



Development of Syariah Accounting Model for MSMEs: Findings that Drive Growth

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ARTICLE INFO

Keywords: Islamic Accounting, MSMEs, Digitalization, Islamic Financial Inclusion, Accounting Model

Received : 16, June

Revised : 30, June

Accepted: 24, July

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ABSTRACT

This study aims to examine and develop a sharia accounting model tailored to the characteristics and needs of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Despite their strategic role in the national economy, many MSMEs face challenges in preparing financial reports that align with sharia principles. Utilizing a systematic literature review of 29 articles from reputable national and international journals, the study identifies prevailing trends, research gaps, and potential solutions in the development of sharia accounting models. The findings highlight the urgent need for integrating sharia principles with financial technology innovations. The proposed model must be practical and accessible for MSMEs, while enhancing operational efficiency, accountability, and compliance including the fulfillment of social obligations such as zakat, infaq, and alms. These results underscore the importance of an integrated sharia accounting model in advancing MSME digital transformation, expanding access to sharia financing, and promoting inclusive and sustainable Islamic economic growth. The study offers valuable theoretical and practical insights for MSME actors, sharia financial institutions, and policymakers.

INTRODUCTION

In recent years, Indonesia has witnessed significant growth in its sharia-based economy, particularly through the expanding role of sharia financial institutions in supporting the micro, small, and medium enterprises (MSMEs) sector. According to the National Council for Financial Inclusion, MSMEs contribute over 61% to the national GDP and employ nearly 97% of the workforce. With more than 64 million MSME units currently operating, access to formal financing remains limited especially to financing models that comply with sharia principles. This situation raises critical questions regarding the effectiveness of sharia financing in enhancing the financial performance, profitability, and long-term sustainability of MSMEs.

Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars in driving the development of the manufacturing industry. The role of MSMEs is very important in creating economic growth and providing jobs. This sector has high flexibility and is able to adapt quickly to changes in market demand. Compared to other business sectors, MSMEs are faster at creating jobs, have good diversification, and make significant contributions to trade.

The growth of Micro, Small, and Medium Enterprises (MSMEs) plays a strategic role in supporting Indonesia's economy, including in regional areas such as Jember City. MSMEs are one of the main pillars that absorb labor and contribute to Gross Domestic Product (GDP). However, one of the challenges faced by MSMEs is the limited understanding in managing finances according to sharia principles.

On the other hand, MSMEs in Indonesia face various structural problems, including lack of financial literacy, limited access to capital, and ineffective financial management. Although on the other hand, Islamic financing offers solutions based on ethical and transparent values, previous studies have shown varying results. According to research by Trimulyana, 2024, it was revealed that digital transformation in Islamic banking has great potential in increasing financial inclusion and the welfare of the Muslim community, but requires further attention to aspects of regulation, financial literacy, and consumer protection to maximize its benefits for all parties involved.

Conversation about Today's economic growth is often associated with the rapid evolution of digitalization, encompassing financial markets, business operations, and political strategies. Digitalization, particularly in the financial sector, has outpaced many other industries. The integration of financial technology, or fintech, has revolutionized the traditional financial system. Smartphones are a prime example of the incredible development of fintech, showcasing technology that has redefined the way people conduct business and manage financial transactions. This ongoing innovation highlights the dynamic interplay between technological advancements and economic transformation.

The practice of sharia accounting in Indonesia has developed rapidly and is well received by the community and the government. One sign of government support is the establishment of standards that serve as a guide for sharia financial institutions. However, current conventional and sharia accounting practices are based on core ideas that include basic assumptions, concepts, interpretations,

descriptions, and reasoning, which collectively form the domain of accounting theory (Suwardjono, 2005).

The implementation of sharia accounting has a positive impact on the growth of MSMEs in Indonesia, enabling companies to achieve their goals sustainably while adhering to sharia principles. To ensure that the implementation of sharia accounting is carried out effectively, it is very important to improve understanding of its principles, provide special training for accounting professionals, and get strong support from company management. In addition, keeping up with technological developments and developing technological skills are also important factors in maintaining efficiency and speed, while still upholding sharia principles in accordance with applicable regulations and laws. Based on the study by Alkhan and Hassan (2021), Islamic finance plays a significant role in supporting key dimensions of maqashid sharia, including reducing poverty, enhancing economic conditions, improving societal well-being, ensuring equitable distribution and circulation of wealth, and advancing the intellectual development of the community. This view is supported by Alam (2022), who emphasizes that sharia accounting has a substantial impact on the performance of Islamic financial institutions, as evidenced by the growing public interest in learning about sharia accounting.

Despite notable advancements, the development of sharia accounting remains unevenly accessible, particularly for micro, small, and medium enterprises (MSMEs), which face persistent challenges such as limited access to information technology and difficulties in preparing financial statements. Furthermore, existing sharia accounting models remain insufficiently integrated with digital technologies, thereby limiting their capacity to enhance operational efficiency especially in generating timely and accurate financial reports. Current accounting practices also fall short in fully ensuring compliance with sharia principles, including the obligation to fulfill social responsibilities such as zakat, infaq, and shadaqah.

