

# Sharia Economic Perspective on Cashless Transactions and Financial Technology in Indonesia

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**Abstract:** The rapid development of financial technology and digital payment systems has accelerated the emergence of the cashless society phenomenon in Indonesia. The increasing use of e-wallets, mobile banking, QRIS, and fintech platforms has significantly transformed public transaction behavior from cash-based payments to digital financial systems. This study aims to analyze the cashless society phenomenon from the perspective of Islamic Economics by examining its compatibility with Sharia principles, as well as identifying its opportunities, challenges, and impacts on Muslim consumer behavior. The research employs a qualitative approach using descriptive analysis and library research methods. Data were collected from journal articles, books, government reports, fintech regulations, Bank Indonesia publications, and Islamic economic literature related to digital finance and cashless transactions. The findings indicate that cashless systems provide various positive impacts, including transaction efficiency, financial inclusion, financial transparency, easier zakat and charitable payments, and support for economic modernization. However, the study also identifies several challenges, such as consumptive behavior, digital debt, cybersecurity risks, data privacy concerns, and the potential existence of riba-based financial practices in certain fintech services. The study concludes that the cashless society phenomenon can align with Islamic economics when supported by ethical regulations, Sharia-compliant financial practices, and responsible digital financial behavior. Therefore, collaboration among governments, Islamic financial institutions, fintech companies, and society is necessary to develop sustainable and ethical digital financial ecosystems in the modern digital era.

## Research Highlights:

- The rapid growth of digital financial technology has accelerated the development of the cashless society phenomenon in Indonesia through the increasing use of e-wallets, QRIS, mobile banking, and fintech services.
- Cashless transaction systems improve economic efficiency by enabling faster, easier, and more practical financial transactions for individuals, businesses, and financial institutions.
- From the perspective of Islamic Economics, digital payment systems are generally permissible as long as they comply with Sharia principles such as justice, transparency, accountability, and the prohibition of riba, gharar, and maysir.
- The implementation of digital financial systems contributes positively to financial inclusion by expanding access to banking and financial services for underserved communities and MSMEs.
- Cashless systems support financial transparency and reduce corruption risks because digital transactions are electronically recorded and easier to monitor.

## Article history

Submitted 29-01-2026

Revised 20-02-2026

Accepted 26-03-2026

## Keywords

Islamic Economics;  
Cashless Society;  
Digital Payment;  
Islamic Finance;  
Financial Technology.

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- Digital financial technology facilitates zakat, infaq, sadaqah, and other Islamic charitable payments through online and mobile platforms.
- The study identifies several challenges associated with the cashless society phenomenon, including consumptive behavior, impulsive spending, digital debt, cybersecurity threats, data privacy concerns, and unequal digital access.
- This study contributes to the academic discourse on Islamic digital finance by integrating discussions on fintech development, consumer behavior, ethical financial practices, and Sharia economic analysis within the context of the modern Digital Economy.

## INTRODUCTION

The rapid development of digital technology has transformed various sectors of human life, including the financial and economic sectors. In Indonesia, the advancement of financial technology has encouraged the emergence of a cashless society phenomenon, where people increasingly conduct transactions using digital payment systems instead of physical cash. The development of electronic wallets (e-wallets), mobile banking, QRIS (Quick Response Code Indonesian Standard), internet banking, and various fintech platforms has significantly changed public transaction patterns (Ani Karniawati et al., 2021). Supported by increasing internet penetration and smartphone usage, digital payment systems have become more accessible and widely used across different social groups in Indonesia.

The Indonesian government and financial institutions also actively encourage the implementation of cashless transactions as part of the national digital economic transformation. The use of digital payments is considered capable of improving transaction efficiency, reducing operational costs, increasing transparency, and supporting financial inclusion (Dos Santos & Harvold Kvangraven, 2017). In addition, the COVID-19 pandemic accelerated the adoption of digital transactions because society preferred non-contact payment methods for health and practical reasons. As a result, digital financial services have become an important part of modern economic activities and continue to expand rapidly in Indonesian society.

From the perspective of Islamic Economics, every economic activity and financial transaction must comply with Islamic principles that prioritize justice, transparency, honesty, accountability, and public welfare (maslahah). Islamic economics also emphasizes the importance of conducting halal transactions and avoiding practices containing *riba* (usury), *gharar* (uncertainty), and *maysir* (gambling). Therefore, the development of the cashless society phenomenon raises important questions regarding whether digital payment systems and fintech services are fully compatible with Sharia principles.

On one hand, the implementation of cashless systems offers many opportunities in improving economic efficiency and supporting Islamic financial development (Umar, 2020). Digital financial systems can facilitate faster transactions, increase financial transparency, simplify zakat and charitable payments, and support broader financial inclusion within society. Moreover, digital transactions can help create more organized and accountable financial management systems that align with Islamic ethical values.

