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Intuitive Pricing Heuristics and Fiqh Muamalah Boundaries in Traditional Retail: A Multi-Site Qualitative Study

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ABSTRACT

Purpose – This paper examines how traditional grocery store (warung) merchants in West Tanjung Jabung Regency intuitively incorporate microeconomic pricing heuristics and Sharia commercial ethics (fiqh muamalah) into daily operating decisions. Rather than establishing universal causal proofs, this study highlights how micro-retailers perceive and operationalize these ethical boundaries within localized socio-economic ecosystems.

Design/methodology/approach – Employing a multi-site qualitative research design with 20 in-depth merchant interviews (10 in urban Tungkal Ilir and 10 in rural Betara), 12 regular customer interviews for data triangulation, and 120 cumulative hours of systematic observation, this study utilizes thematic analysis and cross-case synthesis to explore bounded pricing behaviors, credit practices, and contextual operational variations.

Finding/Results – Findings indicate that merchants rely on experiential, bounded heuristics rather than formal mathematical elasticity calculations. Markups on elastic goods are compressed (tasamuh), while inelastic staples are constrained to prevent excessive markup (ghabn fahisy). Daily spot transactions default to akad mu'athah. Based on merchant-reported practices, informal credit (kasbon) primarily functions as a deferred merchandise sale creating sales debt (bai' ajil / dayn) without interest, rather than a cash loan (qardh). Urban stores leverage turnover velocity and digital payments, whereas rural stores rely on social embeddedness and harvest-linked credit cycles.

Originality/Value – This study offers a context-specific jurisprudential clarification of informal retail credit and demonstrates how localized ethical boundaries and relational social capital shape the perceived business resilience in traditional micro-retail ecosystems.

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1. Introduction

In the Indonesian retail landscape, the traditional grocery store, or warung (used consistently to refer to the business entity), remains a cornerstone of the domestic economy, facilitating a major share of Fast-Moving Consumer Goods (FMCG) transactions (World Bank, 2022). Despite the rapid expansion of modern minimarkets and e-commerce platforms, these micro-retail entities persist by serving as hyper-local distribution hubs. Traditional merchants or store owners (used consistently to refer to informants) often operate without formal accounting systems, relying instead on experiential heuristics to navigate complex market dynamics (Bandiera et al., 2020). Historically, these entities function as a social safety net for low-income households, providing access to essential goods through fragmented purchasing and informal credit arrangements (Masyita & Ahmed, 2013).

Standard microeconomic models assume that pricing is a product of optimization, where marginal cost equals marginal revenue. However, behavioral economics suggests that under conditions of high uncertainty and limited information, merchants utilize intuitive heuristics (Gigerenzer & Gaissmaier, 2011). In the context of Muslim-majority regions like Jambi, these cognitive shortcuts are bounded by fiqh muamalah (Islamic commercial jurisprudence). Ethical concepts such as akad mu'athah (contract by conduct), the avoidance of ghabn fahisy (excessive price exploitation), and the practice of tasamuh (tolerance/leniency) serve as normative guideposts for retail behavior (Az-Zuhaili, 2017; Rozalinda, 2017).

This research addresses a specific gap in the literature regarding how these ethical boundaries interact with economic survival strategies in small-scale retail. Previous studies often conflate informal credit (kasbon) with general debt or assume it operates as a charitable loan (qardh) (Menne, 2023). This study clarifies the jurisprudential nature of kasbon as a deferred merchandise sale (bai' ajil, also historically referred to as bai' bithaman ajil in classical texts, though bai' ajil is adopted as the primary term throughout this paper) within the specific context of traditional grocery stores in West Tanjung Jabung Regency. By focusing on this localized setting, this study avoids claims of universal proof, instead providing an interpretive synthesis of how intuitive pricing, Sharia ethics, and social networks shape perceived business resilience.

Understanding the operational mechanics of traditional retail network is vital because these informal micro-enterprises do not merely function as passive commercial intermediaries. Instead, they act as active socio-economic stabilizers within localized communities. By offering localized distribution, credit flexibility, and price stabilization, warungs cushion vulnerable households against regional economic volatility. Investigating the convergence of informal market heuristics and Sharia commercial ethics thus provides empirical insights into how micro-enterprises sustain operational continuity without relying on formal institutional support. Furthermore, examining these unwritten transactional norms offers critical insights for policymakers and Islamic microfinance institutions seeking to design culturally embedded financial products. Rather than imposing rigid, formal banking frameworks onto traditional networks, understanding the embedded ethical logic of warungs enables the development of

interventions that respect existing social capital while fostering sustainable economic growth at the grassroots level.

2. Literature Review and Theoretical Framework

2.1 Intuitive Microeconomic Heuristics in Small-Scale Retail

In bounded rational environments, economic agents rely on simple heuristics to make complex pricing and credit decisions (Gigerenzer & Gaissmaier, 2011; Simon, 1955). Small-scale traditional retailers operate under high information asymmetry and rapid environmental fluctuations (Bandiera et al., 2020). Rather than compiling quantitative demand schedules, merchants develop intuitive heuristics based on qualitative feedback signals, such as customer verbal pushback, purchasing frequency, and immediate product substitution (Kahneman, 2011).

