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Sharia Governance and Sharia Compliance Traceability: An Analysis of KSPPS Aminul Ummah Syariatama

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ABSTRACT

This study analyzes the implementation of Sharia governance at KSPPS Aminul Ummah Syariatama, an Islamic savings and financing cooperative in Depok City, Indonesia, from a Sharia-compliance perspective. Traceability serves as the principal criterion: sharia principles should be traceable from the fatwas of the National Sharia Board of the Indonesian Ulema Council (DSN-MUI) and cooperative regulations for product design, procedures, implementation, supervision, and disclosure. This study employs a descriptive qualitative design based on document analysis of five groups of institutional artefacts for 2022-2023: a *qardh* financing contract, the EduQard financing standard operating procedure (SOP), financial statements, the Sharia Supervisory Board (DPS) opinion, and marketing materials. Each document is deductively mapped against the relevant DSN-MUI fatwas and the provisions of the Regulation of the Minister of Cooperatives and SMEs Number 8 of 2023, and then classified into three categories with explicit criteria: substantive conformity, administrative alignment needs, and areas requiring clarification. The review indicates conformity in the direction of contract design and the availability of supervisory structures, while the traceability of compliance remains undemonstrated at six points: the definition and structure of the *qardh* contract, fatwa references and methods in the DPS opinion, disclosure of *zakat-infaq-sadaqah* funds, SOP presentation, governance of a third-party digital application, and consistency of promotional materials. Sharia compliance in an Islamic cooperative is evidenced by a chain of mutually referring documents. Sharia terminology and the presence of a DPS are entry conditions that require support from internal control, supervisory documentation, and follow-up of recommendations. The analysis is confined to processes and documents and does not assess individual transactions or the personal performance.

1. Introduction

Sharia financial institutions implement the substance of contracts in a fair, transparent manner, free from *riba*, *gharar*, and *maisir* in every product, procedure, fund management, and communication with members, and it is in this regard that they differ from conventional institutions. At KSPPS, the use of Sharia terminology and administrative compliance are not sufficient to prove the substantive compliance of a transaction; both are prerequisites, not guarantees (Fidiana, 2017).

Under Indonesian positive law, Sharia compliance at KSPPS constitutes regulatory compliance. Law No. 25 of 1992 on Cooperatives establishes the institutional foundation for cooperatives (Republic of Indonesia, 1992), and

Regulation of the Minister of Cooperatives and SMEs No. 8 of 2023 on Savings and Loan Operations by Cooperatives specifically governs KSPPS: the requirement to have a Sharia Supervisory Board (DPS) that has received a recommendation from a fatwa institution or a certificate of education and training; the establishment of digital financial service platforms; and a definition of KSPPS that includes the management of *zakat*, *infaq*, *sadaqah*, and *waqf* (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2023). Within this framework, institutional documents— such as contracts, procedures, reports, supervisory opinions, and communication materials—serve as verifiable evidence of compliance.

KSPPS play a vital role in expanding public access to sharia-based microfinance services. The scale of operations, limited human resources, and uneven implementation of internal control systems make it difficult to translate fatwas into daily procedures. At BMTs in Depok City, Sharia oversight has not always been optimal, particularly when the Sharia Supervisory Board (DPS) lacks support from an internal audit unit or an adequate compliance function (Setiawan & Mardian, 2021), and organizational culture and internal controls are positively correlated with the quality of *Sharia governance* at BMTs in the same region (Mardian et al., 2019).

Within this structure, the DPS serves as a bridge between Sharia norms and institutional practices. Its roles include reviewing contracts, testing document or transaction samples, educating management, issuing opinions, and following up on findings. In Shariah microfinance institutions, oversight ideally combines *reviews* before a product is launched with periodic inspections after the product is operational (Rosalina et al., 2022). Oversight that stops at product validation does not guarantee the proper implementation of contracts through the settlement stage (Trihapsari and Harahap, 2019).

KSPPS Aminul Ummah Syariatama was established in 2008 under the name KSP Sri Limo, transformed from a conventional cooperative into a KSPPS in 2019, and has operated under the name Aminul Ummah Syariatama since 2022. Such institutional transformation requires contract documents, procedures, oversight, reporting, and product communications to be aligned with the new business entity structure.

