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Toward a Hybrid Sharia Governance Model: A Comparative Analysis of DSN-MUI Fatwas and Malaysia's Shariah Advisory Council on Contracts, Consumer Protection, and Supervision in E-Money, P2P Financing, and Equity Crowdfunding

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ABSTRACT

The rapid expansion of Islamic fintech across Southeast Asia outpaces the harmonization of Sharia governance, creating cross-border regulatory uncertainty. This study conducts a systematic comparative document analysis of the frameworks issued by Indonesia's DSN-MUI and Malaysia's Shariah Advisory Council (SAC) across three instruments: e-money, P2P financing, and equity crowdfunding (ISCF/ECF-i). Using a structured comparative matrix built around contract structure, consumer protection, and Sharia supervision, the analysis evaluates primary legal fatwas and regulatory guidelines from both nations alongside secondary academic literature. The comparison reveals distinct operational trade-offs rather than a single superior model: (1) Indonesia (DSN-MUI): Adopts a contract-specific, instrument-by-instrument approach that maximizes legal certainty but fragments supervision across decentralized Sharia Supervisory Boards (DPS); (2) Malaysia (SAC): Applies principle-based, centrally binding rulings under national financial acts, achieving regulatory consistency at some cost to sectoral specificity. To bridge these gaps, this study proposes a hybrid governance framework that combines Indonesia's contract-certainty approach with Malaysia's centralized, legally binding supervisory architecture. Ultimately, it outlines concrete regulatory, industry, and research implications for advancing the cross-border harmonization of Islamic fintech governance.

ABSTRAK

Perkembangan pesat tekfin (teknologi finansial) Islam di seluruh Asia Tenggara melampaui harmonisasi tata kelola syariah, sehingga menciptakan ketidakpastian regulasi lintas batas. Studi ini melakukan analisis dokumen komparatif sistematis terhadap kerangka kerja yang diterbitkan oleh DSN-MUI Indonesia dan Shariah Advisory Council (SAC) Malaysia pada tiga instrumen: uang elektronik, pembiayaan P2P, dan urun dana ekuitas (equity crowdfunding - ISCF/ECF-i). Menggunakan matriks perbandingan terstruktur yang dibangun berdasarkan struktur kontrak, perlindungan konsumen, dan pengawasan syariah, analisis ini mengevaluasi fatwa hukum primer dan pedoman regulasi dari kedua negara beserta literatur akademis sekunder. Perbandingan ini mengungkapkan adanya trade-off (pertukaran) operasional yang khas dan bukan sekadar satu model yang paling unggul: (1)

Indonesia (DSN-MUI): Mengadopsi pendekatan berbasis kontrak dan spesifik per instrumen yang memaksimalkan kepastian hukum, tetapi membuat pengawasan terfragmentasi melalui Dewan Pengawas Syariah (DPS) yang terdesentralisasi; (2) Malaysia (SAC): Menerapkan putusan berbasis prinsip yang mengikat secara terpusat di bawah undang-undang keuangan nasional, sehingga mencapai konsistensi regulasi namun dengan sedikit mengorbankan kekhususan sektoral. Untuk menjembatani kesenjangan ini, studi ini mengusulkan kerangka tata kelola hibrida yang menggabungkan pendekatan kepastian kontrak ala Indonesia dengan arsitektur pengawasan yang terpusat dan mengikat secara hukum ala Malaysia. Pada akhirnya, studi ini menjabarkan implikasi konkret bagi regulasi, industri, dan penelitian untuk memajukan harmonisasi tata kelola tekfin Islam lintas batas.

1. INTRODUCTION

The rise of financial technology (fintech) has reshaped global financial systems (Ismayilov & Kozarević, 2023), extending access to previously underserved populations (Bhattacharjee et al., 2024), including in Muslim-majority economies such as Indonesia and Malaysia. Because Islamic financial practice must remain free of *ribā* (usury), *gharar* (excessive uncertainty), and *maysir* (gambling), the growth of fintech has required dedicated Sharia governance through fatwas or Sharia authority resolutions (Asyiqin, 2025). In Indonesia, this role is discharged by the National Sharia Council–Indonesian Ulema Council (DSN-MUI); in Malaysia, by the Shariah Advisory Council (SAC), operating under Bank Negara Malaysia (BNM) for banking and payments and under the Securities Commission Malaysia (SC) for capital-market-based instruments.

