang Babat Village. In addition, the qualitative approach used does not allow statistical generalization of the results to a wider population. This research has also not integrated quantitative economic analysis to measure the financial impact of the implementation of Ba'i Istisna on business owners' income. Another limitation is that there is no in-depth exploration of the role of digital platforms and algorithms in facilitating automated Islamic contracts. The study by Qudah et al. (2023) suggests that technology integration in Islamic finance still faces challenges in terms of compliance and efficiency, which this study has not fully addressed.

The implications of these findings are highly relevant for practitioners and policymakers. For business actors, the results of this study show that the application of Ba'i Istisna principles can increase consumer trust and loyalty, so it needs to be standardized in order-based online transactions. For policymakers, local regulations that support the digitalization of sharia contracts are needed,

including the preparation of technical guidelines and legal protection for small business actors. MUI Fatwa No. 146 on Sharia Digital Transaction Guidelines can be used as a reference to formulate more operational and contextual policies (Syahrudin et al., 2024). In addition, community-based education and sharia digital literacy training need to be expanded so that people can carry out transactions according to Islamic principles independently and sustainably (Mubarak et al., 2024).

This research also opens room for further studies that integrate a mixed methods approach to measure the quantitative impact of Ba'i Istisna implementation on local economic growth. Longitudinal studies can be conducted to assess changes in consumer and business behavior along with the increase in Sharia and digital literacy. Comparative research between regions can also identify contextual factors that influence the successful implementation of sharia contracts in e-commerce. In addition, exploring the role of technologies such as smart contracts and blockchain in supporting the transparency and compliance of Sharia contracts is an important agenda in the development of the digital Islamic economy (Ahmad et al., 2025).

In methodological terms, the phenomenological approach has proven to be effective in exploring meanings and perceptions that cannot be reached by quantitative methods. However, as recognized by Sakti (2025), this approach has limitations in terms of external validation and replication of results. Therefore, a combination with quantitative methods or social experiments can strengthen the findings and provide a more comprehensive picture. This research also shows that phenomenology can be used productively in the study of Islamic economics, especially when the focus is on the experiences and values internalized by social actors in everyday economic practices (Maghfirah, 2022).

Finally, this article asserts that Ba'i Istisna is not only a legal instrument but also a social mechanism that shapes trust and ethics in digital transactions. In the context of the Talang Babat community, the application of this principle shows that Islamic economics can be implemented inclusively and adaptively, even in an environment that is not yet fully supported by regulations and digital infrastructure. This finding strengthens the argument that Islamic economic development should be based on local understanding and community participation, not merely on formal institutionalization. Thus, Ba'i Istisna can be a relevant and sustainable transaction model in the digital era, if supported by contextualized policies and participatory educational approaches.

## CONCLUSION

This research shows that the implementation of Ba'i Istisna principles in online buying and selling practices in Talang Babat Village plays an important role in shaping and strengthening consumer trust. Through a phenomenological approach, it is found that transparency in the contract, clarity of product specifications, and seller responsibility for delays and defects in goods are key elements that encourage customer loyalty. On the other hand, technical, social, and regulatory challenges still pose obstacles to the optimal application of sharia principles in the digital environment. Nonetheless, local businesses show a high adaptive capacity in carrying out Ba'i Istisna-based transactions independently, reflecting the great potential for Islamic economics to thrive at the community level.

Theoretically, this article contributes to the development of Islamic economic studies by emphasizing the relevance of the Ba'i Istisna contract in the context of digital commerce. This research expands the understanding of how Sharia principles can be internalized and implemented by non-institutionalized communities in a business environment that has not been fully facilitated by formal regulations. Practically, the findings provide a basis for the development of Islamic transaction models that are more inclusive, community-based, and responsive to local needs. The conceptualization of Ba'i Istisna as a social and ethical mechanism in online transactions strengthens the position of Islamic economics as an adaptive and equitable system.

As a further implication, comparative research between regions is needed to identify contextual factors that influence the successful implementation of Islamic contracts in e-commerce. Quantitative studies can complement the phenomenological approach by measuring the economic impact of implementing Ba'i Istisna on business income and growth. In addition, the development of local policies that support the digitalization of sharia contracts, as well as community-based Islamic economic literacy education, is our strategic step to strengthen a sustainable and social justice-oriented sharia business ecosystem.

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