This study focuses on five categories of documents that serve as primary evidence of *sharia governance*: *qardh* contracts, EduQard financing SOPs, financial statements, DPS opinions, and marketing materials. Sharia compliance is viewed as traceability—that is, a traceable connection from DSN-MUI fatwas and regulations to product design, implementation mechanisms, oversight, and transparency of information provided to members. The study addresses three questions. First, how is the implementation of *sharia governance* at KSPPS Aminul Ummah Syariatama reflected in these five document categories? Second, to what extent do the analyzed documents demonstrate traceability of compliance with Sharia principles, DSN-MUI fatwas, and relevant regulations? Third, what governance enhancements are needed to support the functions of the DPS, transparency, and traceability of Sharia compliance at this institution?

This study's contribution lies in the use of traceability as a criterion for evaluating documents against the dual benchmarks of fatwas and regulations, as well as in the selection of a case study involving a converted cooperative that manages digital-app-based educational financing products—two conditions that are increasingly common among Indonesian Sharia cooperatives but have not yet been extensively examined at the document level.

2. Literature Review

2.1 Sharia Governance and Sharia Compliance

The Sharia governance system (*Sharia governance system*) refers to the structures and processes adopted by an institution to ensure compliance with Sharia principles in decision-making, products, transactions, controls, supervision, and reporting. According to international standards, a Shariah supervisory body must meet four criteria: competence, independence, confidentiality, and consistency (Islamic Financial Services Board [IFSB], 2009). Oversight embedded within an institution's structure is superior because it is closely tied to operations: a competent, independent, and authorized Sharia supervisory board that approves new instruments allows innovation to grow from within the institution, while compliance is maintained through a combination of internal controls and stakeholder discipline (Grais and Pellegrini, 2006).

In the Indonesian context, this framework consists of two layers. DSN-MUI fatwas serve as the substantive reference for contracts and products, while cooperative regulations form the institutional foundation that binds the KSPPS, including requirements for the Board of Supervisors (DPS) and obligations regarding oversight and reporting (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2023). Compliance with sharia cooperatives requires substantial conformity: the logic of transactions, risk sharing, the treatment of social funds, and the execution of contracts must align with the nature of the contract itself, not merely the use of sharia terminology (Fidiana, 2017).

Demonstrating compliance at the microfinance institution level occurs in several stages, from the design to disclosure. The first stage requires the alignment of product design and contracts with fatwas; the second stage, the alignment of standard operating procedures (SOPs) and their implementation; and the third stage, verification through oversight reports, follow-up on findings, financial reporting, and transparency. Therefore, the effectiveness of the DPS is assessed in conjunction with the institution's capacity to document oversight and improve processes.

2.2 The Role of the DPS in KSPPS and BMT

The DPS performs four mutually supportive functions: providing advice, assessing product compliance, overseeing contract implementation, and issuing compliance opinions. In BMT practice, the DPS reviews a sample of financing documents, approves new products, provides consultation to management and members, and prepares periodic compliance reports (Rosalina et al., 2022). These functions operate effectively when supported by expertise in contemporary Islamic commercial law (fiqh muamalah), an understanding of Islamic financial products and the industry, the ability to analyze financial documents, and independence in issuing recommendations (Rosalina et al., 2022; Setiawan & Mardian, 2021).

Supervision that extends only to the product-approval stage has proven inadequate in various institutions. In Nganjuk, substantive testing of each contract had not been fully implemented (Pradita & Mulawarman, 2016), while in Sukoharjo, supervision limited to product validation was considered insufficient (Trihapsari & Harahap, 2019). The quality of supervision depends on the competence, independence, and frequency of visits by the DPS. DPS members are not always selected based on their professionalism and mastery of sharia transactions (Mujib, 2017), and supervision weakens when their understanding of *fiqh muamalah*, economic expertise, or frequency of visits is inadequate (Absor et al., 2019); conversely, periodic contract reviews, guidance, and training enhance its effectiveness (Ahmad, 2017). The quality of oversight reports reflects the professionalism of the DPS (Prawesti, 2017), while an institutional structure that places the DPS too close to the organization's management reduces its assertiveness (Lu'yan, 2022).