The two countries have historically diverged in regulatory philosophy. DSN-MUI issues detailed, sector-specific fatwas that enumerate permissible contracts for each fintech instrument: Fatwa No. 116/DSN-MUI/IX/2017 on Sharia electronic money, Fatwa No. 117/DSN-MUI/II/2018 on information-technology-based financing services, and Fatwa No. 140/DSN-MUI/VIII/2021 on Sharia securities offerings through crowdfunding services. Malaysia's SAC, by contrast, issues principle-based rulings—such as its 2020 ruling permitting Sharia-compliant e-money—that are then operationalized through binding regulatory instruments: BNM's Policy Document on Electronic Money and the SC's Guidelines on Recognized Markets (Chapters 12 and 13, covering ECF and P2P financing respectively). Under the Central Bank of Malaysia Act 2009 and the Capital Markets and Services Act 2007, SAC rulings carry the force of law and bind courts and arbitrators, a level of statutory authority that DSN-MUI's normatively persuasive fatwas do not possess on their own; in Indonesia, fatwas acquire regulatory force only once adopted into technical rules by the Financial Services Authority (OJK) or Bank Indonesia (Firmansyah et al., 2024; Syahputra & Armayani, 2020).

Prior comparative studies have documented this divergence at a general level. Putra et al. (2025) note that Indonesia relies more heavily on DSN-MUI fatwas as normative guidance, while Malaysia integrates SAC resolutions directly into a stronger legal framework through BNM and the SC. Fidhayanti et al. (2025) similarly find that Malaysia's regulatory framework is more institutionally integrated, while Indonesia continues to face coordination challenges between the fatwa-issuing body and its technical regulators. Hardiati et al. (2024b) and Nurjaman et al. (2022) extend the comparison to specific contracts such as *mudhārabah* and debt-transfer arrangements, again observing that Indonesian fatwas tend to be sectoral and contract-specific while Malaysian resolutions are more readily absorbed into national law.

While this body of work has established the broad contours of the Indonesia–Malaysia divergence, it has three notable gaps that this study addresses. First, existing comparative studies (Putra et al., 2025; Fidhayanti et al., 2025) largely operate at the level of generalized regulatory philosophy and rarely disaggregate the analysis by specific fintech instrument; it remains unclear whether the same "normative-fragmented versus binding-centralized" contrast holds uniformly across e-money, P2P financing, and equity crowdfunding, or whether the trade-offs vary meaningfully by instrument. Second, prior work on Indonesia-Malaysia contract comparison has concentrated on traditional contracts such as *mudhārabah* (Hardiati et al., 2024b) or debt transfer (Nurjaman et al., 2022), rather than on the digitally native instruments that dominate current Islamic fintech usage. Third, none of the reviewed studies translates the observed trade-offs into an explicit, mechanism-level hybrid governance proposal; existing

conclusions largely restate the contrast between the two systems without specifying how the strengths of each could be combined in practice.

This study therefore asks: how do DSN-MUI and SAC Malaysia compare, instrument by instrument, in their treatment of (a) contract validity, (b) consumer protection, and (c) Sharia supervision, for e-money, P2P financing, and equity/securities crowdfunding—and what does this comparison imply for a workable hybrid model of cross-border Islamic fintech governance? By anchoring the analysis in a structured, instrument-level comparative matrix built directly from primary regulatory texts, the study aims to produce a more granular and actionable contribution than prior generalized comparisons, and to translate its findings into a concrete governance proposal rather than a restatement of known institutional differences.

2. LITERATURE REVIEW

2.1 Maqāṣid al-Sharī'ah as an Evaluative Framework

The study is anchored in the framework of maqāṣid al-sharī'ah (the higher objectives of Islamic law), which encompasses the protection of religion, life, intellect, lineage, and property (Dusuki & Bouheraoua, 2011). This framework is used not merely as background but as an evaluative lens: for each instrument and each jurisdiction, the analysis asks whether the regulatory design serves ḥifẓ al-māl (protection of wealth/property) through legal certainty and consumer protection, and whether it serves al-maṣlaḥah (public interest) through mechanisms that enable innovation and financial inclusion without compromising Sharia compliance.

2.2 Two Models of Sharia Governance

Indonesia's model rests on DSN-MUI's authority to issue fatwas that function as the primary normative source for Sharia-compliant financial products (Hardiati et al., 2024a), which regulators such as OJK and Bank Indonesia subsequently translate into technical rules (Firmansyah et al., 2024). This reflects a broader theory of converting Islamic legal opinion into positive law, in which fatwas serve as one input among several into national regulation (Syahputra & Armayani, 2020).

Malaysia applies what Arif et al. (2024) describe as a dual-structure model of Sharia governance: the SAC operates under BNM for the banking and payments sector and under the SC for the capital markets sector. Its resolutions carry direct legal force under the Central Bank of Malaysia Act 2009 and the Capital Markets and Services Act 2007, placing SAC rulings on par with positive law (Bank Negara Malaysia, 2020; Securities Commission Malaysia, 2022)—a structural difference, not merely a stylistic one, from the Indonesian model.