Microeconomic demand elasticity measures the responsiveness of quantity demanded to changes in price. While traditional warung owners do not calculate formal mathematical equations, their behavioral patterns reflect an intuitive operationalization of elasticity rules (Thaler, 2018). Merchants intuitively categorize goods into high price-sensitivity categories (elastic demand), such as branded snacks, and low price-sensitivity categories (inelastic demand), such as staple foodstuffs (sembako) (Kit Yeng et al., 2015). When wholesale input costs increase, pricing heuristics dictate whether costs are immediately passed through to consumers or absorbed through profit margin compression (De Loecker et al., 2020).

Furthermore, small-scale retailers operate in an environment characterized by low formal record-keeping and high reliance on cognitive shortcuts. Rather than calculating marginal revenue curves, traditional merchants evaluate dynamic customer demand through real-time interpersonal feedback during daily interactions. This cognitive simplification allows micro-retailers to maintain price stability while balancing inventory turnover. In volatile economic conditions, intuitive pricing heuristics function as adaptive mechanisms that reduce cognitive load while protecting customer relationships from sharp price fluctuations

2.2 Fiqh Muamalah and Ethical Boundaries in Commercial Trade

Islamic commercial law (fiqh muamalah) governs economic transactions through foundational legal principles derived from primary Sharia sources aimed at preserving public welfare and wealth protection (Al-Shatibi, 2015; Antonio, 2001; Az-Zuhaili, 2017; Chapra, 2008). Key jurisprudential constructs relevant to traditional retail operations include:

1. Akad Mu'athah (Unvocalized Mutual Exchange): Contemporary and classical consensus across Islamic legal schools permits akad mu'athah the silent exchange of goods and money based on customary practice ('urf) for routine retail transactions (Al-Nawawi, 2016; Az-Zuhaili, 2017).

2. Ghabn Fahisy (Excessive Overcharging/Markup): Islamic law prohibits ghabn fahisy, defined as an unjustifiable markup that significantly exceeds customary market rates (si'r al-mithl), exploiting consumer ignorance or urgent need (Ascarya, 2016).

3. Tasamuh (Leniency and Generosity in Trade): Based on prophetic traditions advocating leniency in buying, selling, and executing debt collection, tasamuh encourages merchants to accommodate financially constrained buyers through margin compression or debt repayment extensions.

2.3 Clarifying Informal Retail Credit: Bai' Ajil (Dayn) vs. Qardh

A central theoretical confusion in informal retail research concerns the classification of customer credit (kasbon). Conventional studies frequently label kasbon as qardh (Menne, 2023). In fiqh muamalah, qardh is defined strictly as an altruistic, interest-free loan of fungible currency where the borrower receives cash and returns an equivalent sum (Az-Zuhaili, 2017; Iqbal & Mirakhor, 2011). Any price increase linked to time in a qardh contract is classified as riba (usury) (Chapra, 2008; Siddiqi, 2006)

In contrast, kasbon in traditional grocery stores represents a deferred merchandise sale (bai' ajil), wherein the merchant transfers physical merchandise immediately while deferring monetary payment to a future date (Ahroum et al., 2020). This transaction generates a financial debt obligation (dayn) rooted in a sales contract, not a cash loan contract. Traditional warung owners in the study sample maintain identical prices for cash and credit sales, foregoing time-value markups entirely to preserve social cohesion and customer loyalty.

2.4 Social Embeddedness and Perceived Business Resilience

Granovetter's (2017) theory of social embeddedness asserts that economic transactions are embedded in ongoing networks of personal social relations. In micro-retail ecosystems, economic exchanges cannot be divorced from neighborhood proximity and mutual trust (amanah) (Beckert, 2009; Zelizer, 2012).

In informal micro-enterprises, business resilience refers to the perceived capacity of a firm to withstand macroeconomic shocks, wholesale cost inflation, and localized competitive pressures while maintaining operational continuity (Bandiera et al., 2020). Rather than relying on formal financial reserves, traditional warung owners build perceived resilience through relational social capital, flexible credit terms, customer retention, and low fixed overhead (Battaglini et al., 2023; Fiestas & Tuzovic, 2021; Khan & Zahid, 2020).

In micro-retail environments, social embeddedness converts daily interpersonal interactions into structural dynamic capabilities. Traditional merchants do not view customer relationships through a purely transactional lens; rather, customer loyalty is sustained through ongoing moral obligations and shared community norms. This social infrastructure lowers transaction costs by eliminating the need for formal credit verification systems or legal enforcement mechanisms. Consequently, social embeddedness serves as an informal economic buffer, transforming neighborhood solidarity into measurable operational resilience.