Other documented obstacles include the DPS's time constraints, a lack of understanding of contracts among management and members, weak post-implementation oversight, and the absence of support from internal audit or compliance units (Mediawati & Agustami, 2016; Setiawan & Mardian, 2021). Therefore, the DPS operates within a system: Sharia oversight is supported by clear SOPs, oversight working papers, staff training, and a sustainable recruitment and accountability system (Hidayat, 2016), with effectiveness indicators covering contract compliance, supervision intensity, employee education, corrective actions, competence, and reporting (Khutub, 2017). The role of the DPS in guiding and controlling transactions may vary across institutions (Faozan, 2015; Muhid, 2017), and the scope of supervision in the literature extends beyond financing contracts: Sharia audits at BMTs cover both financial statements and compliance aspects (Rosyidah, 2017), maqasid-based assessments view fairness and riba-free products as important dimensions (Musyafa' et al., 2018), and human resource oversight is relevant because Sharia practices are determined by the daily actions of staff (Istikharoh, 2017).

2.3 Contracts, SOPs, reporting, and promotion as evidence of compliance

The legal and economic relationship between KSPPS and its members begins with a contract; for the qardh contract, the criteria are directly stipulated in the fatwa: qardh is a loan to a party in need; the recipient is obligated to repay the principal amount at the agreed-upon time; administrative fees may be charged; collateral may be requested if deemed necessary; and any additional payments are valid only if given voluntarily and not stipulated in the contract (DSN-MUI, 2001). Given these characteristics, qardh is classified as a non-commercial *tabarru'* contract; therefore, any clauses regarding fees and the consequences of late payment must be carefully formulated to ensure that the contract does not evolve into a disguised interest-bearing loan (Fidiana, 2017). Regarding late payments, the fatwa distinguishes between two measures: fines are imposed only on parties who are financially capable but delay payment, based on the principle of *ta'zir*, and the funds are allocated for social welfare (DSN-MUI, 2000b), whereas compensation (*ta'widh*) is limited to actual losses that can be clearly quantified—including tangible collection costs—and the amount is not specified in the contract (DSN-MUI, 2004). In murabahah financing, oversight examines the permissibility of the subject matter, transparency of prices and margins, and the proper separation between the wakalah and murabahah contracts (Mediawati & Agustami, 2016); guidelines for deposit contracts and other financing arrangements are available in fatwas regarding savings, murabahah sales, ijarah, and mudharabah (DSN-MUI, 2000a, 2017a, 2017b, 2017c).

Through SOPs, contract designs are translated into operational steps carried out by staff and understood by members; clear procedures help ensure consistent implementation, and compliance of contracts with SOPs weakens when transparency of information to customers and monitoring of financing implementation are inadequate (Khairunisa et al., 2025). When procedures utilize digital services, the legal framework is in place: cooperatives may conduct digital savings and loan operations (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2023), and the processing of member data is subject to personal data protection principles, from lawful processing grounds and purpose limitation to data security (Republic of Indonesia, 2022).

Financial statements serve as the final link in the chain of evidence of compliance, where funds are accounted for by members. However, the disclosure of Sharia-related information in Islamic cooperatives, including zakat and charitable funds, as well as explanatory notes, is often inadequate (Mohamad et al., 2017), making the consistency of account classification and disclosure a critical issue amid the tension between cooperative reporting requirements and Sharia accounting standards (Nabilah, 2016). Marketing materials complete the chain: promotions using the Sharia brand do not always receive adequate oversight from the DPS (Adinugraha, 2017), while the integrity, trustworthiness, and understanding of human resources determine whether marketing reflects Sharia values (Muljadi, 2014).

3. Methodology

This study employed a descriptive qualitative method using document analysis. In document analysis, documents are treated as data that are systematically reviewed and evaluated to generate understanding and empirical knowledge (Bowen, 2009). This approach was chosen because institutional documents both shape and document the process of Sharia compliance: contracts bind the parties, SOPs guide staff, financial reports present accountability for funds, DPS opinions document oversight, and marketing materials convey product promises to the members.

The data consist of five groups of documents from the 2022–2023 period obtained directly from KSPPS Aminul Ummah Syariatama: one qardh-based financing contract, the EduQard educational financing SOP, comparative financial statements for 2022–2023, the DPS opinion, and product marketing materials. Table 1 presents the focus of the analysis, indicators, and normative benchmarks for each document group.