Over the last decade, the rapid growth of digital financial technology has encouraged extensive research on the cashless society phenomenon, particularly in relation to fintech development, digital payments, consumer behavior, and Islamic Economics. One of the earlier studies discussing the relationship between digital payments and Islamic perspectives was conducted by Sifwatir Rif'ah in 2019. In the study entitled "Fenomena Cashless Society di Era Milenial dalam Perspektif Islam," Rif'ah (2019) explained that the development of electronic money and financial technology has significantly changed public transaction behavior in the millennial era. The research argued that digital transactions can support economic efficiency and practicality while remaining permissible in Islam as long as they avoid prohibited elements such as *riba*, *gharar*, and *maysir*. The study also highlighted the role of Bank Indonesia in encouraging electronic transaction systems to improve the modernization of the national economy.

Research on the broader development of the cashless society was further conducted by Muhammad Rafi Hasan Nurdin, Adji Achmad Rinaldo Fernandes, Eni Sumarminingsih, Solimun, and Muhammad Ohid Ullah in 2024 through their study “Analyzing the Development of Cashless Society Using the Structural Equation Modeling.” Their research analyzed the factors influencing the development of cashless transactions, including financial technology, mobile banking, and public acceptance of digital payments. The findings demonstrated that technological innovation and convenience significantly influence people’s willingness to adopt non-cash payment systems.

In 2024, Faiq Shidqi Rabbani and Sebastian Herman conducted a bibliometric study entitled “Cashless Society Trend: A Bibliometric Analysis and Islamic Economic Research Opportunities.” This study explored academic trends related to cashless society research and identified opportunities for further studies from an Islamic economic perspective. The researchers found that although research on digital payments and fintech has increased significantly, studies specifically integrating Sharia economic analysis into the cashless society phenomenon remain relatively limited. They concluded that Islamic economics still offers broad opportunities for examining ethical and regulatory dimensions of digital finance.

Research focusing on digital financial transformation within Islamic economics was conducted by Adrian Fadel Ceasario and Fauzatul Laily Nisa in 2025 through the study “Digital Financial Transformation in the Perspective of Sharia Economics: Opportunities, Challenges, and Impact on Financial Inclusion.” Their study emphasized that digital financial services, including mobile banking, e-wallets, and Islamic fintech applications, can improve financial inclusion and expand access to Islamic financial services in remote areas. However, the study also identified challenges related to financial literacy, cybersecurity, regulatory systems, and public trust toward digital financial services.

Another important study was conducted by Muwwahid Billah and Udin Saripudin in 2024 through the article “Analisis Penggunaan Uang Digital dalam Perspektif Ekonomi Syariah.” The study analyzed the increasing use of digital money and QRIS transactions in Indonesia from the perspective of Sharia economics. The findings suggested that digital financial innovation can align with Islamic principles when supported by transparency, accountability, and maqashid sharia implementation. The researchers also emphasized the importance of avoiding interest-based financial mechanisms and unethical fintech practices.

Further discussion regarding QRIS and Islamic economics was presented by Ade Suryawirawan in 2025 through the study “Transformasi QRIS sebagai Instrumen Pembayaran Digital dalam Perspektif Ekonomi Syariah.” The research explained that QRIS has become one of the most significant digital payment innovations in Indonesia, contributing to transaction efficiency, flexibility, and financial inclusion. However, the study emphasized that the implementation of digital payment systems must remain compliant with Sharia principles, particularly regarding the prohibition of riba and uncertainty in financial transactions.

However, alongside these benefits, the cashless society phenomenon also presents several challenges and risks from a Sharia economic perspective. The convenience of digital payments may encourage consumptive behavior and impulsive spending among users (Halim et al., 2020). The emergence of paylater services and digital lending systems potentially introduces practices containing riba, which are prohibited in Islam. In addition, issues related to cybersecurity, misuse of personal data, digital fraud, and unequal access to digital technology also become important concerns in implementing cashless systems fairly and inclusively. These conditions indicate that although digital financial systems provide substantial economic benefits, they still require proper supervision and regulation to ensure compliance with Islamic economic principles.

Based on these conditions, this research becomes important to analyze the cashless society phenomenon in Indonesia from a Sharia economic perspective (Harahap et al., 2020). This study seeks to examine whether the implementation of digital payment systems aligns with Islamic values, as well as to identify the opportunities, challenges, and impacts of cashless transactions on Muslim society. Through this analysis, the research is expected to contribute to the development of Sharia-compliant digital financial systems that support economic progress while maintaining Islamic ethical principles.

Several important problems arise from the rapid growth of digital financial systems in Indonesia. One of the major issues is whether the cashless society phenomenon is fully compatible with Islamic economic principles. The increasing use of digital payment systems also raises concerns regarding excessive consumption behavior caused by the convenience and speed of cashless transactions. In addition, the growth of fintech services, especially digital loans and paylater systems, may contain elements of riba and financial practices that conflict with Sharia values. Therefore, it is necessary to analyze how Islamic economic principles regulate modern digital financial transactions and how society can benefit from technological advancements without violating Islamic ethical standards.