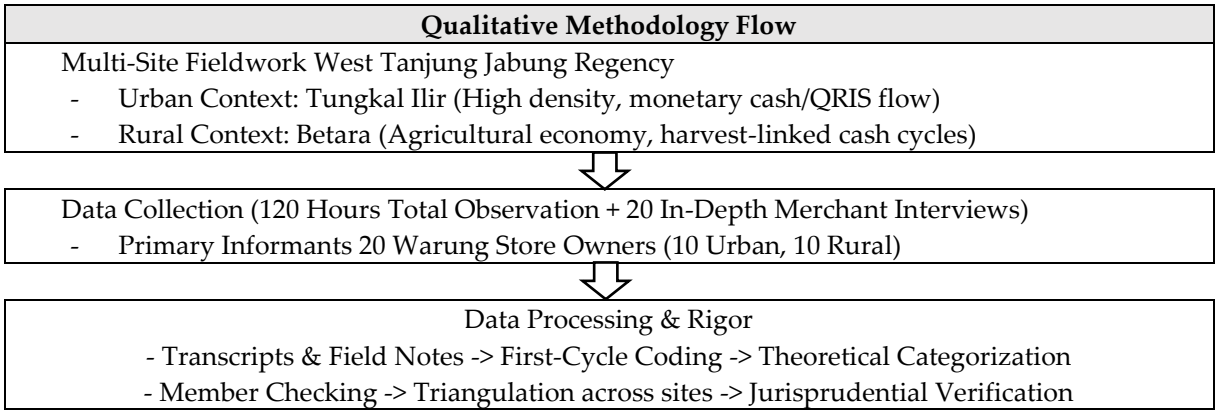
3. Methodology

3.1 Research Design and Study Context

This study employs a multi-site qualitative research design utilizing thematic analysis and cross-case synthesis. A qualitative methodology is well-suited for uncovering the nuanced,

intuitive cognitive processes of retail merchants and assessing their alignment with formal Islamic legal categories (Miles et al., 2019; Yin, 2018). As illustrated in Figure 1, the analytical workflow spans multi-site fieldwork, data collection, and rigorous jurisprudential verification.

Figure 1. Qualitative Research Design Flow: Multi-Site Fieldwork, Data Collection, And Analytical Verification



The study was conducted in West Tanjung Jabung Regency, Jambi Province, Indonesia. The region exhibits a dual economic structure: (1) Tungkal Ilir district (urban center) characterized by high population density, intense retail competition from modern minimarket chains, high cash velocity, and growing adoption of digital payment infrastructure (QRIS); and (2) Betara district (rural agricultural center) characterized by an economy dominated by coconut and oil palm smallholders, lower commercial density, and cash flows tied to seasonal harvest cycles.

3.2 Informant Selection and Sampling Strategy

Informants were selected using purposive sampling combined with snowball sampling. Data collection continued until qualitative thematic saturation and information power were achieved across both regional contexts. The inclusion criteria required that merchants: (1) Operated an independent, traditional grocery store (warung kelontong) selling basic staples (sembako) and FMCG goods; (2) Had been in continuous operation for at least three years; and (3) Managed pricing, inventory purchasing, and customer credit extension directly.

A total of 20 store owners (10 in Tungkal Ilir, 10 in Betara) participated in primary in-depth interviews (summarized in Table 1). Additionally, 12 regular customers were interviewed to supplement and triangulate merchant responses regarding pricing transparency and credit expectations.

All financial data in this study, including the markup percentage (3%–5%), credit limit (IDR 200,000–IDR 500,000), and non-performing loan rate (<2%), were obtained based on self-reported data reflecting the perceptions of business owner respondents. To mitigate potential self-reporting bias and ensure rigorous empirical validity, these subjective figures were cross-verified through field observations, direct inspection of physical credit ledgers (buku kasbon), and cross-sectional customer corroboration during observational site visits. Furthermore, ethical protocols were strictly observed to respect the sensitive nature of informal personal debt. All participant identifiers were fully anonymized using codenames, and explicit oral consent was obtained prior to reviewing financial records. Methodological consistency across

both sub-districts was maintained through standardized semi-structured interview protocols, thereby minimizing researcher bias while capturing contextual variations in trade practices.

Table 1. Profile Summary of Key Merchant Informants (N = 20)

Code	Operating Location District	Business Age (Years)	Monthly Turnover Range (IDR Million)	Primary Payment Methods	Major Customer Base
INF-01	Tungkal Ilir	12	25 – 35	Cash, QRIS	Urban residents
INF-02	Tungkal Ilir	8	15 – 20	Cash, QRIS	Port/dock workers
INF-03	Tungkal Ilir	15	40 – 50	Cash, Kasbon	Local neighborhood
INF-04	Tungkal Ilir	5	18 – 22	Cash, QRIS	Passersby, students
INF-05	Tungkal Ilir	20	50 – 65	Cash, Kasbon	Long-term neighbors
INF-06	Tungkal Ilir	4	12 – 16	Cash, QRIS	Urban renters
INF-07	Tungkal Ilir	9	22 – 28	Cash, Kasbon	Market vendors
INF-08	Tungkal Ilir	11	30 – 38	Cash, QRIS	Local residents
INF-09	Tungkal Ilir	7	16 – 21	Cash	Transient workers
INF-10	Tungkal Ilir	14	35 – 45	Cash, Kasbon	Mixed urban
INF-11	Betara	18	15 – 22	Cash, Kasbon	Coconut farmers
INF-12	Betara	25	20 – 30	Cash, Kasbon	Smallholders
INF-13	Betara	6	10 – 14	Cash, Kasbon	Agricultural laborers
INF-14	Betara	10	12 – 18	Cash, Kasbon	Local village
INF-15	Betara	30	25 – 35	Cash, Kasbon	Inter-generational
INF-16	Betara	8	14 – 19	Cash, Kasbon	Palm oil laborers
INF-17	Betara	16	18 – 24	Cash, Kasbon	Village residents
INF-18	Betara	4	8 – 12	Cash, Kasbon	Local farmers
INF-19	Betara	22	22 – 28	Cash, Kasbon	Plantation families
INF-20	Betara	23	16 – 20	Cash, Kasbon	Rural neighborhood