Table 1. Units of analysis, indicators, and normative benchmarks

Documents	Focus	Indicators	Normative benchmarks
Qardh contract	Substantive conformity and agreement structure	Contract definition, parties, obligations, fees, default, and dispute resolution	DSN-MUI Fatwa No. 19/2001; No. 17/2000; No. 43/2004
EduQard SOP	Process clarity and member protection	Service stages, transparency, workflow, digital system, and controls	Regulation of the Minister of Cooperatives and SMEs No. 8/2023; Law No. 27/2022
Financial statements	Transparency and consistency of disclosure	Account classification, social funds, financing, net surplus (SHU), and explanatory notes	Regulation of the Minister of Cooperatives and SMEs No. 8/2023; Sharia accounting guidelines
DPS opinion	Accountability of Sharia supervision	Fatwa basis, scope, methods, findings, recommendations, and follow-up	DSN-MUI Fatwa No. 02/2000; No. 111/2017; No. 112/2017; No. 115/2017
Marketing materials	Consistency of product communication	Consistency of product information, contracts, benefits, costs, and Sharia claims	Consistency with contracts, SOPs, and relevant product fatwas

The analysis was conducted using a deductive approach. The units of analysis consisted of contract clauses, procedural steps, report items and notes, statements of opinion, and promotional information; each unit was mapped against the normative benchmarks in Table 1, and the results of this mapping were then classified into three categories based on the following criteria. Substantial compliance was assigned when the substance of the unit met the key provisions of the fatwa or regulation serving as the benchmark. A need for administrative alignment was identified if the substance was met but the wording, terminology, or document structure created a risk of multiple interpretations or hindered traceability. An area requiring clarification was identified if the document lacked the information needed to assess compliance, meaning conclusions could not yet be drawn without further explanation or additional documents.

The validity of the analysis was ensured in three ways: triangulation across documents to verify the consistency of information, cross-checking of mapping results among members of the writing team, and documentation of the mapping in analysis worksheets so that each assessment could be traced back to the referenced clause, item, or statement.

The review was conducted with the institution's permission; the institutional identity is cited in the publication based on that permission, while confidentiality is applied to individual identities, members' personal data, and unpublished operational documents. The analysis is limited to processes and documents; the study does not audit individual transactions, evaluate the personal performance of officers, managers, members, or the DPS, and does not assess the operational effectiveness of work units. The term "compliant" in the findings report refers to compliance as evident from the documents examined.

4. Results and Discussion

4.1 Overview of the Implementation of Sharia Governance

KSPPS Aminul Ummah Syariatama has established the basic elements of *Sharia governance*: Sharia contracts are used in financing agreements, product SOPs are in place, financial statements are prepared, and the DPS issues opinions on them. The availability of these documents demonstrates the efforts to translate Sharia principles into cooperative operations. The quality of governance is further determined by the consistency of terminology, interconnectivity of documents, clarity of the basis for fatwas, ease with which members can understand the processes, and track record of follow-up on DPS recommendations— all dimensions that still require strengthening in the documents reviewed. These findings align with research in Depok, indicating that effective Sharia governance requires institutional support and control systems, going beyond the mere formal existence of the DPS structure (Setiawan & Mardian, 2021). As this is a document-based analysis, the conclusions apply at the design and documentation levels. Signs of compliance are evident in the design of contracts and the availability of oversight structures, whereas the traceability of compliance cannot yet be demonstrated across the six points outlined in the following subsections. Table 2 summarizes the classification results of our proposed model.

Table 2. Summary of review results by document group

Focus	Dominant category	Evidence of conformity	Areas for improvement
Qardh contract	Administrative alignment	The contract orientation follows benevolent-loan principles	Definitions, time terminology, article structure, default clauses, cross-references, and dispute resolution
EduQard SOP	Administrative alignment	Financing stages are documented	Visual workflow, contract clarity, third-party application governance, and data protection
Financial statements	Clarification	Main items are presented; financing is recorded	ZIS disclosure, consistency of account terminology, and explanatory notes
DPS opinion	Clarification	Confirmation of contract conformity is available	Fatwa references, scope, methods, and follow-up
Marketing materials	Administrative alignment	Sharia products are communicated	Consistency of terminology, contracts, benefits, fees, and DPS review

4.2 Analysis of the Qardh Contract

The criteria for the substance of the contract are set forth in DSN-MUI Fatwa No. 19/DSN-MUI/IV/2001 regarding al-Qardh: the recipient of the qardh is obligated to repay the principal amount at the agreed-upon time; administrative fees may be charged; and any additional payments are valid only if they are voluntary and not stipulated in the agreement (DSN-MUI, 2001). The contract under review has been aligned with the principles of this charitable loan, so that the orientation of the agreement is substantively compliant. Clarification is needed regarding the traceability of these substantive elements within the contract text: the definition of qardh must explicitly state the obligation to repay the principal in the same amount and the absence of any agreed-upon compensation, so that the *tabarru’* nature of the agreement is immediately evident from its clauses.