This study aims to contribute by examining the development of sharia accounting models for MSMEs in Indonesia through the lens of a sharia accounting framework. The results of the study are expected to not only fill the gap in the literature, but also provide practical recommendations to sharia financial institutions in encouraging the growth of MSMEs by adopting sharia principles in their financial management, thereby strengthening business competitiveness and sustainability. Previous research has predominantly concentrated on standalone studies of sharia accounting or investigations limited to financial innovation and financial technology. While some studies have addressed intersections between these areas, they generally focus on sharia-compliant finance and the application of Islamic financial principles such as the prohibition of *riba* (interest), *gharar* (uncertainty), and *maysir* (speculation/gambling). However, there has been a lack of research aimed at developing an integrated model that synergizes sharia accounting with financial technology innovation. Accordingly, this study is both timely and significant, as it seeks to address this gap and offer solutions to the existing challenges.

LITERATURE REVIEW

Sharia accounting is conceptualized as an accounting system grounded in Islamic economic principles, particularly emphasizing social justice and equity, and developed within the framework of sharia law and analytical methodologies (Hassan et al., 2019). A substantial body of research has explored sharia accounting in relation to various domains such as zakat and waqf accounting, sharia auditing, corporate governance, the screening of sharia-compliant companies, accounting for diverse sharia-compliant financing instruments, as well as education and ethics (Alshater et al., 2022). Additionally, other studies have examined sharia accounting through four key dimensions: the conceptualization of accounting from an Islamic worldview, the influence of Islam as a religion on accounting practices, the specific implications and characteristics of accounting within Islamic banking, and the necessity for distinct accounting standards tailored to sharia-compliant operations (Alam, 2022).

Sharia accounting refers to accounting principles that are in accordance with Islamic law and norms. Sharia accounting does not only focus on recording and reporting financial transactions, but also emphasizes justice (*al-'adalah*), transparency (*al-bayyinah*), and social responsibility (*al-mas'uliyah*). One of the main contributions of sharia accounting is how to manage transactions that are free from elements of usury, maisir (gambling), and gharar (uncertainty), which often appear in conventional accounting systems. One important aspect of sharia accounting in the context of MSMEs is its role in increasing investor confidence and the transparency of MSME financial reports. Therefore, the application of sharia accounting can have a positive impact on more transparent and accountable financial management, which in turn has an impact on the overall financial performance of MSMEs.

Micro, Small, and Medium Enterprises (MSMEs) are an economic sector consisting of small to medium-scale businesses, which play an important role in a country's economy, especially in creating jobs, improving community welfare, and driving the local economy in Indonesia.

MSMEs are the backbone of the national economy because the majority of businesses operating in Indonesia are in the form of MSMEs. MSMEs consist of three main categories, namely micro businesses, small businesses, and medium businesses, which are distinguished based on the amount of assets, turnover, and number of employees employed. MSMEs are the backbone of the economy, especially in developing countries like Indonesia. They not only contribute to national economic growth, but also help create jobs, reduce poverty, and improve people's welfare. Despite facing various challenges, government support and the use of digital technology are key factors in driving the growth and sustainability of MSMEs.

Scholars in the field of Islamic accounting and finance have contributed significantly through various studies. For instance, Rifaat Ahmed Abdel Karim (1990) emphasizes the importance of developing financial reporting standards for faith-based business organizations, using Islamic financial institutions – particularly Islamic banks as a reference point. Nabil Baydoun and Roger Willett

(2000) advocate for the formulation of theoretical frameworks concerning the structure and content of financial reports for Islamic organizations. They highlight two key principles in Islamic financial disclosure: the incorporation of social responsibility and the implementation of full disclosure practices. Hairul Suhaimi Nahar and Hisham Yaacob (2011) examine the Islamic concept of accountability, which is rooted in two fundamental transcendental principles: life in this world and life in the hereafter. Meanwhile, Abdussalam Mahmoud Abu-Tapanjeh (2009) focuses on corporate governance from an Islamic perspective, asserting that justice is the core value underpinning all organizational activities. He also notes that Islamic economics has seen considerable advancement over the past two decades.

METHODOLOGY

The research method used a systematic review methodology, a structured approach involving the comprehensive analysis and synthesis of existing literature within the relevant field. This method ensures accuracy, transparency, and objectivity through a deliberate and methodical process (Massaro et al., 2016). Specifically, this research aims to identify, evaluate, and integrate existing developments in sharia accounting models for MSMEs, with the goal of formulating a more contextually relevant and effective model to support economic growth within a sharia-compliant framework.

Article Search

The number of articles collected in this study is around 243 articles as shown in Table 1. These articles were sourced from a wide range of reputable academic journals, including internationally recognized publications as well as nationally indexed journals. The literature search was conducted through platforms such as Scopus and Google Scholar, which were further connected to the official websites of prominent academic publishers, including Emerald, Elsevier, and others.

Table 1. Search Results and Number of Articles Collected.

Database Applications	Keywords	Number of Articles
Google Scholar and Scopus	Sharia Accounting Model	103
	Development of MSMEs	63
	Economic growth	77
	Number of Articles	243

Source: Processed data, 2025

However, to ensure the relevance of the selected articles to the research topic, a thorough screening process was conducted, including the evaluation of titles, abstracts, and full texts. The details of this screening process are illustrated in Figure 1 below.