3.3 Data Collection Procedures

Data collection took place over a six-month period, incorporating two primary qualitative methods

1. Semi-structured in-depth interviews: Conducted using an open-ended interview guide covering pricing heuristics, responses to wholesale cost fluctuations, informal credit practices (kasbon), and business continuity perceptions.
2. Systematic field observation: Researchers completed 120 cumulative hours of systematic observation across peak operating hours (06:00–09:00 and 16:00–20:00), focusing on transaction mechanisms, communication during purchases, and credit ledger records.

3.4 Data Analysis and Jurisprudential Verification

Data analysis followed a four-stage qualitative framework (Miles et al., 2019):

1. Data Condensation: First-cycle descriptive coding was applied to raw interview transcripts and field notes.
2. Categorization & Mapping: Second-cycle pattern coding grouped empirical codes into analytical themes.
3. Jurisprudential Verification: Categorizations were cross-referenced against classical Sharia legal texts (Al-Nawawi, 2016; Az-Zuhaili, 2017).

4. Cross-Case Comparative Analysis: Patterns were systematically compared across urban and rural sites to determine context-specific operational variations (Cheah et al., 2026)

4. Result and Discussion

4.1 Intuitive Price Sensitivity and Bounded Pricing Behavior

Empirical data demonstrate that traditional store owners in West Tanjung Jabung possess experiential heuristics regarding customer price sensitivity, without computing formal mathematical elasticity coefficients.

4.1.1 Elastic vs. Inelastic Product Segmentation

High Price-Sensitivity Goods (Elastic Demand): For non-essential goods such as packaged snacks and carbonated beverages, merchants observe high customer price sensitivity. Customers display immediate switching behavior when minor price increases occur. As explained by INF-03 in Tungkal Ilir:

"If I increase the price of packaged tea or instant noodles by even IDR 500, customers complain immediately or buy from the neighboring store. When wholesale prices rise, I compress my profit margin first rather than raising retail prices right away."

Store owners maintain low markups (3%–5%) on non-essential goods to protect sales volume.

Low Price-Sensitivity Goods (Inelastic Demand): Basic staple necessities (sembako) such as rice, cooking oil, and sugar are perceived as having low customer price sensitivity because households require them daily. INF-12 in Betara noted:

"When the wholesale price of rice rises, people still buy because they must eat. But I cannot raise prices arbitrarily just because they need it. It is wrong to take advantage of people's hunger."

4.1.2 Bounded Pricing and Ethical Profit Caps (*Ghabn Fahisy*)

Rather than exploiting low price sensitivity to maximize profit on staple foods, traditional store owners constrain their pricing behavior. Showing distributor receipts functions as an ethical mechanism to eliminate information asymmetry, avoid accusations of price gouging (ghabn fahisy), and preserve mutual consent (rida) (Czernek-Marszałek, 2020; Rozalinda, 2017). In classical fiqh, murabahah is a specific cost-plus sales contract requiring explicit agreement on initial acquisition costs and profit margins (Alam, 2018; Ascarya, 2016). In spot retail, showing distributor receipts serves as a moral instrument to reinforce community trust rather than a formal murabahah contract. These product-level heuristics are detailed in Table 2. By voluntarily exposing wholesale invoice costs to consumers, traditional merchants transform potentially contentious price adjustments into transparent, shared socio-economic understandings. This open disclosure signals fairness and deters suspicions of opportunistic behavior during inflationary cycles. Consequently, the commercial interaction transcends a simple transactional exchange, embedding Islamic moral accountability directly into everyday market practices. This practice strengthens long-term customer loyalty and validates that

pricing decisions are driven by genuine supply chain pressures rather than arbitrary profit maximization, thereby reinforcing the overall social cohesion of the neighborhood ecosystem.

Table 2. Product-Level Microeconomic Heuristics and Fiqh Muamalah Boundaries

Product Category	Perceived Price Sensitivity	Intuitive Economic Heuristic	Fiqh Muamalah Legal Boundary / Principle	Operational Business Outcome
Basic Staples (Rice, Sugar, Oil)	Low Elasticity ($\|E_d\| < 1$)	Cost pass-through with explicit profit margin capping	Avoidance of *Ghabn Fahisy* (Prohibition of excessive markup)	Sustained community trust; steady cash inflow
Non-Essential FMCG (Snacks, Beverages)	High Elasticity ($\|E_d\| > 1$)	Profit margin compression to keep stable retail price	Principle of *Tasamuh* (Leniency/Generosity in trade)	Preserved store traffic and customer volume retention
Seasonal / Agricultural Inputs (Fertilizer)	Variable / Dynamic Elasticity	Harvest-linked sales with deferred price adjustments	Mutual Cooperation (*Ta'awun*) and Fair Pricing	Liquidity buffer during harvest cycles
Deferred Payment Sales (*Kasbon* Items)	Low Short-Term Sensitivity	Zero interest; same price as cash spot sale	Deferred Sale Debt (*Dayn* / *Bai' Ajil*) (*Riba*-free credit)	Social capital lock-in; non-price competitive barrier to minimarkets