Based on these problems, this research is guided by several research questions. First, how has the cashless society phenomenon developed in Indonesia? Second, what is the Islamic economic perspective toward cashless transactions and digital payment systems? Third, what are the impacts of cashless transactions on Muslim consumer behavior? Fourth, what opportunities and challenges arise from the implementation of digital financial systems according to Sharia principles? These questions are important to understand the relationship between technological development and Islamic economic values within the context of modern society.

This research aims to analyze the development of the cashless society phenomenon in Indonesia and examine its compatibility with Islamic economic principles. The study also aims to analyze the economic, social, and behavioral impacts of digital payment systems from a Sharia perspective. Furthermore, this research seeks to identify the opportunities and risks associated with cashless financial systems and provide recommendations for developing ethical and Sharia-compliant digital financial practices in Indonesia.

The significance of this research can be viewed from both theoretical and practical perspectives. Theoretically, this study contributes to the development of knowledge in Islamic Economics and Digital Economy, particularly regarding the integration of Sharia principles within modern digital financial systems. This research also expands academic discussions related to Sharia fintech, Islamic financial ethics, and digital consumer behavior in the contemporary economic era.

Practically, the findings of this study are expected to provide useful insights for governments, policymakers, Islamic financial institutions, fintech companies, and society. The research may help policymakers formulate regulations that support the development of Sharia-compliant digital financial systems while protecting consumers from unethical financial practices. For Islamic financial institutions and fintech providers, the study can serve as a reference for developing digital financial products that align with Islamic values. In addition, this research can educate society regarding responsible and ethical digital financial behavior in accordance with Sharia principles.

## METHOD

This research employs a qualitative approach to analyze the cashless society phenomenon in Indonesia from the perspective of Islamic Economics (Harahap et al., 2020). A qualitative method is considered appropriate because this study focuses on understanding social phenomena, financial behavior, ethical values, and the compatibility of digital financial systems with Islamic economic principles. In addition, this research also utilizes a literature review approach to examine various theories, concepts, regulations, and previous studies related to digital payments, fintech development, and Sharia economics. Through this approach, the study aims to obtain a comprehensive understanding of the opportunities, challenges, and implications of the cashless society phenomenon within the context of Islamic economics.

The type of research used in this study is descriptive qualitative research combined with normative Islamic economic analysis and library research. Descriptive analysis is used to explain the development of digital payment systems and cashless transactions in Indonesia, including the growth of e-wallets, mobile banking, QRIS, and fintech services (Gea & Al-Azhar, 2021). Normative Islamic economic analysis is applied to evaluate whether digital financial systems comply with Islamic principles such as justice, transparency, accountability, and the prohibition of *riba*, *gharar*, and *maysir*. Meanwhile, the library research method is conducted by reviewing various academic references, policy documents, and Islamic economic literature related to digital finance and cashless society.

The data used in this research consist of both primary and secondary data sources (Prada-Ramallal et al., 2018). Primary data may be obtained through interviews, surveys, questionnaires, or observations involving users of digital payment systems, Islamic finance practitioners, academics, and fintech experts. Interviews can provide deeper insights regarding public perceptions of cashless transactions and their compatibility with Sharia principles. Surveys and questionnaires may also be used to analyze consumer behavior and the level of public understanding regarding ethical digital financial practices.

In addition to primary data, this research heavily relies on secondary data collected from various reliable sources. Secondary data include journal articles, books, previous research findings, government publications, fintech regulations, reports from Bank Indonesia and the Financial Services Authority (OJK), Islamic economic literature, and statistical reports related to digital financial transactions in Indonesia. These secondary sources are important in providing theoretical foundations, empirical evidence, and regulatory perspectives regarding the development of the cashless society phenomenon.

The data collection process in this study is conducted through several techniques. First, documentation techniques are used to collect official reports, regulations, statistical data, and policy documents related to digital finance and Islamic economics. Second, literature study methods are applied by reviewing books, scientific journals, conference papers, and previous studies discussing fintech, digital payments, and Sharia economics. If primary data are utilized, interviews and surveys are conducted to obtain direct information from respondents regarding their experiences and perceptions toward digital financial systems.

The collected data are analyzed using descriptive qualitative analysis to explain and interpret the cashless society phenomenon comprehensively. Content analysis is also employed to identify important themes, concepts, and issues related to digital finance and Islamic economic principles. Furthermore, comparative analysis is conducted to compare conventional financial perspectives with Islamic economic perspectives regarding digital payment systems and fintech services. The interpretation of findings is based on Islamic teachings derived from the Qur'an, Hadith, and Islamic economic theories.

In analyzing the compatibility of cashless systems with Islamic economics, this study applies several important Islamic economic principles (Zafani & Arifqi, 2020). One of the primary frameworks used is Maqasid al-Sharia, which emphasizes the protection of religion, life, intellect, wealth, and society in economic activities. The study also examines whether digital financial systems comply with the prohibition of *riba*, avoid elements of *gharar* and *maysir*, and uphold principles of justice, transparency, and accountability. In addition, the concept of *maslahah* (public benefit) is used to evaluate whether the implementation of cashless systems contributes positively to economic welfare and social development within society.