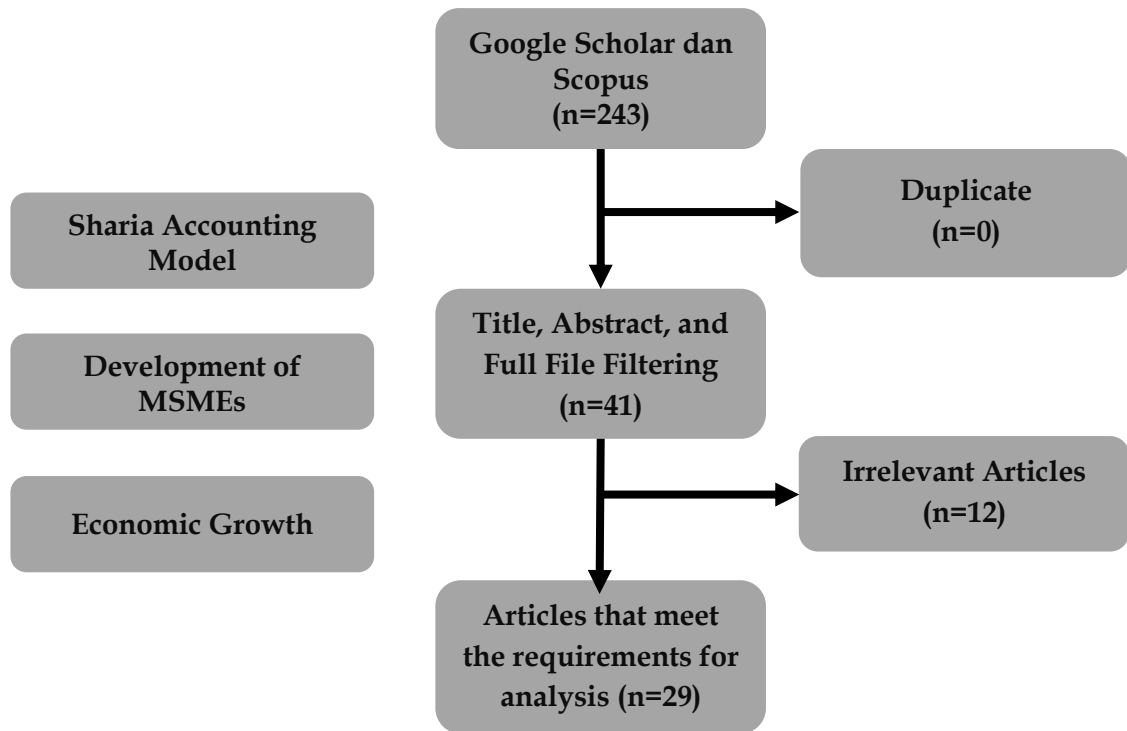


Figure 1. Screening Title, Abstract, and Full Text for eligible data

Based on the above screening results, a total of 29 articles met the eligibility criteria for inclusion in the systematic review. These selected articles were subsequently categorized based on their respective publisher groups to ensure a balanced distribution across reputable journals, along with their corresponding quartile rankings. This mapping was conducted to ensure the objectivity and academic quality of the literature, as the selected articles have been featured in various well-regarded international journals. The detailed distribution is presented in Table 2 below.

Table 2. Article Filtering Based on Publisher.

No	Publisher	Article
1	Istanbul Stock Exchange	2
2	Elsevier	3
3	Emerald	1
4	IOP Conference Series: Earth and Environmental Science	1
5	AN-NISBAH: Journal of Islamic Banking	1
6	JAMED: Journal of Accounting, Management, and Educational Sciences	1
7	JREB: Journal of Economic and Business Revolution	1
8	JICN: Indonesian Journal of Intellectuals and Scholars	1
9	Mahardhika Media	1
10	SHARIA ECONOMY	1
11	SHAREF: Unisnu Journal	1

12	GREENOMICS	1
13	Scientific Journal of Batanghari Jami University	1
14	JUMIN: Journal of Informatics Media	1
15	Legal Idea	1
16	Iqtisaduna Journal	1
17	JIEI: Scientific Journal of Islamic Economics	1
18	ACTA COMITAS: Journal of Notary Law	1
19	JUPE: Journal of Economic Education	1
20	<i>International Journal of Economic, Agribusiness and Development Studies</i>	1
21	REINFORCE: Journal of Sharia Management	1
22	Civilization Research: Journal of Islamic Studies	1
23	ACCOUNTING TECHNOLOGY: Scientific Journal of Accounting and Technology	1
24	Journal of Management, Accounting and Logistics	1
25	Journal of Accounting and Business (Accounting)	1
26	PERSYA: Journal of Islamic Banking	1
Number of Articles		29

Grouping and Determination of Criteria

The articles retrieved through search engines were subsequently sorted and categorized based on the research objective namely, the development of a sharia accounting model for MSMEs: Findings that Drive Growth. These articles were then further refined during the review process, as illustrated in the flowchart in Figure 2 below.