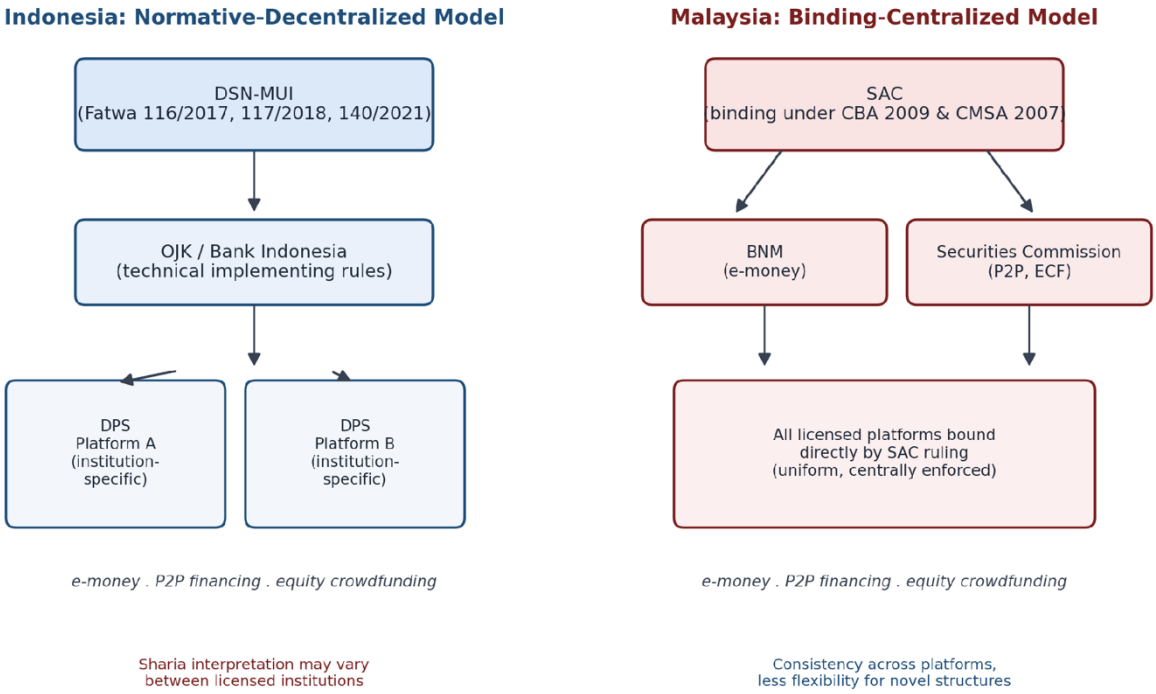

Figure 1. Sharia Governance Structures in Indonesia (Normative-Decentralized) and Malaysia (Binding-Centralized)

Figure 1 summarizes this structural contrast. In Indonesia, DSN-MUI's fatwas are translated into technical rules by OJK or Bank Indonesia and are then interpreted at the point of implementation by each licensed institution's own Sharia Supervisory Board (DPS), which introduces the possibility of inter-institutional variation even under a single fatwa. In Malaysia, the SAC's rulings bind licensed platforms directly and uniformly, whether the platform falls under BNM (e-money) or the Securities Commission (P2P financing, equity crowdfunding), leaving less room for institution-level interpretive divergence but also less built-in flexibility for platform-specific innovation.

2.3 Positioning This Study Relative to Prior Comparative Research

Putra et al. (2025) emphasize that Indonesia is more dynamic in issuing fatwas responsive to market needs, while Malaysia is stronger in regulatory harmonization. Hardiati et al. (2024b) find diverging interpretations between DSN-MUI and SAC specifically on mudhārabah-based products. Fidhayanti et al. (2025) show that Malaysia's fintech framework is more integrated because SAC resolutions feed directly into regulator policy, whereas Indonesia continues to rely on sectoral fatwas subsequently adopted through technical regulation.

This literature converges on a single macro-level finding—normative/fragmented (Indonesia) versus binding/centralized (Malaysia)—but has not tested whether this contrast holds with equal force for e-money, P2P financing, and equity crowdfunding individually, nor traced how the specific contracts used in each jurisdiction (wadī'ah/qarḍ versus wakālah/qarḍ for e-money; murābaḥah/ijārah/musyārakah/muḍārabah versus unspecified principle-based contracts for P2P; musyārakah/muḍārabah versus murābaḥah-based or ownership-based structures for crowdfunding) produce different practical consequences for consumers and platforms. Addressing this gap is the specific contribution of the present study.

3. RESEARCH METHOD

3.1 Research Design

This study employs a qualitative comparative-document-analysis design (Bowen, 2009), appropriate for research questions that require systematic comparison of normative legal texts across jurisdictions. The unit of analysis is the fatwa/resolution-instrument pair: each of the three Islamic fintech instruments (e-money, P2P financing, equity/securities crowdfunding) is analyzed against both its DSN-MUI fatwa and its corresponding Malaysian SAC ruling or SC/BNM guideline.