This clarification must be accompanied by several administrative adjustments. The terms "business day" and "calendar day" must be defined in the general provisions; the main provisions of the agreement must be condensed to directly include the parties, the value of the *qardh*, the term, and the repayment obligation; cross-references between articles must be corrected to avoid ambiguity; the comparison and signing sections must clarify the legal capacity and authority of each signatory; and the reference to the dispute resolution body must be updated, with its wording reviewed for compliance with applicable arbitration provisions.

The clause regarding collection costs or legal fees in the section on breach of contract requires clarification using a dual standard. Late payment penalties are imposed only on parties who are financially capable but delay payment, based on the principle of *ta'zir*, and the funds are designated for social welfare (DSN-MUI, 2000b); compensation is limited to actual, clearly quantifiable losses—including actual collection costs—and the amount is not specified in the contract (DSN-MUI, 2004). In the contract drafting, these two instruments must therefore be separated: the allocation of penalty funds must be specified, damages must be limited to actual costs, and both must not function as an addition to the principal of the *qardh*. Through this separation, the social character of the contract is preserved, and the DPS gains a clear basis for reviewing its implementation.

These improvements strengthen legal clarity and protect the members. The DPS's oversight of contracts examines the consistency of all clauses with the social character of the agreement—from definitions, rights and obligations, late-payment mechanisms, to dispute resolution—an assessment that can only be conducted once the fatwa's basis is documented and traceable within the contract.

4.3 Review of EduQard's Financing SOP

EduQard's financing SOP regulates the educational financing process; however, its presentation is predominantly narrative. Visual flowcharts serve as control instruments. With diagrams outlining the stages of application, verification, approval, contract execution, disbursement or payment, monitoring, and repayment, each stage can be executed consistently and traced, while also making it easier for members and staff to understand the status of an application. The SOP must also explicitly state the contract used and explain why it aligns with the nature of the educational product: if the product uses a *qardh*, the SOP confirms that the contract does not require compensation and that administrative fees are handled in accordance with fatwa provisions; if there is a mechanism involving the sale of educational goods or services, the SOP explains the subject matter, transaction flow, and the role of the KSPPS within it. This clarity closes the gap between discrepancies in product names, contractual arrangements, and actual practices.

The SOP includes a registration link that directs users to a licensed third-party application. Regulations allow cooperatives to provide digital savings and loan services (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2023), making the use of external applications a valid operational choice for cooperatives. The issue lies in data governance: the SOP must outline the purpose of using the application, secure registration steps, parties managing the data, types of data processed, legal basis for processing, and protection of member confidentiality in accordance with the personal data protection principles (Republic of Indonesia, 2022). Clarity regarding such procedures and information is part of the transparency that underpins Sharia compliance, as members have the right to understand where their data are flowing before committing to contracts.

The need to strengthen these SOPs aligns with the findings at BMTs that information transparency and monitoring of financing implementation are areas that frequently require improvement (Khairunisa et al., 2025). For the DPS, detailed SOPs serve as the basis for *ex-post* audits: the implementation of each listed stage is examined and substantiated with supporting documents.

4.4 Review of Financial Statements

The financial statements present assets, liabilities, equity, and operating results as the basis for the cooperative's accountability, and the available report structure shows no indication of substantial non-compliance with Sharia principles. Transparency can be enhanced in three areas: consistency in terminology, explanatory notes on key items, and disclosure of social funds. The presentation of the accounts of "long-term financing received" and “temporary syirkah funds” needs to use terminology consistent with the Sharia accounting guidelines applied by the cooperative. The consistency of this classification is an issue documented in the literature, particularly because cooperative reporting practices and the requirements of Sharia accounting do not always align (Nabilah, 2016).

The blank “Zakat, Infak, and Sedekah (ZIS)” column requires clarification. This blank space can be explained by three possibilities with different implications: social funds have not yet been collected during the current period; funds have been collected but are managed by another authorized party; or the funds are presented under a different account with a different name. The regulatory definition of KSPPS includes the management of zakat, infak, sedekah, and waqf (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2023); therefore, the institution’s policies regarding social funds—whether to collect them or not, to manage them internally or channel them to others, and how to present them—should be disclosed in the notes to the financial statements. The disclosure of zakat and charitable funds is noted as a common transparency weakness in Islamic cooperatives (Mohamad et al., 2017), and notes to the financial statements that detail policies regarding the collection, management, distribution, and balances of social funds help eliminate such room for interpretation.