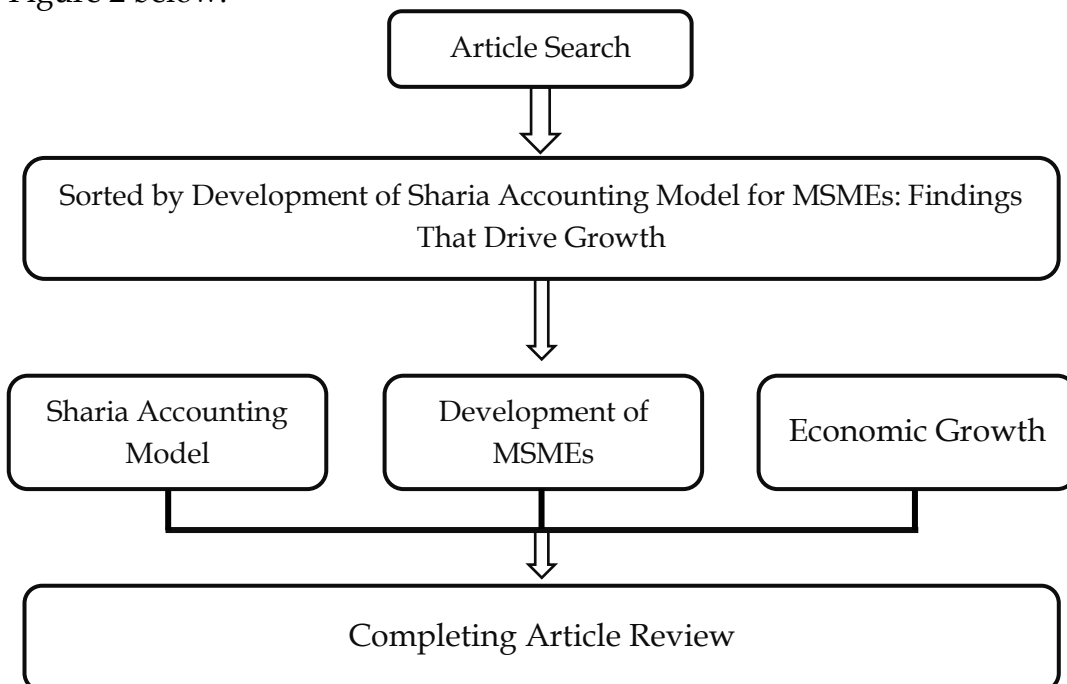


Figure 2. Systematic Review Article Flowchart

Reporting and Presentation

The reporting and presentation of systematic literature review results represent an interpretative synthesis of the reviewed studies. This report serves as a comprehensive summary, offering a clear and structured overview of the existing body of knowledge related to the research topic or question. It also forms the foundation for conducting a database-driven analysis of the selected articles. In the subsequent stages, this report facilitates the filtering, comparison, and integration of findings derived from the complementary phases of the systematic literature review.

RESEARCH RESULT

Based on the data presented in Table 2, publications on sharia accounting, MSMEs, and economic growth from 2015 to 2025 have shown a marked upward trend. This increase is evident across both journal articles and book publications. A total of 29 articles were analyzed in this study through content analysis, classified into three main categories: (1) Sharia Accounting Models, (2) MSME Development, and (3) Economic Growth. The keywords used were derived from these thematic categories to explore the development of sharia accounting models for MSMEs as drivers of economic growth, as detailed in Table 3 below.

Table 3. Categories and Keywords of Articles in the Development of Sharia Accounting Models for MSMEs

Category	Keywords	Writer	Number of Articles
Sharia Accounting Model	Sharia Accounting	Menne et al .; Alam; Julia and Firdaus; Mulyasari and Mayangsari	4
	Islamic Finance	Hassan et al; Erstiawan; Young et al; Alshater et al	4
	Sharia Fintech	Nisa and Naim; Saripudin et al; Daeli et al; Anggara and Nuraeni; Rolando	5
Development of MSMEs	Digital Transformation	Ayem et al; Adinugraha et al; Anwar et al; Trimulyana	4
	Financial Innovation	Firdaus and Djuniardi	1
	Maqashid Sharia	Alkhan and Hassan; Fauzi et al	2
Economic growth	MSMEs	Sholihun et al; Satria and Khoirunnisa; Zakkiyah et al; Sari et al; Arsenio et al; Munandar et al	6
		Socio-Economic	Musana and Bahri; Handayani and Abubakar; Tobing et al

Source: Processed data, 2025

DISCUSSION

Future Direction of Islamic Accounting and Finance Development

The development of Islamic accounting and finance plays a fundamental role in the Islamic economic ecosystem, not only as a pillar of sharia compliance but also as an instrument to achieve broader socio-economic goals. The Role of Islamic Accounting Models and Financial Innovation from several journals discuss how Islamic accounting models continue to evolve along with technological advances and the dynamics of Islamic business (Menne et al., 2024). So that compliance with sharia principles is key to financial innovation, ensuring that every product and transaction is not only efficient but also in accordance with Islamic law. Therefore, in the development of innovative financial products which still adhere to sharia contracts.

Islamic Accounting Standardization and Compliance: A key focus of this study is the review of Islamic financial and accounting standards established by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB) (Hassan et al., 2019). Adherence to these standards is essential for ensuring integrity and trust within the Islamic finance industry. The study also emphasizes the significance of Islamic banks' compliance with AAOIFI reporting standards (Alam, 2022), along with the critical role of corporate governance in supporting the implementation of Islamic social reporting (Mulyasari & Mayangsari, 2019).