3.2 Data Sources

Primary sources (Indonesia):

- DSN-MUI Fatwa No. 116/DSN-MUI/IX/2017 on Sharia Electronic Money
- DSN-MUI Fatwa No. 117/DSN-MUI/II/2018 on Information-Technology-Based Financing Services Based on Sharia Principles
- DSN-MUI Fatwa No. 140/DSN-MUI/VIII/2021 on Sharia Securities Offering through Information-Technology-Based Crowdfunding Services

Primary sources (Malaysia):

- Ruling of the Shariah Advisory Council of Bank Negara Malaysia (201st Meeting and 26th Special Meeting, 29–30 January 2020) on e-money as a Sharia-compliant payment instrument
- Bank Negara Malaysia, Policy Document/Guideline on Electronic Money (as revised)
- Securities Commission Malaysia, Guidelines on Recognized Markets, Chapter 12 (Equity Crowdfunding) and Chapter 13 (Peer-to-Peer Financing)
- Securities Commission Malaysia, Shariah Screening Assessment Toolkit for MSMEs (2021)

Secondary sources: peer-reviewed journal articles, working papers (including IFSB Working Paper WP-28/12/2023 on regulatory practices in P2P and ECF in Islamic finance), and regulator publications concerning the implementation and critique of these frameworks in both jurisdictions.

3.3 Comparative Analytical Framework

Rather than relying on unstructured narrative comparison, this study applies a three-by-three comparative matrix, cross-tabulating the three instruments (e-money, P2P financing, equity crowdfunding) against the three analytical dimensions announced in the research problem (contract validity, consumer protection, Sharia supervision). For each of the nine cells, the analysis records: (a) the specific contract(s) recognized, (b) the binding status of the underlying rule, (c) the supervisory body responsible, and (d) the consumer-facing safeguard mechanism, if any. This structure directly operationalizes the theoretical distinction between normative/decentralized and binding/centralized governance (Section 2.2) and allows the discussion to identify where the general contrast holds, and where it does not, at the level of individual instruments.

Table 1. Comparative Analytical Matrix Applied in This Study

Analytical Dimension	Data Recorded per Instrument	Comparative Question Asked
Contract (Akad) Validity	Specific contract(s) permitted; whether specification is explicit (enumerated) or principle-based (case-by-case)	Does the jurisdiction enumerate permissible contracts, or endorse structures case-by-case?
Consumer Protection	Binding status of the underlying rule; existence and type of redress mechanism (Sharia-specific or general)	Is redress instrument-specific, jurisdiction-wide, or largely absent?
Sharia Supervision	Supervisory body responsible; centralized vs. decentralized authority; binding force of its decisions	Is Sharia-compliance interpretation uniform across all licensed platforms, or institution-specific?

3.4 Data Analysis Procedure

Data were collected through library research (documentary review) of the primary texts listed above, retrieved from official DSN-MUI, OJK, BNM, and SC Malaysia sources, supplemented by secondary academic sources identified through database searching. Each document was coded manually against the matrix in Section 3.3. Comparative interpretation followed Bowen's (2009) document-analysis logic of iterative categorization, cross-checking, and thematic synthesis: codes were compared across the two jurisdictions for each instrument to identify convergence, divergence, and instrument-specific nuance, rather than aggregating directly to a single macro-level conclusion. Findings were triangulated against secondary academic sources reporting on real-world platform practices (e.g., Nusa Kapital, LBS Urun Dana, Funding Societies) to assess the extent to which formal regulatory design is reflected in market practice.

4. RESULTS AND DISCUSSION

4.1 Sharia-Compliant Electronic Money

Indonesia. DSN-MUI Fatwa No. 116/2017 permits Sharia e-money on condition that: transactions are free from prohibited elements (ribā, gharar, maysir); service fees reflect real, ijārah-based cost recovery; float funds are placed with a Sharia bank; the nominal value held by an issuer must not be reduced other than for permitted transactions; and, most distinctively, the fatwa recognizes two possible contracts between issuer and cardholder—wadī'ah (safekeeping) or qarḍ (loan)—alongside ijārah, ju'ālah, and wakālah bi al-ujrah governing relationships among the issuer, acquirers, merchants, and clearing/settlement operators. Several subsequent academic evaluations (using a maqāṣid-based lens) have flagged this dual wadī'ah/qarḍ option as a source of interpretive ambiguity: because the two contracts carry different legal consequences for fund ownership and risk allocation, permitting either without a clear switching rule creates uncertainty about user rights, particularly if administrative fees are charged on funds that are simultaneously treated as a qarḍ (loan) owed to the issuer.