## RESULTS AND DISCUSSION

### Overview of Cashless Society in Indonesia

The development of the cashless society phenomenon in Indonesia has experienced significant growth over the last decade, driven by rapid technological advancement, increased internet penetration, smartphone usage, and the expansion of digital financial services. The transformation from conventional cash transactions toward digital payment systems has become one of the major characteristics of Indonesia's modern economic development. The emergence of financial technology (fintech), electronic wallets (e-wallets), mobile banking applications, QRIS (Quick Response Code Indonesian Standard), and digital banking services has changed the way Indonesian society conducts financial transactions in daily life.

The growth of digital payments in Indonesia has shown remarkable progress in recent years. Bank Indonesia reported that digital payment transactions continue to increase significantly, supported by the rapid adoption of QRIS and mobile banking services (Sari & Adinugraha, 2021). In the second quarter of 2025, the volume of digital payment transactions in Indonesia reached approximately 11.67 billion transactions, growing by 30.51% year-on-year. This increase was largely driven by QRIS transactions, which grew by 148.50% annually. In the third quarter of 2025, digital payment transaction volume further increased to around 12.99 billion transactions, reflecting annual growth of 38.08%. These trends indicate that digital payment systems have become increasingly integrated into Indonesian economic activities and consumer lifestyles.

One of the most influential innovations supporting the cashless society in Indonesia is the implementation of QRIS, a standardized QR-code payment system introduced by Bank Indonesia. QRIS simplifies digital transactions by enabling users to make payments using various digital wallet applications through a single QR code system. The adoption of QRIS has expanded rapidly among consumers and merchants across Indonesia (Sari & Adinugraha, 2021). According to data from the Indonesian Payment System Association (ASPI), the number of QRIS users reached approximately 58 million consumers in the third quarter of 2025, while the number of merchants accepting QRIS payments reached around 41 million merchants. The majority of these merchants are micro, small, and medium enterprises (MSMEs), demonstrating that digital payment systems have penetrated even small-scale businesses and informal economic sectors.

The trend of e-wallet usage has also contributed significantly to the expansion of cashless transactions in Indonesia. Applications such as GoPay, OVO, DANA, ShopeePay, and LinkAja have become increasingly popular because they offer convenience, speed, promotional incentives, and integration with e-commerce platforms and transportation services (Widjojo, 2020). The increasing popularity of e-wallets reflects changing consumer preferences toward more practical and flexible payment methods. Many

Indonesians now use e-wallets not only for online shopping but also for transportation payments, food delivery, utility bills, donations, and daily retail transactions.

In addition to e-wallets, mobile banking services have experienced rapid growth as banks continue to digitalize their financial services. Mobile banking applications allow users to conduct transfers, bill payments, investments, and various financial activities directly through smartphones without visiting physical bank branches. Bank Indonesia reported that mobile banking transactions continued to grow strongly in 2025, with mobile application transactions increasing by more than 13% to 32% annually. This growth reflects the increasing reliance of Indonesian society on digital banking systems for daily financial management.

The expansion of fintech companies has further accelerated the development of the cashless society ecosystem in Indonesia. Fintech services now cover various sectors, including digital payments, peer-to-peer lending, crowdfunding, investment platforms, insurance technology, and Islamic fintech services. The rapid growth of fintech has improved financial accessibility for communities that previously had limited access to conventional banking systems (Friedline et al., 2020). Fintech innovations also support financial inclusion by providing digital financial services to rural communities, MSMEs, and younger generations who are highly familiar with digital technology.

Government policies have played a crucial role in supporting Indonesia's digital economic transformation. Bank Indonesia and the Financial Services Authority (OJK) actively promote digital financial systems through various regulations and programs aimed at strengthening financial inclusion and accelerating cashless transactions. The implementation of QRIS as a national payment standard is one of the most important government initiatives in building an integrated digital payment ecosystem. In addition, the government has continuously encouraged digital transformation through the development of digital banking regulations, fintech supervision, cybersecurity improvements, and support for MSME digitalization.

The Indonesian government also views digital finance as an important driver of future economic growth. Reports indicate that Indonesia's digital economy is projected to continue expanding rapidly, supported by increasing e-commerce activity, digital banking services, and widespread QRIS adoption. Furthermore, digital payment systems have begun to expand internationally through cross-border QRIS cooperation with countries such as Thailand, Malaysia, Singapore, and Japan, enabling Indonesian users to conduct transactions abroad more conveniently.

### **Factors Encouraging Cashless Society**

One of the most important factors encouraging the growth of the cashless society is the rapid advancement of technology. The continuous development of financial technology (fintech), digital banking systems, and electronic payment infrastructure has transformed how financial transactions are conducted (Omarini, 2017). Innovations such as e-wallets, mobile banking applications, QRIS (Quick Response Code Indonesian Standard), contactless payments, and online transaction systems enable users to complete financial transactions more quickly and securely. Technological advancement has also improved the integration between banking institutions, fintech companies, merchants, and consumers, creating a more connected and efficient digital financial ecosystem. As technology becomes more sophisticated and user-friendly, society becomes increasingly willing to shift from conventional cash transactions toward digital payment systems.