Accounting for Waqf and Zakat for Social Welfare: Sharia accounting is not only limited to the commercial financial sector, but also includes social instruments such as waqf and zakat. Several journals highlight the urgency of waqf in overcoming poverty and increasing the economic empowerment of the people (Fauzi et al., 2023; Musana & Bahri, 2023). Waqf is seen as a strong alternative in overcoming socio-economic problems such as poverty and inequality. The study also covers the potential of zakat and infaq social funds in developing community welfare programs through Islamic banks (Trimulyana, 2024).

Accounting in the Context of Islamic Microfinance: The implementation of accounting in Islamic microfinance is a concern, especially in the context of serving *maqasid al-shari'a* (Islamic objectives) (Alkhan & Hassan, 2021). This shows that Islamic accounting is not only about recording transactions, but also about measuring social impact and fulfilling higher goals in Islam.

Sharia Financing and MSME Financial Performance: The role of sharia financing in improving the financial performance of MSMEs is also a major topic (Julia & Firdaus, 2024). This study analyzes how sharia financing contributes to the profitability, efficiency, and sustainability of MSMEs, thus emphasizing the importance of sharia accounting in measuring these impacts.

Green Accounting Research Trends in Sharia Perspective: Several studies have also begun to examine green accounting *in* the context of sharia, indicating the expansion of the scope of sharia accounting to environmental sustainability issues (Erstiawan, 2024; Mulyasari & Mayangsari, 2019).

The development of sharia accounting and financial models for MSMEs represents not just a reporting mechanism, but a shift toward an ethical and

socially responsible business paradigm rooted in Islamic principles. This requires a system that is simple yet sharia-compliant, with technological integration playing a key role in building an inclusive and sustainable Islamic financial ecosystem. MSME actors' cautious use of digital platforms highlights the need for models free from sharia-prohibited elements. The emergence of digital innovations in Islamic finance is expected to boost MSME-driven economic growth, reinforcing the importance of developing robust sharia accounting models. Transparency and compliance are essential for ensuring stakeholder trust both Muslim and non-Muslim and for meeting governance standards. In this context, transparency includes the obligation to disclose accurate financial information, positioning accounting not only as a reporting tool but also as a driver of innovation, social empowerment, and sustainability (Todorof, 2018).

Digitalization and Technology as Drivers of MSMEs

Digitalization and the use of technology have become key factors in driving the growth and sustainability of Micro, Small, and Medium Enterprises (MSMEs), especially in Indonesia. The search results and the number of articles collected highlight several important aspects:

Utilization of Digital Payment and QRIS: The readiness of MSMEs in using digital payments, especially QRIS (Quick Response Code Indonesian Standard), is a recurring theme (Sholihun et al., 2024; Tobing et al., 2021). Studies show that the adoption of QRIS by MSMEs is greatly influenced by the level of digital financial literacy and trust in the platform (Anwar et al., 2024; Firdaus & Djuniardi, 2024). Digital payments not only increase transaction efficiency but also expand the market reach of MSMEs.

The Role of Sharia Fintech in Empowering MSMEs: Sharia fintech has emerged as an important innovation that encourages sharia-based entrepreneurship and MSMEs (Nisa & Naim, 2024). With financing models such as *crowdfunding* and *peer-to-peer lending* that are in accordance with sharia, fintech provides easier access to capital for MSMEs that often have difficulty obtaining financing from conventional banks (Anggara & Nuraeni, 2025; Saripudin et al., 2021). Research shows that sharia fintech can overcome financing barriers and encourage financial inclusion among MSMEs (Rolando, 2024).

Digital Transformation and MSME Sustainability: Digital transformation in general, including the use of digital accounting information systems, greatly affects the performance of MSMEs (Munandar et al., 2023). Literature studies show that digitalization can improve operational efficiency and business productivity for MSMEs (Arsenio et al., 2024). This includes MSMEs' adaptation to technology during the COVID-19 pandemic (Munandar et al., 2023).

Challenges and Opportunities for Technology Adoption: Although digitalization offers many opportunities, MSMEs also face challenges such as regulation, infrastructure, and the level of digital literacy of the community (Daeli et al., 2024). The importance of increasing digital financial literacy for generation Z as "*digital natives*" is also emphasized to maximize the potential of technology (Firdaus & Djuniardi, 2024).

E-commerce as a Supporter of the Digital Economy: E-commerce plays a vital role in the equalization of the digital economy in Indonesia by providing a platform for MSMEs to reach wider consumers (Adinugraha et al., 2024). This opens up opportunities for local MSMEs to compete in a larger market.

Internal and External Factors Affecting MSME Performance: In addition to digitalization, the journal also touches on internal factors (business capital, entrepreneurial experience, innovation) and external factors (financial inclusion, financial literacy) that affect MSME performance (Sari et al., 2023; Satria & Khoirunnisa, 2024). Technology adoption must also be supported by increasing the competence of MSME HR.

Thus, digitalization and technology, especially through sharia fintech and digital payments, are the main driving forces for MSMEs to improve market access, operational efficiency, and business sustainability, although challenges in terms of literacy and infrastructure need to continue to be addressed.