Malaysia. The SAC's ruling at its 201st meeting (29–30 January 2020) permits e-money as a Sharia-compliant payment instrument on condition that it is structured on an appropriate Sharia contract. In practice, this resolves into a wakālah structure: the approved e-money issuer (EMI) acts as the user's agent (wakīl bi al-daf'i) to make payments to merchants, with user funds held in a Sharia-compliant trust or dedicated deposit account under section 137 of the Islamic Financial Services Act 2013. Because the EMI may invest these funds and retain the investment return, the underlying fund relationship is simultaneously characterized as qarḍ from the user to the issuer—structurally similar to Indonesia's approach, but reached through a single, BNM-operationalized wakālah-plus-qarḍ structure rather than an either/or choice between wadī'ah and qarḍ. BNM's Policy Document on Electronic Money further requires Shariah EMIs to maintain board-level Sharia governance, appoint a qualified Sharia adviser, and comply with SAC rulings and BNM's Sharia standards as a condition of approval—supervisory obligations that attach directly to the issuer as a matter of binding regulation, not only as normative guidance.

Comparative assessment. Both jurisdictions converge on the underlying economic substance—treating user float as a form of qarḍ—but diverge in structural clarity: Malaysia's single wakālah-based structure, backed by a statutorily mandated Sharia adviser requirement, offers more determinate treatment of the issuer-user relationship than Indonesia's dual-contract option, which academic evaluations (e.g., studies applying al-Shāṭibī's maqāṣid framework to Fatwa 116/2017) suggest leaves the contract-switching mechanism under-specified. This is a case in which Indonesia's instrument-specific fatwa, intended to maximize certainty, does not fully achieve it in practice—illustrating that the "Indonesia = more certain" assumption found in prior comparative literature does not hold uniformly across instruments.

4.2 Islamic Peer-to-Peer (P2P) Financing

Indonesia. DSN-MUI Fatwa No. 117/2018 authorizes P2P financing platforms to use only Sharia-compliant contracts—principally murābaḥah, ijārah, musyārakah, and muḍārabah—and requires transparency regarding the rights and obligations of financiers, borrowers, and the platform operator, alongside an explicit prohibition on gharar, ribā, and maysir. Implementation is supervised by each platform's own Sharia Supervisory Board (Dewan Pengawas Syariah, DPS), which OJK requires as a licensing condition, but whose day-to-day interpretive practice is decentralized to the individual institution (Rafsanjani, 2021).

Malaysia. The SC's Guidelines on Recognized Markets, Chapter 13, establish the general regulatory architecture for P2P financing (registration, minimum paid-up capital of RM5 million, mandatory trust accounts, risk-scoring, and a RM50,000 investment cap for retail investors), applicable to both conventional and Sharia-compliant operators. Rather than prescribing specific contracts in a standalone fatwa, the SAC endorses each platform's Islamic investment note after reviewing its underlying contracts and documentation on a case-by-case basis; in practice, licensed Sharia P2P platforms have used contracts including murābaḥah (cost-plus sale, as used by Nusa Kapital, the world's first regulated Sharia-compliant P2P platform) and profit-and-loss-sharing structures such as muḍārabah/musyārakah (IFSB, 2023). Where an Islamic investment note is issued, the operator must additionally ensure the underlying trust account is Sharia-compliant (Chapter 13.09 of the Guidelines).

Comparative assessment. Here the general pattern from prior literature holds more clearly: Indonesia pre-specifies the universe of permissible contracts in a single normative instrument (legal certainty, potentially at the cost of flexibility for novel structures), while Malaysia applies a principle-based, platform-by-platform endorsement process under statutorily binding oversight (flexibility, at the cost of requiring case-by-case SAC review capacity). Indonesia's approach reduces interpretive discretion at the platform level, but—because DPS oversight is institution-specific rather than centralized—consistency of Sharia compliance across DSN-MUI-licensed platforms is not centrally guaranteed in the way that SAC endorsement (binding under the Central Bank of Malaysia

Act 2009 and Capital Markets and Services Act 2007) is designed to ensure in Malaysia. This is consistent with Poundrianagari's (2021) finding that Indonesia's DPS role is comparatively more institution-bound, while SAC's authority is final and system-wide.

4.3 Islamic Securities/Equity Crowdfunding

Indonesia. DSN-MUI Fatwa No. 140/2021 governs Sharia securities offerings through crowdfunding services (Islamic Securities Crowdfunding, ISCF), permitting contracts including musyārakah (including musyārakah musāhamah for share-based offerings), muḍārabah (including muḍārabah musytarakah for sukuk-based offerings), and wakālah bi al-ujrah for the platform operator's role. The fatwa requires that all underlying akad be free of ribā, gharar, and maysir, mandates disclosure of profit-sharing ratios (nisbah) at the outset, and requires disputes to be resolved first through deliberation (musyawarah) and, failing agreement, through Sharia-based alternative dispute resolution. Case-study evidence from licensed operators such as PT LBS Urun Dana indicates general compliance with the musyārakah/muḍārabah structure, though academic assessments of ISCF implementation note persistent weaknesses in contract transparency and clarity of profit-sharing ratios in practice, alongside a recommendation to strengthen DPS competence and investor literacy (Kholid & Suherman, 2025).