Comparing the figures for 2022 and 2023, *mudharabah* financing increased from Rp227,800,000 to Rp454,650,000, while net income for the current period changed from a loss of Rp191,737,620 to a loss of Rp272,359,239. Within the framework of this study, these figures serve as transparency materials and a basis for management’s internal review of efficiency, operating costs, financing quality and business recovery strategies. To assess the causes of performance, operational audits and analyses are required, which fall outside the scope of this review. The increase in partnership-based financing simultaneously necessitates the completeness of portfolio quality monitoring documents and the basis for risk evaluation.

4.5 Review of the DPS Opinion

The DPS opinion confirms that *wadiah* deposit contracts, *mudharabah* savings, *murabahah* financing, and *ijarah* are conducted in accordance with Sharia principles. This confirmation forms the foundation of governance, and accountability is established when readers can trace the basis for the opinion’s conclusions. In the reviewed document, references to fatwas, the scope of the audit, methods, and follow-up actions are not yet included; therefore, this area requires clarification: an assessment of the adequacy of oversight cannot be conducted until these elements are complete.

An opinion with traceable grounds cites the fatwas on which it is based—for the products mentioned, these include fatwas on savings (DSN-MUI, 2000a), the *murabahah* sale contract (DSN-MUI, 2017a), the ijarah contract (DSN-MUI, 2017b), and the *mudharabah* contract (DSN-MUI, 2017c), as well as the fatwa on *al-qardh* (DSN-MUI, 2001) if EduQard’s financing is based on a qardh contract—followed by a brief explanation of the aspects examined in each contract. In the oversight report, the following four areas should be distinguished: oversight of products and contracts; oversight of transactions, including the determination of profit-sharing ratios, margins, *ujrah*, or fees; oversight of social funds; and recommendations along with the status of their follow-up. The sampling of documents and periodic compliance reports strengthen the quality of the opinion (Rosalina et al., 2022), and a combination of *ex ante* and *ex post* oversight, supported by internal audit or compliance functions, is a prerequisite for its effectiveness (Setiawan & Mardian, 2021). Table 3 summarizes the recommended minimum elements.

Table 3. Minimum elements of DPS audit opinions and oversight reports

Elements of the DPS opinion	Recommended minimum substantive standard
Scope	Products, period, units, or documents examined
Sharia basis	Relevant DSN-MUI fatwas and internal provisions
Method	Document review, sampling, visits, or consultation
Results	Conformity, observations, and areas requiring improvement
Recommendations	Corrective actions, responsible parties, and deadlines
Follow-up	Implementation status of recommendations from the previous period

With this division of responsibilities, the DPS remains focused on Sharia compliance: the DPS ensures that products, transactions, fees, margins, ratios, the management of social funds, and product communications align with Sharia principles, while the evaluation of business performance remains the domain of management.

4.6 Consistency of Marketing Materials

The same burden of proof applies to brochures, digital media, and product descriptions: the name of the contract must be stated accurately, accompanied by the product's purpose, benefits, member obligations, potential costs, as well as application and settlement mechanisms, and "Sharia" claims must be consistent with the contract and applicable SOPs. The marketing activities of Sharia microfinance institutions have not always been adequately covered by fatwa oversight (Adinugraha, 2017). The integrity, trustworthiness, and understanding of human resources determine whether marketing reflects Sharia values (Muljadi, 2014). A mechanism for DPS approval—or at least *review*—of promotional materials prevents the use of inappropriate terms, exaggerated claims, and information inconsistent with contract documents.

4.7 Discussion: Traceability as a Criterion and Implications for Strengthening Governance

The six identified points—the definition and structure of the *qardh* contract, breach-of-contract clauses, references to fatwas and methodologies in DPS opinions, disclosure of ZIS, presentation of SOPs along with digital application governance, and consistency in promotions—reveal a common pattern: while the substance of compliance may have been implemented, the documentation does not yet allow the reader to trace it. This pattern aligns with the literature, indicating that issues regarding Sharia compliance at KSPPS and BMTs more often lie in the translation of contracts into practice, the intensity of oversight, the competence of the DPS, and evidence of follow-up, rather than the absence of rules (Kholis, 2008; Purnomosari, 2016; Trihapsari & Harahap, 2019). Cases of *murabahah* non-compliance, such as when the purchase of goods is delegated without procedures that meet fatwa requirements, highlight the consequences of weak traceability. Without cross-referenced documents, deviations in practice are difficult to detect and equally difficult to refute (Zunaidah, 2018).