The role of digitalization and technology is pivotal in advancing an integrated sharia accounting model tailored for MSMEs, thereby supporting government efforts to stimulate broader economic growth. This model also aims to foster open innovation within the business sector, encouraging companies to move beyond reliance on internal resources such as production, technology, and finance and embrace collaboration with external stakeholders, including consumers, suppliers, competitors, research institutions, and patent holders. Such collaboration is essential for driving innovation aligned with sharia principles in business operations.

Sharia Financial Inclusion as a Driver of Economic Growth

Islamic financial inclusion plays a crucial role as a driver of economic growth, especially in countries with significant Muslim populations such as Indonesia. Thus, various aspects of this role can be highlighted:

Improving Financial Access for MSMEs: One of the main contributions of Islamic financial inclusion is providing easier access to financing for MSMEs. Journals show how Islamic financing has a positive impact on the financial performance of MSMEs, increasing their profitability and sustainability (Julia & Firdaus, 2024 ; Zakkiyah et al., 2024). This is especially relevant considering that MSMEs often have difficulty accessing conventional financial services.

The Role of Fintech in Islamic Financial Inclusion: Islamic fintech is identified as a transformative approach to addressing barriers to financial access, especially for populations that are unserved or underserved by traditional financial services (Rolando, 2024). Sharia fintech, through innovations such as *peer-to-peer lending* and *crowdfunding*, can accelerate financial inclusion by providing a more inclusive and sharia-compliant platform (Saripudin et al., 2021; Todorof, 2018).

Literacy and Inclusion: Financial inclusion cannot be separated from financial literacy. The journal emphasizes that the level of digital financial literacy, especially among the younger generation (Generation Z), greatly influences the adoption of digital financial platforms and ultimately financial

inclusion (Firdaus & Djuniardi, 2024). Increasing literacy will encourage optimal utilization of Islamic financial services.

Supportive policies from the government and the Financial Services Authority (OJK) play a vital role in fostering the development of MSMEs and the broader financial services ecosystem, including the sharia sector (Abubakar & Handayani, 2022). Strengthening collaboration among sharia fintechs, government institutions, academia, civil society, and sharia banks is a strategic approach to accelerating MSME growth (Saripudin et al., 2021).

Impact of Digital Transformation of Islamic Banking: Digital transformation in Islamic banking has significant implications for global economic development, especially for Muslim communities. Adoption of digital technology by Islamic financial institutions improves operational efficiency and quality of service to customers, which in turn supports economic growth (Trimulyana, 2024).

Contribution to Sustainable Development Goals (SDGs): Islamic financial inclusion and Islamic fintech also contribute to the achievement of the 2030 Sustainable Development Goals (SDGs), especially in the aspect of sustainable finance and Environmental, Social, and Governance (ESG) principles (Anggara & Nuraeni, 2025). This shows that Islamic financial inclusion is not only about economic growth, but also about more holistic and responsible development.

So from the explanation related to the role above, it can be concluded that Islamic financial inclusion which is driven by digitalization and fintech innovation as one of the vital driving forces for fair and sustainable economic growth. By providing access to sharia-compliant financing to MSMEs, increasing digital financial literacy, and supported by a conducive policy framework, Islamic financial inclusion has great potential to improve people's welfare and strengthen the real economic sector.