Malaysia. Malaysia was the first ASEAN country to regulate equity crowdfunding (SC framework introduced in 2015, formalized in the Guidelines on Recognized Markets); the SC subsequently issued a dedicated Shariah Screening Assessment Toolkit for MSMEs (2021) to guide platform operators in assessing the Sharia status of prospective issuers. Under Chapter 12 of the Guidelines, an ECF operator offering Sharia-compliant equity must additionally comply with Sharia-specific requirements, and since October 2022 the SC has opened a dedicated application track for operators seeking to run a fully Sharia-compliant ECF platform (rather than treating Sharia compliance as an add-on to a conventional platform). Licensed Sharia-compliant or Sharia-window ECF and P2P operators in Malaysia—such as Ethis/pitchIN, AMB Connect (a dedicated Islamic ECF-i platform), and Nusa Kapital—commonly use murābaḥah-based or ownership-based structures depending on the instrument (equity vs. investment note), with the SAC endorsing the underlying contract on a platform-specific basis.

Comparative assessment. In equity/securities crowdfunding, Indonesia's fatwa is again more prescriptive about permissible contract types (explicitly listing musyārakah and muḍārabah variants and their instruments—shares versus sukuk), while Malaysia relies on a dedicated Sharia-screening toolkit applied to issuers rather than a single contract-enumerating fatwa, and increasingly separates fully Sharia-compliant platforms from Sharia-window arrangements at the licensing stage. This suggests a partial convergence not previously highlighted in the literature: both jurisdictions have moved toward instrument-specific Sharia governance tools for crowdfunding (a dedicated fatwa in Indonesia; a dedicated toolkit and licensing track in Malaysia) rather than relying solely on general-purpose Sharia governance principles, indicating that the "normative vs. binding" contrast is narrowing for this particular instrument even as it remains wide for P2P financing.

Table 2. Summary Comparison of Contracts (Akad), Legal Basis, and Governing Authority Across the Three Instruments

Instrument	Indonesia (DSN-MUI)	Malaysia (SAC / BNM / SC)
E-money	Fatwa 116/2017: wadi'ah or qarḍ between issuer and holder; ijārah, ju'ālah, wakālah bi al-ujrah among issuer, acquirer, merchant, and settlement operators. Normative; enforced once adopted into BI/OJK technical rules.	SAC Ruling (2020): wakālah (issuer as wakīl bi al-daf'i) combined with a qarḍ characterization of the float. Directly binding under IFSA 2013 and BNM's Policy Document on Electronic Money.
P2P financing	Fatwa 117/2018: enumerates murābaḥah, ijārah, musyārakah, and muḍārabah. Implemented via OJK regulation; Sharia interpretation applied by each platform's own DPS.	SC Guidelines on Recognized Markets, Ch. 13: principle-based; contracts (e.g., murābaḥah, muḍārabah/musyārakah) endorsed case-by-case by the SAC for each platform's investment note. Binding under CMSA 2007.
Equity / securities crowdfunding	Fatwa 140/2021: musyārakah musāhamah (shares), muḍārabah musytarakah (sukuk), wakālah bi al-ujrah for the operator; mandates Sharia-based dispute resolution.	SC Guidelines Ch. 12 plus the Shariah Screening Assessment Toolkit (2021); dedicated Sharia-compliant ECF licensing track opened October 2022; contract type assessed per issuer.

4.4 Consumer Protection Across the Three Instruments

Fatwa No. 117/2018 requires transparency and a clear allocation of rights and obligations, but its enforcement in practice depends on OJK's technical regulations rather than on the fatwa's own force (Palilati, 2017); dispute resolution and redress mechanisms are correspondingly located in OJK's regulatory apparatus rather than in a Sharia-specific channel. Fatwa No. 140/2021 goes further by mandating a Sharia-specific dispute-resolution sequence (deliberation, then Sharia-based alternative dispute resolution), representing an improvement in Sharia-specific consumer redress relative to Fatwa 117/2018, though its practical accessibility to retail investors has not been independently verified in the sources reviewed here.

Malaysia's consumer protection architecture is comparatively more uniform across instruments because it is anchored in statutorily binding SC/BNM rules applicable to all recognized-market operators, supplemented for the financial sector generally by the Ombudsman for Financial Services (OFS) (Zain et al., 2022), and, for P2P and ECF specifically, by mandatory trust accounts, risk-scoring disclosure, and (for retail investors) exposure limits. This gives Malaysian consumers a system-wide redress channel independent of which specific instrument or platform they use, whereas Indonesian consumers' redress pathway differs depending on whether the relevant fatwa (117 vs. 140) specifies a Sharia-based dispute mechanism.