The empirical findings further reveal that traditional merchants operationalize bounded rationality through an informal mechanism of profit margin capping on essential staple goods. When wholesale acquisition costs increase, merchants explicitly refrain from maximizing short-term profit margins on inelastic products such as rice, cooking oil, and sugar. Instead, they absorb minor cost increases or limit their markups to an acceptable threshold, directly mitigating the risk of ghabn fahisy (excessive pricing exploitation). This intentional restriction highlights how socio-religious ethical constraints override standard profit-maximizing behavior. To maintain pricing transparency, several informants reported actively displaying distributor purchase receipts to customers when price adjustments became unavoidable due to wholesale inflation. By revealing the underlying supply costs, merchants eliminate information asymmetry and validate that retail price hikes are externally driven rather than speculative. This practice creates mutual consent (rida) between the merchant and the consumer, reinforcing relational trust within the neighborhood ecosystem. In contrast, non-essential Fast-Moving Consumer Goods (FMCG) such as packaged snacks and beverages display high price elasticity of demand. Because consumers can easily substitute or forgo these items, merchants prioritize sales volume stability over individual unit profit margins. By compressing markups on elastic goods, traditional warungs retain store foot traffic, ensuring that regular customers continue to patronize the store for both staple and non-staple purchases. This dual pricing heuristic demonstrates an adaptive commercial strategy where high-turnover elastic items serve as loss leaders or low-margin anchors to protect total store traffic. Consequently, cross-subsidization across product categories stabilizes overall revenue without violating ethical profit boundaries. By balancing low-margin competitive pricing on non-essentials with fair-margin capping on essential staples, traditional retailers maintain competitive parity against modern convenience store chains. This strategic synthesis of

microeconomic flexibility and embedded Sharia ethics ultimately reinforces the store's long-term commercial survival and relational capital within the local community.

4.2 Jurisprudential Re-Evaluation: Akad Mu'athah, Deferred Sales (Dayn), and Qardh

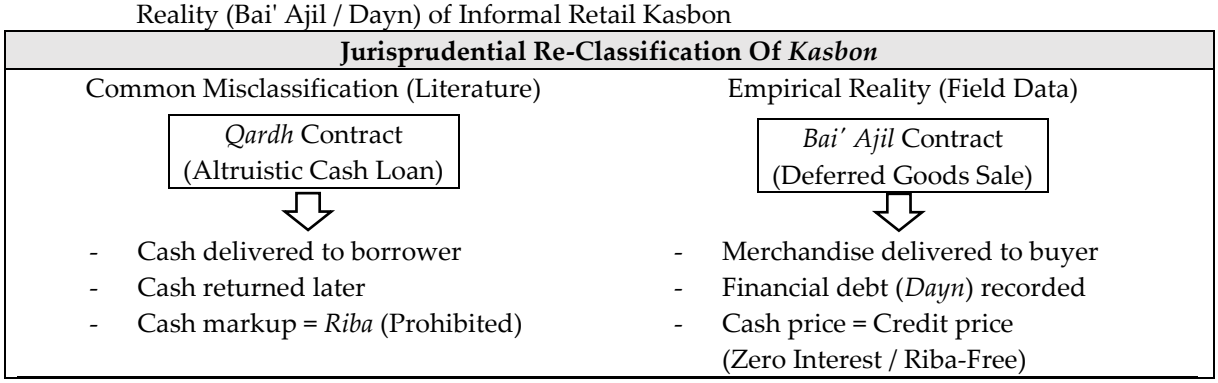
4.2.1 Execution of Akad Mu'athah in Daily Spot Retail

Observational data indicate that daily transactions in traditional warung environments default to akad mu'athah the unvocalized mutual exchange of goods and money. Consumers select merchandise displaying clear price tags and seamlessly hand cash or show QRIS digital payment screens. Merchants accept payment and deliver change without verbalizing formal offer-and-acceptance phrases (ijab qabul), fully satisfying Sharia requirements under modern customary practice ('urf) (Az-Zuhaili, 2017; Indrawati & Hanifuddin, 2021).

4.2.2 Re-classifying Kasbon: Bai' Ajil (Dayn) vs. Qardh

A crucial jurisprudential distinction emerges regarding informal customer credit (kasbon). While conventional literature frequently labels kasbon as qardh (an altruistic, interest-free cash loan) (Menne, 2023), empirical analysis shows that kasbon in warung operations represents a deferred merchandise sale (bai' ajil) resulting in a financial debt (dayn). Figure 2 highlights the comparative distinction between conventional misclassification and empirical reality.