Another major factor supporting the cashless society phenomenon is the increasing penetration of smartphones in Indonesia. Smartphones have become essential tools for communication, business, education, and financial transactions. The affordability of smartphones and the growing availability of mobile devices across different income groups have expanded access to digital financial services (Pazarbasioglu et al., 2020). Most digital payment applications, such as mobile banking and e-wallet services, are designed to operate through smartphones, making these devices central to the implementation of cashless transactions. Younger generations, particularly millennials and Generation Z, are highly familiar with smartphone technology and tend to adopt digital financial services more rapidly than previous generations. Consequently, smartphone penetration significantly accelerates the adoption of cashless payment systems in society.

In addition to smartphone usage, improved internet accessibility has also played an important role in promoting cashless transactions (Lai & Liew, 2021). The expansion of internet infrastructure and mobile network coverage throughout Indonesia has enabled more people to access online financial services (Jameaba, 2020). The increasing availability of affordable internet packages and faster internet connections supports the use of mobile banking, e-commerce platforms, and digital payment applications even in semi-urban and rural areas. Internet accessibility allows users to conduct transactions anytime and anywhere without the

limitations associated with physical banking services. As internet access continues to improve, digital financial inclusion becomes broader, encouraging greater participation in the cashless economy.

Convenience and efficiency are also major reasons why people prefer digital payment systems over cash transactions. Digital payments simplify financial activities by allowing users to complete transactions quickly without carrying physical cash or visiting bank branches (Pazarbasioglu et al., 2020). Through e-wallets and mobile banking applications, users can transfer money, pay bills, purchase goods, and access various services within seconds. Digital payment systems also reduce transaction time, minimize the risks of losing cash, and provide easier financial record management. For businesses and merchants, cashless systems improve operational efficiency, reduce cash-handling costs, and simplify transaction monitoring. The practical nature of digital transactions has therefore become one of the strongest motivations for the public to adopt cashless payment methods.

Promotional incentives offered by fintech companies and digital payment providers have further accelerated the growth of the cashless society. E-wallet applications and digital banking services frequently provide cashback programs, discounts, reward points, free transaction fees, and promotional vouchers to attract users. These incentives encourage consumers to use digital payment systems more frequently in their daily transactions. Competition among fintech companies has resulted in increasingly attractive promotional strategies, making digital payments more appealing than conventional cash transactions. In many cases, consumers choose digital payment methods specifically because they offer economic benefits and convenience unavailable in cash-based systems.

Another significant factor encouraging the cashless society phenomenon is the digital transformation that accelerated after the COVID-19 pandemic. During the pandemic, society became more dependent on online services and contactless transactions to reduce physical interaction and minimize health risks. The use of e-commerce, online food delivery, digital banking, and e-wallet services increased substantially as people adapted to social distancing measures and mobility restrictions. The pandemic changed consumer habits by encouraging broader acceptance of digital technology and online financial services. Many individuals who previously relied on cash transactions began adopting digital payments because they were considered safer, faster, and more practical during the health crisis. Even after the pandemic subsided, these digital transaction habits continued to persist and became part of modern consumer behavior.

Government support and regulatory policies also strengthen the factors encouraging the growth of the cashless society in Indonesia (Adiani et al., 2021). Bank Indonesia and the Financial Services Authority (OJK) actively promote digital financial systems through QRIS implementation, fintech regulation, digital banking development, and financial inclusion programs. Government initiatives aimed at accelerating digital transformation and strengthening the national digital economy contribute significantly to the increasing acceptance of cashless payment systems among society.

### **Islamic Economic Perspective on Cashless Transactions**

In Islamic economics, money primarily functions as a medium of exchange, a unit of account, and a store of value. Therefore, digital money or electronic money can generally be accepted as a lawful instrument of transaction as long as it fulfills these economic functions and does not violate Islamic principles. Digital payment systems are considered technological innovations that facilitate muamalah (social and economic interactions) in modern society (Abidin et al., 2020). Since Islam allows flexibility in economic transactions as long as there is no explicit prohibition in the Qur'an or Hadith, many Islamic scholars argue that cashless transactions are permissible (mubah) because they merely represent a transformation in the method of payment rather than a prohibited economic activity.

The permissibility of cashless systems in Islam depends on several important conditions. First, transactions must involve halal goods and services. Islam strictly prohibits transactions involving unlawful products such as alcohol, gambling, fraud, and other prohibited activities. Therefore, although digital payment systems themselves may be permissible, their use becomes impermissible if they facilitate haram transactions. Second, transactions must be conducted voluntarily and fairly without coercion or exploitation between parties. Third, the transaction process must ensure transparency and clarity regarding prices, fees, obligations, and contractual agreements to prevent injustice and misunderstanding.