4.5 Sharia Supervision Across the Three Instruments

Across all three instruments, Indonesia relies on the DPS model: a Sharia board attached to each licensed institution, whose interpretive practice can therefore vary between institutions even under the same fatwa (Rafsanjani, 2021). Malaysia relies on the SAC as a single, centrally binding authority whose decisions prevail over any conflicting Sharia body's ruling and must be followed by courts and arbitrators. The instrument-level analysis in Sections 4.1–4.3 shows that this centralization is most consequential for P2P financing (where Indonesia's DPS-based model coexists with heterogeneous contract choices at each platform) and least consequential for e-money (where Indonesia's single, contract-specific fatwa narrows the room for inter-institutional variation, even though the wadī'ah/qarḍ ambiguity noted in Section 4.1 remains).

Table 3. Comparative Summary of Consumer Protection and Sharia Supervision Mechanisms

Dimension	Indonesia	Malaysia
Primary redress channel	OJK technical regulation for P2P (Fatwa 117/2018); Sharia-based alternative dispute resolution explicitly mandated only in Fatwa 140/2021 (crowdfunding)	Ombudsman for Financial Services (OFS), system-wide across instruments; plus mandatory trust accounts and disclosure requirements under SC Guidelines
Supervisory body	Dewan Pengawas Syariah (DPS), attached to each licensed institution	Shariah Advisory Council (SAC), a single centralized authority binding on courts and arbitrators
Consistency across platforms	May vary according to each institution's DPS interpretation of the same fatwa	Uniform, since the SAC's ruling is singular and directly binding on all licensed operators
Legal force	Fatwa is normatively persuasive; acquires binding force only once adopted into OJK/BI technical rules	SAC ruling is directly binding under the Central Bank of Malaysia Act 2009 and Capital Markets and Services Act 2007

The instrument-level findings suggest that a one-size-fits-all recommendation ("Indonesia should centralize like Malaysia" or "Malaysia should specify contracts like Indonesia") is too coarse. Instead:

For e-money, Indonesia's regulators (DSN-MUI, Bank Indonesia, OJK) could consider clarifying the wadī'ah-to-qarḍ conversion mechanism in Fatwa 116/2017 or issuing an implementing circular that resolves the ambiguity identified by maqāṣid-based academic evaluations, without necessarily abandoning the underlying dual-contract structure.

For P2P financing, Indonesia could strengthen inter-institutional consistency by requiring DPS members across licensed platforms to apply a shared minimum interpretive standard (analogous to a "Sharia standard" issued centrally, short of full SAC-style centralization), while Malaysia's SC could consider publishing more granular, platform-level Sharia compliance disclosures to give retail investors visibility comparable to Indonesia's contract-specific fatwa.

For equity/securities crowdfunding, both jurisdictions' recent instrument-specific tools (Fatwa 140/2021; the SC's Shariah Screening Assessment Toolkit) suggest an opportunity for direct regulatory dialogue and mutual recognition, since both are moving in a similar direction independently.

Platforms operating, or planning to operate, in both markets face materially different compliance burdens depending on the instrument: contract-specific compliance in Indonesia versus case-by-case SAC endorsement in Malaysia. A practical implication is that cross-border Islamic fintech platforms should budget for jurisdiction-specific Sharia legal review per instrument rather than assuming that Sharia-compliance certification in one jurisdiction transfers to the other—an operational cost that a harmonized or mutually recognized framework, as proposed in Section 5.4, could reduce.

Because Indonesian consumers' access to a Sharia-specific dispute-resolution channel currently depends on which fatwa governs their instrument (present in Fatwa 140/2021 for crowdfunding, less explicit in Fatwa 117/2018 for P2P financing), there is a direct consumer-protection implication: extending an explicit Sharia-based dispute-resolution clause to Fatwa 117/2018-governed P2P platforms, modeled on Fatwa 140/2021, would close a protection gap between Indonesia's two financing-type instruments without requiring wholesale institutional restructuring.

Building on the instrument-level asymmetries identified above, this study proposes a hybrid governance model with three specific, testable components, moving beyond the general call for "hybridization" found in prior literature:

1) Contract certainty with centralized minimum standards: retain Indonesia's practice of enumerating permissible contracts per instrument, but require DPS boards across all licensed platforms of a given instrument type to apply a single, centrally issued minimum interpretive standard—reducing inter-institutional variation without abolishing the DPS model.
2) Principle-based flexibility with mandatory Sharia-adviser accountability: retain Malaysia's platform-by-platform endorsement flexibility, but require (as BNM already does for e-money) a named, accountable Sharia adviser per platform whose approval is a precondition of SAC endorsement, extending this requirement uniformly across P2P and ECF platforms.
3) Instrument-matched consumer redress: adopt Fatwa 140/2021's Sharia-based dispute-resolution sequence as the default consumer-redress design for all Islamic fintech instruments in both jurisdictions, paired with Malaysia's system-wide Ombudsman for Financial Services as a secondary, cross-instrument channel.