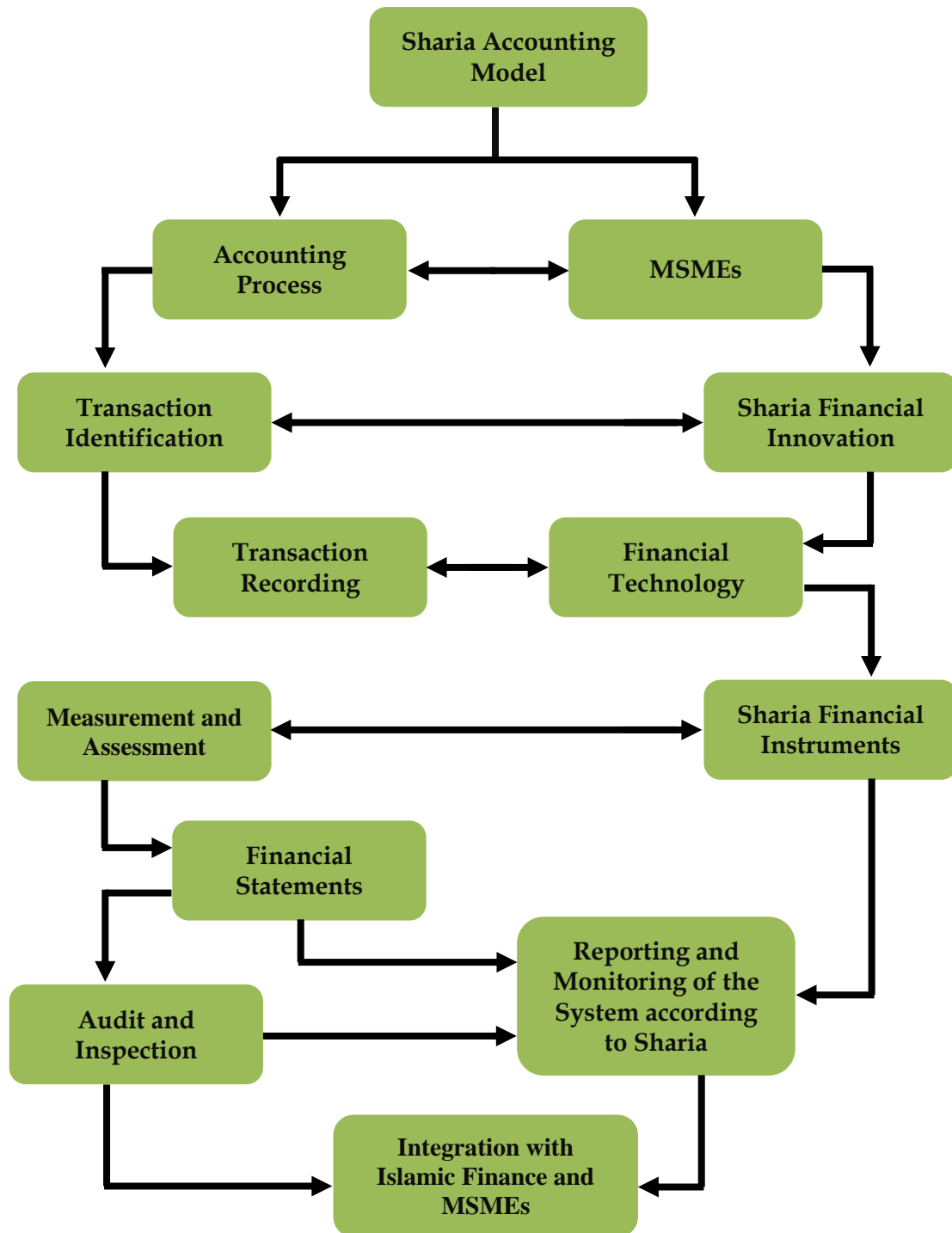


Figure 3. Design of Sharia Accounting Model for MSMEs: Findings that Drive Growth

Figure 3 illustrates that the design of a sharia accounting model based on accounting innovation still adheres to conventional accounting mechanisms and cycles. However, each stage ranging from transaction processing, recording, measurement, and assessment, to financial reporting, audit, and verification is integrated with financial innovations grounded in sharia principles. The development of this model for MSMEs goes beyond mere financial recording; it represents a strategic initiative to advance a just, transparent, and sustainable

Islamic economic system. This model provides a strong foundation for the growth of healthy MSMEs, not only from a business aspect, but also from a spiritual and social aspect.

Research Contribution

The studies that are the focus of this review collectively make substantial contributions to the literature and practice in three main domains: accounting development and Islamic finance, digitalization and technology as drivers of MSMEs, and Islamic financial inclusion as a driver of economic growth. but also offers implications practical and valuable policy guidance.

Theoretically, these studies have enriched our understanding of how Islamic accounting models continue to innovate and adapt amidst technological advancements and the dynamics of Islamic business. They underline that compliance with Islamic principles is not merely a limitation, but rather a foundation for creating efficient and Islamic-compliant financial products and transactions. Furthermore, these studies provide in-depth insights into the implementation and challenges of compliance with Islamic accounting standards set by international bodies such as AAOIFI and IFSB, highlighting the crucial role of corporate governance in realizing comprehensive Islamic reporting. The extension of Islamic accounting concepts to the social and environmental domains is also highlighted; by examining waqf and zakat accounting, these studies strengthen the argument for the role of social financial instruments in socio-economic development and poverty alleviation. In fact, a trend of research on *green accounting* from an Islamic perspective is emerging, signaling the evolution of the Islamic accounting paradigm towards a more holistic sustainability. Furthermore, these studies clarify the complex relationship between *fintech*, financial inclusion, and MSME performance, enriching the theory of how technology and financial access can be catalysts for growth in the microeconomic sector. Identification of factors influencing the adoption of digital payments, such as QRIS, and digital financial literacy, especially among generation Z and MSMEs, also provides a strong theoretical basis for understanding financial technology adoption behavior.

Methodologically, many studies in this review employed the Systematic Literature Review (SLR) approach, offering a significant contribution by enabling comprehensive synthesis and analysis of existing literature. This method provides a holistic understanding of complex topics and helps identify critical research gaps. Additionally, several studies contribute by adapting and validating behavioral theories such as the Unified Theory of Acceptance and Use of Technology (UTAUT) within the context of Islamic economics and digital payment adoption, thereby strengthening the analytical framework for understanding financial technology user behavior.

At the practical and policy level, the findings of this study have significant implications. They provide concrete recommendations for the development of more adaptive and supportive sharia *fintech regulations*, by identifying challenges related to regulation, data security, and sharia compliance. For MSMEs, this study offers strategic guidance on how to optimize the use of digital payments

and sharia *fintech financing* to improve business performance and sustainability. In addition, this study emphasizes the urgency of comprehensive financial and digital literacy programs, especially for the younger generation and MSMEs, as a prerequisite for successful financial inclusion. By showing how sharia *fintech* can overcome traditional financing barriers, this study encourages sharia financial institutions and regulators to collaborate in expanding access to sharia capital. Finally, several journals contribute to the formulation of economic recovery policies, especially post-pandemic, by underlining the central role of MSMEs and the importance of government support in integrating MSMEs into the larger digital economy ecosystem.

Cumulatively, the reviewed studies not only fill the knowledge gap in the literature on Islamic accounting and finance and MSME digitalization, but also provide a strong foundation for developing strategies and policies that can drive more inclusive and sustainable economic growth.