Transparency and accountability are central principles in Islamic financial transactions (Faizullah, 2009). Digital payment systems potentially support these principles because electronic transactions are automatically recorded and traceable, reducing the possibility of fraud and manipulation. Through digital records, users can monitor their financial activities more accurately, which aligns with Islamic teachings emphasizing honesty and accountability in economic dealings. The Qur'an encourages transparency in

financial transactions, as stated in Surah Al-Baqarah verse 282, which instructs believers to record debt transactions clearly to avoid disputes and injustice. This verse demonstrates that Islam supports organized and accountable financial management, principles that can also be facilitated by modern digital financial systems.

One of the most important considerations in evaluating cashless systems from an Islamic perspective is the absence of *riba* (usury or interest). Islam strictly prohibits *riba* because it creates injustice and exploitation in financial relationships. This prohibition is clearly stated in the Qur'an, particularly in Surah Al-Baqarah verses 275–279, where Allah forbids usury and commands believers to abandon interest-based financial practices. Consequently, digital payment systems and fintech services are considered permissible only if they do not involve interest-based transactions or exploitative financial mechanisms (Arner et al., 2015). Basic digital payments, such as transfers, QRIS transactions, and e-wallet payments, are generally considered *halal* because they merely facilitate payment activities. However, certain fintech products such as paylater services, interest-bearing digital loans, and conventional peer-to-peer lending systems may contain elements of *riba* if they impose excessive interest charges or unfair penalties.

In addition to avoiding *riba*, Islamic economics also prohibits *gharar*, which refers to excessive uncertainty, ambiguity, or deception in transactions. Transactions must clearly specify the rights and obligations of each party, the object being exchanged, payment procedures, and contractual terms. In digital financial systems, *gharar* may arise if transaction terms are unclear, hidden fees exist, or users lack proper understanding of financial agreements. Therefore, digital financial providers must ensure transparency regarding service fees, transaction mechanisms, and contractual obligations to comply with Sharia principles. Islamic economic theories emphasize that financial transactions should create mutual benefit and certainty rather than confusion or exploitation.

Islam also prohibits *maysir* (gambling or speculative activities) in financial transactions (Uddin, 2015). Therefore, digital financial services should not involve speculative mechanisms, excessive risk-taking, or gambling-like activities that generate unfair profits. Fintech systems operating within Islamic economic frameworks are expected to prioritize productive economic activities and real financial transactions rather than speculative financial behavior.

Several Islamic scholars and fatwa institutions have addressed the permissibility of digital financial systems and electronic money. In Indonesia, the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) has issued fatwas regarding electronic money and Sharia fintech practices. These fatwas generally state that electronic money and digital payment systems are permissible as long as they fulfill Sharia requirements, including avoiding *riba*, *gharar*, *maysir*, fraud, and unjust practices. Islamic scholars also emphasize the importance of proper supervision and regulation to ensure that digital financial innovations remain aligned with Islamic ethical principles.

From the perspective of *Maqasid al-Sharia*, cashless systems can support public welfare (*maslahah*) because they improve transaction efficiency, financial inclusion, economic productivity, and financial transparency. Digital financial systems can facilitate easier access to economic activities, charitable payments, *zakat* distribution, and Islamic social finance management. However, these systems must also protect society from harmful effects such as excessive consumerism, digital fraud, financial exploitation, and unethical financial behavior.

### **Positive Impacts of Cashless Society in Sharia Economics**

One of the most significant advantages of cashless systems is transaction efficiency. Digital payment methods simplify financial transactions by allowing individuals and businesses to complete payments quickly without relying on physical cash. Through mobile banking applications, QRIS, and e-wallet platforms, users can transfer money, pay bills, conduct purchases, and perform various economic activities within seconds. This efficiency reduces transaction time, minimizes operational costs, and improves productivity in both individual and business activities. In Islamic economics, efficiency is closely related to the concept of avoiding wastefulness and promoting beneficial economic practices (Furqani, 2017). Therefore, the implementation of digital financial systems can support more organized and effective economic management that contributes to societal welfare.

Another important positive impact of the cashless society is the expansion of financial inclusion. Digital financial services provide broader access to financial systems for people who previously had limited access to conventional banking institutions. In many rural and remote areas of Indonesia, digital payment systems and fintech services enable communities to participate in financial activities through smartphones and internet-based applications. This accessibility supports economic empowerment, especially for micro, small, and medium enterprises (MSMEs), low-income communities, and younger generations. From the

Islamic economic perspective, financial inclusion aligns with the principle of justice and equal opportunity because it allows more people to access financial services fairly and participate in productive economic activities.

Cashless systems also contribute to reducing corruption risks and improving accountability in financial transactions (Alaeddin et al., 2019). Digital payment systems automatically record transaction data electronically, making financial activities more transparent and traceable. This reduces opportunities for fraud, bribery, money laundering, and misuse of public funds because transaction records can be monitored and audited more easily. In Islamic teachings, honesty, accountability, and transparency are fundamental principles in economic transactions. The Qur'an encourages fairness and proper recording of financial agreements to prevent disputes and injustice. Therefore, digital financial systems that improve transaction transparency can support Islamic ethical values in promoting integrity and accountability within economic activities.