Figure 2. Comparative Conceptual Model: Conventional Misclassification (Qardh) vs. Empirical Sharia Reality (Bai' Ajil / Dayn) of Informal Retail Kasbon



Based on self-reported merchant observations from 17 out of 20 informants (85%), store owners reported charging no interest, service fees, or higher retail prices to credit customers. Debt balances are recorded in manual ledgers (catatan kasbon). Because no price markup is added for delayed settlement, the transaction remains free of riba (usury). A detailed comparison between Qardh and Bai' Ajil is provided in Table 3, while Table 4 summarizes the empirical manifestation of Sharia principles across sample merchants. This widespread adherence to price parity between cash and credit transactions underscores the operational alignment of informal retail credit with fundamental Sharia mandates. By foregoing time-value adjustments, merchants explicitly treat deferred credit as an extended commercial courtesy embedded in sales transactions rather than a profit-generating financial facility. This operational distinction protects low-income consumers from compounding debt burdens while preserving the transaction's legal integrity as a valid sales contract (bai' ajil). Furthermore, reliance on informal manual ledgers reflects a high degree of mutual trust (amanah) and community self-regulation, eliminating administrative overhead and formal

credit friction. Consequently, informal kasbon practices function as a vital socio-economic buffer that balances commercial continuity with religious ethical boundaries in local micro-retail ecosystems.

Table 3. Jurisprudential Comparison: Qardh vs. Bai' Ajil (Kasbon) in Warung Operations

Dimension	Qardh (Cash Loan Contract)	Bai' Ajil / Dayn (Kasbon Practice)
Underlying Subject Primary Intent Financial Obligation Price Markup Rules Documentation Method Empirical Frequency	Fungible currency / Cash moneyPure altruism / Charitable relief Return of identical cash amount Any guaranteed excess is Riba (Strictly Prohibited) Loan receipt / Promissory note Rare in retail operations	Physical merchandise / Grocery items Commercial sales transaction ettlement of merchandise debt Spot & deferred price can differ; warungs choose equal pricing Informal manual credit ledger observed in 17 out of 20 sample warungs

By establishing clear legal boundaries, Table 3 provides a jurisprudential comparison between cash loans (qardh) and deferred merchandise sales (bai' ajil / kasbon), highlighting how kasbon operates strictly as a commercial trade transaction rather than money lending. Complementing this distinction, Table 4 summarizes how key Islamic commercial law concepts and maxims are operationally manifested across merchants. This empirical synthesis illustrates how traditional retailers integrate normative Sharia ethics into daily routines, demonstrating that customary practices ('urf) effectively maintain ethical compliance while sustaining operational flexibility.

Table 4. Empirical Manifestation of Sharia Commercial Principles Across Sample Merchants

Sharia Legal Concept	Traditional Retail Operational Manifestation	Percentage of Sample Displaying Practice	Primary Governing Jurisprudential Maxim
Akad Mu'athah	Silent handover of cash/ QRIS and goods based on displayed prices	100% (20/20 Stores)	Customary practice is authoritative (*'Urf*)
Ghabn Fahisy Avoidance	Voluntary profit caps on staple foods; wholesale cost disclosure	90% (18/20 Stores)	Do not cause harm or reciprocate harm
Bai' Ajil (*Dayn*)	Goods delivered on credit; cash price equals deferred credit price	85% (17/20 Stores)	Permissibility of sale with deferred payment
Tasamuh & *Inzar al-Mu'sir*	Grace periods and debt restructuring granted during crop failures	80% (16/20 Stores)	Grant respite to the debtor in hardship

4.3 Contextual Cross-Case Analysis: Urban (Tungkal Ilir) vs. Rural (Betara)

While merchants in both environments share underlying Sharia ethics, their operational application of intuitive economic heuristics diverges based on structural economic variations (Table 5).

Table 5. Multi-Site Comparative Synthesis: Microeconomic & Fiqh Operational Dynamics

Analytical Dimension	Urban Context: Tungkal Ilir	Rural Context: Betara
Population Density & Competition	High commercial density; intense pressure from corporate minimarkets	Low commercial density; high social cohesion; minimal corporate retail
Transaction Velocity &Payment Channels	Rapid daily turnover; dominant cash and digital QRIS payments	Seasonal cash flow tied to crop harvest cycles; dominant credit
Credit Extension Thresholds	Strict credit limits; short-term settlement (weekly/monthly)	High credit flexibility; extended settlement (monthly/seasonal)
Information Symmetry & Trust	Moderate; based on price comparison across neighboring urban stores	High; based on deep inter-family acquaintance and social reputational
Primary Perceived Resilience Mechanism	High inventory velocity; digital payment convenience; price match	Social capital embeddedness; debt flexibility; customer lock-in

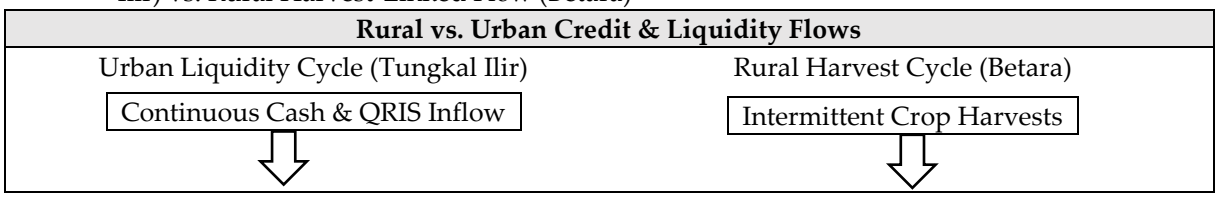
4.3.1 Urban Dynamics: Velocity, Competition, and Digital Integration