The real novelty of this research lies in the comprehensive narrative and argumentative integration between Islamic Accounting and Finance, MSME Digitalization, and Islamic Financial Inclusion. Although each of these areas has been widely discussed, our main contribution is to bridge the fragmented literature by showing how these three pillars are interrelated and key to the development of a sustainable Islamic digital economy in Indonesia. So there are points of novelty from this research:

1. **Progressive and Holistic Islamic Accounting:** The first novelty is positioning Islamic accounting not only as a compliance instrument, but as an active catalyst for Islamic financial innovation and a driver of economic sustainability. We argue that modern Islamic accounting must be adaptive to technological dynamics such as *fintech*, while embracing broader concepts such as *green accounting* from a sharia perspective. This is a shift from a rigid view of Islamic accounting to a dynamic and future-oriented framework, which is less cohesively explored in existing discussions.
2. **Uncovering the Strategic Role of Sharia *Fintech* in MSME Transformation:** Literature often discusses MSME digitalization or the role of *fintech* in general. However, our novelty is to focus on identifying and arguing the specific role of *sharia fintech* as a key driving force behind MSME digitalization. We argue that the sharia approach to digital financing and transactions offers unique advantages that conventional *fintech does not have*, directly influencing the improvement of MSME performance and inclusion. This emphasizes the importance of sharia nuances in the context of MSME digital transformation.
3. **Sharia Digital Financial Literacy as the Foundation for Successful Inclusion:** Another crucial novelty is the emphasis on the concept of *sharia digital financial literacy*. We argue that the adoption of digital payment technologies and the success of sharia financial inclusion for the younger generation and MSMEs does not only depend on general digital literacy, but is significantly influenced by a strong understanding of sharia principles in the digital context. This is an argument that education must be more specific and

relevant to sharia values for digital financial inclusion to be truly effective and sustainable.

4. **Integrated Ecosystem Policy Approach:** Finally, our novelty is advocating for an integrated and holistic policy approach. We argue that to maximize the positive impacts of Islamic Accounting and Finance, MSME Digitalization, and Islamic Financial Inclusion, policies can no longer work in isolation. A framework is needed that unifies regulations, incentives, and educational programs in these three areas, creating optimal synergy for the growth of the Islamic economy as a whole.

CONCLUSIONS AND RECOMMENDATIONS

Study comprehensively reviews the literature related to the development of sharia accounting models for MSMEs, focusing on the Indonesian context. Based on a systematic review of 29 articles, several key conclusions can be drawn that underline the urgency and direction of future development:

Gap and Urgency of Adaptive Sharia Accounting Model: The majority of MSMEs in Indonesia still face difficulties in implementing sharia accounting standards that are in accordance with Islamic principles and applicable regulations. This indicates a significant gap between sharia accounting theory and practice in the field, as well as an urgent need for a simpler, more practical, yet comprehensive and sharia-compliant model.

Technology Integration as a Vital Solution: Digitalization and innovation in financial technology (*fintech*) are key to overcoming the barriers to implementing sharia accounting in MSMEs. The future sharia accounting model must be designed to be implemented through a digital platform, which allows automation of recording, reporting, and even calculating social obligations such as zakat, infaq, and sedekah. Technology integration will increase efficiency, accuracy, and accessibility for MSMEs.

Sharia Accounting as a Pillar of Holistic Accountability and Sustainability: The developed sharia accounting model must go beyond mere financial compliance. It must reflect the values of *maqasid sharia* by encouraging broader accountability, including social and environmental aspects. Thus, sharia accounting will contribute to the creation of MSMEs that are not only financially profitable, but also socially responsible and sustainable.

Crucial Role in Islamic Financial Inclusion and MSME Financing: An adaptive Islamic accounting model will make it easier for MSMEs to access Islamic financing. Transparent and sharia-compliant financial reports will increase the trust of Islamic financial institutions, opening the door to more inclusive and sustainable financing, which in turn will encourage the growth and development of MSMEs.

Implications for the National Sharia Economic Ecosystem: The development and implementation of an effective sharia accounting model for MSMEs will be an important catalyst for accelerating the growth of the Islamic economy in Indonesia. This will strengthen the overall sharia financial ecosystem, from upstream (regulations and standards) to downstream (MSME practices and community financial inclusion).

Overall, the researchers concluded that the development of an innovative, technology-integrated, and sustainability-oriented sharia accounting model is a fundamental prerequisite for empowering MSMEs, expanding sharia financial inclusion, and ultimately realizing the full potential of the sharia digital economy in Indonesia.

ADVANCED RESEARCH

Future research is expected to contribute to the establishment of a collective and institutional framework, potentially overseen by local or national governments, to support the development of more user-friendly and intelligent digital business platforms. These may include emerging innovations such as crowdfunding, blockchain, cryptocurrency, and other disruptive FinTech solutions, aimed at engaging all stakeholders in the sharia business ecosystem while enabling real-time financial reporting and information sharing. Additionally, future studies may explore other variables to enhance the effectiveness of the sharia accounting model, including improvements in human resource quality, financial inclusion and literacy, and the role of government in promoting and strengthening MSME adoption of sharia accounting at both national and international levels.

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