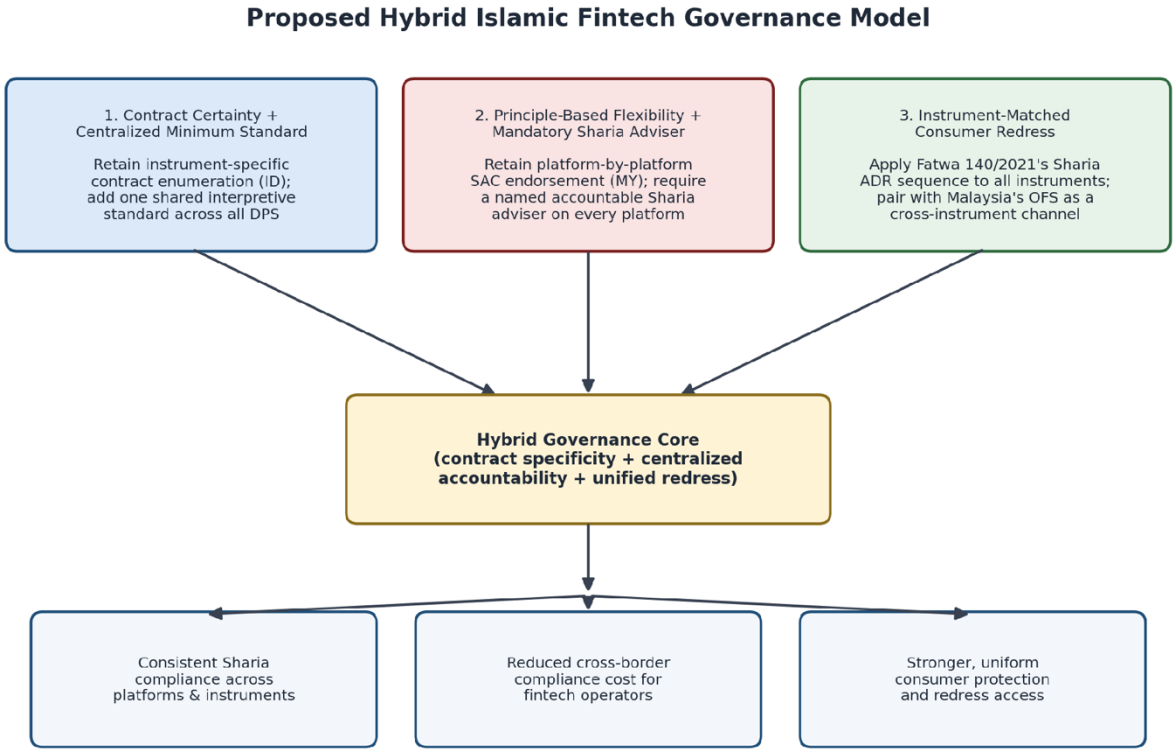

Figure 2. Proposed Hybrid Islamic Fintech Governance Model

Figure 2 illustrates how these three components combine into a single governance core—retaining Indonesia's contract specificity, Malaysia's centralized accountability, and an instrument-matched redress mechanism drawn from Fatwa 140/2021—and traces the expected downstream outcomes: more consistent Sharia compliance across platforms, lower cross-border compliance costs for operators serving both markets, and more uniform consumer protection regardless of which instrument or jurisdiction a user transacts in.

This hybrid model contributes to theory by reframing the Indonesia–Malaysia contrast not as a binary choice between normative flexibility and binding consistency, but as a design space in which specific governance functions (contract specification, supervisory accountability, consumer redress) can be recombined independently of one another—a more granular theoretical contribution than the general "spectrum between flexibility and consistency" language found in prior comparative work.

5. CONCLUSION

This study has compared DSN-MUI fatwas and Malaysia's SAC resolutions across three Islamic fintech instruments—e-money, P2P financing, and equity/securities crowdfunding—along three dimensions: contract validity, consumer protection, and Sharia supervision. The instrument-level comparison shows that the commonly cited contrast between Indonesia's normative, contract-specific approach and Malaysia's binding, principle-based approach does not hold uniformly: it is most pronounced for P2P financing, is complicated by an unresolved contract-switching ambiguity for e-money, and is narrowing for equity crowdfunding as both jurisdictions converge on instrument-specific Sharia governance tools. These findings support a hybrid governance model that recombines contract-specification, supervisory-accountability, and consumer-redress mechanisms from both jurisdictions rather than treating "Indonesia's model" and "Malaysia's model" as mutually exclusive templates. Future research should empirically test the proposed hybrid components—for instance, through platform-level compliance audits or investor-outcome studies—to assess their practical effect on Sharia compliance consistency and consumer protection in Islamic fintech markets.

Limitations. This study is based on documentary analysis of primary regulatory texts and secondary academic literature; it does not include primary interviews with regulators, DPS/SAC members, or platform operators, and the case-study evidence cited on platform practice (e.g., specific ISCF or P2P operators) is drawn from existing published studies rather than original fieldwork. The proposed hybrid model is therefore a conceptual contribution requiring empirical validation, as noted above.

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