The Sharia governance system is fundamentally a structure and process (IFSB, 2009), and at the documentary level, this process manifests as traceability: fatwas and regulations serve as benchmarks documented in product materials; procedures refer to contracts; reports disclose funds governed by contracts; supervisory opinions refer to fatwas and methodologies; and promotional materials refer to contracts and standard operating procedures (SOPs). This chain of references enables the supervisory body to operate with its four attributes—competence, independence, confidentiality, and consistency—and allows stakeholders to exercise discipline from the outside (Grais & Pellegrini, 2006).

Governance can be strengthened in five steps: First, the cooperative develops a compliance matrix for each product that links the contract, DSN-MUI fatwas, SOPs, transaction documents, promotional materials, and DPS oversight. Second, qardh contracts are revised to clarify definitions, terms, clause structure, separation of *ta'zir* penalties from actual damages in breach-of-contract mechanisms, internal references, dispute resolution, and signatory authority. Third, the EduQard SOP was refined to include visual workflows, document checklists, control points, explanations of contract terms, governance of third-party applications and member data protection. Fourth, DPS oversight reports have been standardized to include the basis of fatwas, audit methods, results, recommendations, and follow-up status, with periodic sampling of transactions and documents according to the institution's capacity (Rosalina et al., 2022). Fifth, financial statements are supplemented with explanatory notes regarding ZIS and social fund policies, consistency in account classification, and a brief analysis of changes in financing and the SHU. For members, these five steps mean clarity on costs, an understanding of the contract before signing, and reliable information channels for complaints. Table 4 summarizes these findings.

Table 4. Priority recommendations for strengthening Sharia governance

Dimension	Document condition	Risk if not corrected	Priority
Contract conformity	The contract orientation is appropriate; the wording requires clarification	Ambiguity regarding rights, obligations, fees, and dispute resolution	High
SOPs and digital services	Procedures are available; they are not visual and do not yet regulate data	Inconsistent implementation and data-protection risks	High
DPS supervision	An opinion is available without a traceable basis	Supervisory accountability cannot be verified	High
Financial transparency	The structure is available; ZIS and explanatory notes are not disclosed	Misinterpretation of social funds and performance	Medium
Marketing	Products are communicated	Inconsistency among promotional materials, contracts, and SOPs	Medium

5. Conclusion

Based on an analysis of the qardh contract, EduQard's SOP, financial statements, DPS opinion, and promotional materials of KSPPS Aminul Ummah Syariatama, the fundamental elements of *Sharia governance* are in place, and the design aligns with Sharia principles, while compliance traceability has not yet been demonstrated in six areas: the definition and structure of the qardh contract, the formulation of breach-of-contract clauses, references to fatwas and methodologies in the DPS opinion, the disclosure of zakat, infaq, and sadaqah funds, the presentation of SOPs along with the governance of third-party digital applications, and the consistency of promotional materials. Sharia compliance in Sharia cooperatives is demonstrated through a chain of cross-referenced documents, from fatwas and regulations to contracts, procedures, implementation, oversight, and disclosure. The use of the term "contract" and the existence of the DPS are prerequisites that must be supported by evidence of traceability.

In qardh contracts, improvements focused on clarifying definitions, terminology, clause structure, distinguishing *ta'zir* penalties from actual damages, internal references, and dispute resolution. In the EduQard SOP, improvements include visual workflows, explanations of the contract, and governance regarding the use of third-party applications, and member data. In financial reports, the disclosure of social fund policies, consistency in account terminology, and explanatory notes enhance transparency. According to the DPS, the inclusion of fatwas, scope, methods, and follow-up mechanisms builds accountability in oversight.

The DPS remains a central element of Sharia compliance, and its effectiveness depends on competence, independence, oversight documentation, internal control support, and management's readiness to implement recommendations. This study is limited to a document review; the term "compliant" refers to compliance as evident from the examined documents and does not constitute an audit opinion on all operational practices. Further research could test a sample of transactions, interview managers and members, and assess the implementation of the DPS's recommendations to obtain a more comprehensive picture of Sharia compliance; it could also apply the same traceability framework to other KSPPS to test its transferability to different institutional contexts.

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