In addition, the cashless society phenomenon has made zakat, infaq, sadaqah, and other charitable contributions easier and more efficient. Digital payment platforms now provide online zakat and donation services that enable Muslims to fulfill their religious obligations conveniently through mobile applications and banking systems (Utami, 2020). Islamic charitable institutions can also distribute funds more effectively using digital financial technology. The availability of online donation systems increases public participation in social finance and strengthens the role of Islamic philanthropy in supporting social welfare programs. This development is highly compatible with the objectives of Maqasid al-Sharia, particularly in protecting wealth and promoting social justice through equitable wealth distribution.

The implementation of cashless systems also encourages the development of more transparent financial systems. Digital transactions create automatic financial records that help users monitor their income, expenditures, and financial activities more accurately. This transparency can improve financial discipline and accountability among individuals and businesses. From the Islamic perspective, financial transparency is important to prevent disputes, fraud, and uncertainty (gharar) in economic transactions. By providing clear transaction records and payment histories, digital financial systems support more ethical and responsible financial management in accordance with Sharia principles.

Furthermore, the growth of the cashless society reflects economic modernization that can remain compatible with Islamic values when implemented properly. Islam encourages technological advancement and innovation as long as they contribute positively to human welfare and do not violate ethical principles (Naqvi, 2016). Digital financial systems represent a form of economic modernization that improves convenience, accessibility, and efficiency in financial transactions. Islamic economics does not reject technological progress; instead, it emphasizes that innovation should be guided by moral responsibility, fairness, and social benefit. Therefore, the development of Sharia-compliant fintech and digital payment systems can strengthen the Islamic economic ecosystem while supporting national economic growth in the digital era.

The cashless society phenomenon also supports the growth of Islamic fintech services that provide financial products based on Sharia principles. Islamic digital banking, Sharia crowdfunding, and halal investment platforms offer alternative financial solutions for Muslim communities seeking ethical and interest-free financial services (Ali et al., 2019). These innovations contribute to expanding Islamic financial markets and increasing awareness of ethical financial practices among society.

### **Comparison of findings with previous research**

The findings of this research regarding the cashless society phenomenon in Indonesia are closely related to several previous studies discussing digital payment systems, fintech development, and Islamic Economics. In general, this study confirms that the rapid growth of digital financial technology has significantly transformed transaction behavior, financial accessibility, and economic activities within Indonesian society. Similar to earlier research, this study finds that the increasing adoption of e-wallets, QRIS, mobile banking, and fintech platforms contributes positively to transaction efficiency, convenience, and financial inclusion.

The findings of this study are consistent with the research conducted by Sifwatir Rif'ah (2019), which explained that the cashless society phenomenon provides practical and efficient transaction methods while remaining permissible in Islam as long as transactions avoid elements of *riba*, *gharar*, and *maysir*. Both studies emphasize that digital payment systems function primarily as tools or media for conducting transactions and are not inherently prohibited in Islam. Likewise, this research supports the argument that digital financial systems can align with Islamic principles if they maintain transparency, fairness, and accountability in financial activities.

This study also shares similarities with the research conducted by Muwwahid Billah and Udin Saripudin (2024), which highlighted that digital money and QRIS transactions can support Islamic economic development when implemented according to Sharia principles. Both studies conclude that digital financial innovation contributes positively to economic modernization, financial accessibility, and transaction efficiency. Additionally, the findings align with the work of Adrian Fadel Ceasario and Fauzatul Laily Nisa (2025), who argued that digital financial transformation improves financial inclusion and expands access to Islamic financial services, especially for underserved communities and micro-enterprises.

Furthermore, this research is consistent with studies discussing the role of fintech in accelerating the digital economy and promoting financial inclusion. Previous research has generally emphasized that fintech services and cashless systems enable broader participation in financial activities by simplifying access to payment systems, banking services, and online transactions. Similarly, this study finds that digital financial systems contribute significantly to economic efficiency and public convenience while supporting the growth of the national digital economy.

Despite these similarities, this research also identifies several important differences from previous studies. Many earlier studies focused primarily on technological adoption, consumer acceptance, fintech development, or financial inclusion without conducting a comprehensive ethical analysis from the perspective of Islamic economics. Some studies discussed Sharia fintech separately from the broader cashless society phenomenon, while others concentrated mainly on economic efficiency and digital transaction growth (Rabbani et al., 2020). In contrast, this study integrates discussions on digital payment systems, Islamic ethical principles, consumer behavior, and fintech challenges within a broader Sharia economic framework.

Another difference lies in the emphasis on ethical and behavioral dimensions. Previous studies generally focused on the positive impacts of cashless systems, such as efficiency and accessibility, whereas this research also highlights potential negative consequences, including consumptive behavior, impulsive spending, digital debt through paylater services, and the possibility of *riba*-based financial practices within fintech systems. This study provides a more balanced analysis by examining both the opportunities and risks associated with the implementation of cashless transactions in Muslim society.