Urban merchants face intense competitive pressure from corporate minimarkets. They adapt by prioritizing high turnover velocity, tight inventory control, and digital payment adoption (QRIS). Credit extension is strictly capped (e.g., maximum IDR 200,000–500,000 per household) with short repayment windows. In urban commercial hubs like Tungkal Ilir, the rapid integration of digital payment channels such as QRIS has restructured traditional spot transactions without altering their underlying Sharia compliance. Urban warung owners adopt digital wallets primarily to cater to younger, tech-savvy consumers and transient port workers who prefer cashless convenience. However, merchants report that digital transactions default seamlessly to akad mu'athah, as the digital transfer of funds mirrors physical cash exchanges. This technological adaptation demonstrates how traditional micro-retailers modernize payment interfaces while preserving customary retail ethics ('urf).

4.3.2 Rural Dynamics: Agricultural Cycles, Social Capital, and Relational Liquidity

In Betara, commercial life is synchronized with agricultural harvest schedules (coconut and oil palm). Rural merchants function as informal rural micro-financiers by granting extended credit (kasbon) for daily subsistence goods, as illustrated in Figure 3. This extended repayment cycle aligns merchant cash flows directly with seasonal crop realizations, allowing farming households to maintain basic consumption during pre-harvest periods. Consequently, these deferred merchandise sales (bai' ajil) transform local warungs into vital economic buffers, leveraging deep social capital and mutual trust (amanah) to sustain community resilience without imposing interest or formal legal penalties.

Figure 3. Structural Comparison of Credit and Liquidity Cycles: Urban Cash-Velocity Flow (Tungkal Ilir) vs. Rural Harvest-Linked Flow (Betara)



- Daily Turnover Focus	- High Seasonal Credit (*Kasbon*)
- Strict Credit Caps (Max IDR 500k)	- Harvest-Linked Repayment
- Short Weekly/Monthly Repayment	- Relational Liquidity Buffers

In rural agricultural settings such as Betara, the operation of informal credit (kasbon) is fundamentally intertwined with seasonal harvest cycles of coconut and oil palm. Rural merchants act as informal credit providers by granting deferred payment terms to farming households during low-income pre-harvest periods. Rather than viewing credit as a financial risk, rural store owners leverage these deferred merchandise sales (bai' ajil) as a strategic customer retention mechanism.

This seasonal credit dynamic relies heavily on relational social capital and moral accountability (amanah). Because merchants and villagers reside within close-knit social networks, default risks are mitigated through informal social monitoring rather than legal contracts or interest penalties. Consequently, rural warungs establish continuous liquidity loops that align commercial operations with local agricultural cash flow patterns.

4.3.3 Negative and Contradictory Case Analysis

To ensure qualitative analytical rigor (Miles et al., 2019), instances that diverged from the dominant pattern were explicitly examined. Two urban merchants (INF-06 and INF-09) reported occasionally charging higher retail prices (IDR 500–1,000 extra) to non-resident, transient customers while maintaining standard pricing for regular neighborhood residents. A critical reinterpretation reveals this as structural price discrimination enabled by weak relational bonds. In this context, ethical price concessions (tasamuh) and interest-free credit terms are strictly contingent upon relational trust and social embeddedness. From a fiqh muamalah perspective, while this dual pricing remains valid under the principle of mutual consent (tarradhin) once agreed upon prior to contract execution, it highlights the operational boundaries where market-driven price differentiation overrides relational ethics.

4.4. Perceived Micro-Business Resilience Mechanics

The empirical data reveal qualitative mechanisms through which socially embedded heuristics support perceived business resilience (Table 6):

1. Perceived Sales Volume Stability: By compressing profit margins on elastic non-essential goods during wholesale inflation, merchants preserve store foot traffic, ensuring that high-margin impulse items continue to sell.
2. Community Trust and Reputational Protection: Capping markups on staple foods and communicating cost increases transparently avoids ghabn fahisy, establishing institutional trust and a non-price barrier against corporate minimarkets.
3. Relational Liquidity Management: Granting kasbon as a deferred merchandise sale (bai' ajil) creates mutual economic dependence, ensuring steady sales clearing even during localized economic downturns.
4. Social Accountability and Default Mitigation: Relying on Sharia principles of amanah (trustworthiness) and community embeddedness helps maintain low self-reported non-performing credit rates (< 2% of total turnover), as informal social monitoring drives timely debt settlement without requiring formal legal enforcement or interest penalties. The

findings indicate that respondents reported a markup rate of 3%–5% with credit limits ranging from IDR 200,000 to IDR 500,000, as well as a relatively low non-performing loan rate of below 2%. It is important to note that these figures are perception-based measures derived from self-reported data by respondents, rather than the results of audits or independent financial transaction confirmations. Consequently, the low reported rate of non-performing loans may indicate the effectiveness of personal-based credit management, but it could also be influenced by under-reporting bias or recall bias.