This research also differs from earlier studies by emphasizing the importance of *Maqasid al-Sharia* as a framework for evaluating digital financial systems. While some previous studies briefly mentioned Sharia compliance, this study specifically analyzes whether cashless systems contribute to public welfare (*maslahah*), justice, financial transparency, and ethical economic behavior. The research further examines how Islamic principles can guide the development of digital financial ecosystems that are both technologically advanced and ethically responsible.

Several research gaps were identified from previous literature (Müller-Bloch & Kranz, 2015). First, although many studies have examined fintech, digital payments, and cashless systems, relatively few studies comprehensively analyze the cashless society phenomenon specifically from the perspective of Islamic economics in the Indonesian context. Most prior studies focused on either technological adoption or Sharia fintech independently without integrating both dimensions into a unified discussion. Second, previous research often lacked in-depth analysis regarding the ethical implications of consumer behavior in cashless transactions, particularly concerning excessive consumption and digital financial dependency. Third, there remains limited discussion regarding how Islamic economic theories and principles can be systematically applied to regulate and evaluate modern digital financial systems.

Therefore, this research seeks to fill these gaps by providing a comprehensive analysis of the cashless society phenomenon through the framework of Islamic Economics. The study contributes to academic literature by integrating discussions on digital finance, Sharia principles, consumer behavior, and ethical financial practices within one analytical framework (Rabbani et al., 2020). This research also contributes practically by offering recommendations for governments, Islamic financial institutions, fintech companies, and society regarding the development of Sharia-compliant digital financial systems.

In addition, this study contributes to the growing discourse on Islamic digital finance by emphasizing that technological advancement should not only focus on efficiency and innovation but also prioritize justice, accountability, transparency, and public welfare. The research highlights the importance of balancing economic modernization with Islamic ethical values to ensure that digital financial systems contribute positively to sustainable and inclusive economic development. Through this contribution, the study is expected to strengthen academic understanding of the relationship between technological transformation and Islamic economics in the digital era.

## CONCLUSION

The development of the cashless society phenomenon in Indonesia reflects a major transformation in the national financial system driven by technological advancement, fintech innovation, smartphone penetration, internet accessibility, and government support for digital economic development. The increasing use of digital payment systems such as e-wallets, mobile banking, QRIS, and fintech applications has significantly changed the way society conducts financial transactions by making them faster, more efficient, and more accessible. The rapid expansion of digital financial systems demonstrates that cashless transactions have become an important component of modern economic activities and contribute substantially to the growth of Indonesia's digital economy. Based on the analysis conducted in this study, the cashless society phenomenon generally aligns with the principles of Islamic Economics as long as its implementation complies with Sharia values and ethical standards. Digital payment systems are considered permissible in Islam because they function primarily as tools or media for facilitating financial transactions. This research also identifies several important opportunities arising from the implementation of cashless systems. Digital financial services improve transaction efficiency, support financial inclusion, reduce operational costs, facilitate easier zakat and charitable payments, and strengthen financial transparency. The development of Islamic fintech and Sharia-based digital financial services also creates opportunities to expand access to ethical financial products among Muslim communities. However, alongside these opportunities, the study also identifies several significant risks and challenges associated with the cashless society phenomenon. The convenience of digital transactions may encourage consumptive behavior, impulsive spending, and excessive dependence on digital financial services. The emergence of paylater systems and interest-based digital lending services also creates the potential for *riba* practices that conflict with Islamic economic principles. The findings of this study imply that the development of digital financial systems should not only prioritize technological efficiency and economic growth but also emphasize ethical responsibility, consumer protection, and Sharia compliance. Governments, financial regulators, Islamic financial institutions, and fintech companies have important roles in ensuring that digital financial innovation contributes positively to public welfare while minimizing harmful social and economic impacts. Based on the results of this research, several recommendations can be proposed. For the government and financial regulators, it is important to strengthen policies and regulations related to Sharia-compliant digital finance, consumer protection, cybersecurity, and fintech supervision. Regulatory frameworks should ensure that digital financial services operate transparently, fairly, and free from exploitative practices. The government should also continue expanding digital infrastructure and improving digital literacy programs to reduce inequality in access to digital financial services. For Islamic financial institutions, this study recommends the development of more innovative Sharia-based digital financial products that align with Islamic economic principles and meet the needs of modern society. Islamic banks and Sharia fintech companies should strengthen transparency, accountability, and ethical financial practices while expanding access to halal financial services for broader communities. For fintech companies, it is important to prioritize responsible financial innovation by avoiding business models that contain elements of *riba*, excessive uncertainty, or exploitative financial mechanisms. Fintech providers should also improve data security systems, consumer education, and financial transparency to strengthen public trust in digital financial services.

## AUTHORS' DECLARATION

### **Authors' Contributions and Responsibilities**

The authors contributed collaboratively to the completion of this research. Each author participated actively in the research process, including conceptualization, data collection, analysis, interpretation, manuscript preparation, and revision.

### **Competing Interests**

The authors declare that there are no competing interests related to this research, authorship, or publication of this article.

### **Acknowledgments**

The authors would like to express their sincere gratitude to all parties who contributed to the completion of this research.

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