Table 6. Perceived Micro-Business Resilience Mechanics

Strategic Objective	Perceived Qualitative Mechanism	Perceived Operational Value
Customer Retention	Margin compression on elastic goods prevents customer switching	Protection of store foot traffic; defense against corporate chains
Price Gouging Prevention	Price transparency and voluntary profit caps on staple goods	Long-term community trust; mitigation of reputational risk
Relational Liquidity Management	*Riba*-free informal credit (*kasbon* as *dayn*)	Customer lock-in; perceived sales stability mechanisms during harvest downturns
Default Risk Mitigation	Deep social embeddedness and moral accountability (*amanah*)	Low non-performing debt rates (< 2% total turnover)

5. Conclusion and Policy Implications

5.1 Conclusion

This study offers a context-specific jurisprudential clarification of informal retail credit and pricing heuristics based on the studied warung kelontong population in West Tanjung Jabung Regency. Rather than establishing universal economic proofs, the empirical findings demonstrate how localized ethical boundaries and relational social capital shape perceived business resilience in traditional micro-retail ecosystems. Traditional merchants apply intuitive economic heuristics such as compressing profit margins on elastic non-essential goods (3%–5%) and voluntarily capping markups on staple necessities governed by the Islamic principles of tasamuh (leniency) and the avoidance of ghabn fahisy (excessive markup). Furthermore, informal customer credit (kasbon), frequently misclassified in conventional literature as an altruistic cash loan (qardh), empirically operates as a deferred merchandise sale resulting in a financial debt (bai' ajil / dayn). Because merchants apply zero interest and maintain price parity between cash and credit transactions, the practice remains free of riba. Finally, operational dynamics adapt to local economic structures: urban merchants in Tungkal Ilir prioritize turnover velocity and digital payment integration (QRIS) with strict credit caps, whereas rural merchants in Betara synchronize credit with agricultural harvest cycles, leveraging deep social capital and moral accountability (amanah) to maintain low self-reported default rates (<2%).

5.2 Theoretical and Methodological Contributions

First, this study bridges formal Islamic commercial law with everyday microeconomic decision-making by clarifying the jurisprudential structure of informal retail credit (kasbon). While conventional economic literature and prior studies frequently misclassify kasbon as an

altruistic cash loan (qardh), this research empirically demonstrates that kasbon operates as a deferred merchandise sale (bai' ajil) that generates a sales debt obligation (dayn). Because traditional merchants maintain strict price parity between cash and credit transactions without imposing time-value markups or service fees, the practice remains fully compliant with Sharia principles and free of usury (riba). Second, the study advances bounded rationality theory (Kahneman, 2011; Simon, 1955) by showing how intuitive microeconomic heuristics are normatively constrained by embedded religious ethics. Traditional store owners do not calculate formal mathematical price elasticity coefficients; instead, they rely on qualitative feedback signals to compress profit margins on elastic non-essential goods (tasamuh) while voluntarily capping markups on inelastic basic staples to prevent price gouging (ghabn fahisy). This demonstrates that in micro-retail ecosystems, socio-religious norms actively redefine economic rationality, overriding standard short-term profit-maximization models. Third, this research enriches Granovetter's (2017) social embeddedness theory within the context of informal rural-urban economic dynamics. In rural contexts, informal credit (kasbon) functions as a relational liquidity buffer synchronized with agricultural harvest cycles. Social capital, mutual trust (amanah), and community monitoring serve as non-formal enforcement mechanisms that keep default rates low (< 2%), proving that relational trust can effectively replace formal legal contracts or financial collateral in micro-enterprise resilience.

Methodologically, this study contributes an integrative qualitative framework combining multi-site comparative field research with rigorous Sharia legal verification (fiqh analysis). By pairing systematic observational fieldwork (120 cumulative hours) and in-depth merchant interviews across urban (Tungkal Ilir) and rural (Betara) settings, the study captures the operational nuances of informal retail that are typically obscured in macro-quantitative surveys. Furthermore, by explicitly evaluating negative and contradictory cases such as instances of structural price discrimination applied to transient buyers the methodological framework establishes boundaries for when relational ethics yield to pure market-driven pricing heuristics.

5.3 Practical and Policy Implications

From a practical and policy perspective, financial institutions and regional authorities aiming to support traditional micro-retailers (warungs) should recognize that formalizing credit through rigid interest-based mechanisms may disrupt existing relational liquidity models. Formal microfinance programs often fail when imposing strict monthly repayment schedules that clash with agricultural cash flow cycles. Financial institutions should design Sharia-compliant working capital facilities tailored to micro-retailers that accommodate harvest-linked liquidity needs. Additionally, public initiatives promoting digital payment adoption (such as QRIS) should integrate simple, user-friendly digital record-keeping tools for informal credit ledgers, bridging traditional kasbon practices with modern bookkeeping. Finally, regional governments should foster collective purchasing cooperatives to lower wholesale procurement costs, helping traditional merchants remain competitive while maintaining ethical retail pricing (si'r al-mithl).

6. Limitations and Future Research Directions

Despite its methodological rigor, this study has several limitations that open avenues for future research. First, the geographical scope is localized to two districts within West Tanjung Jabung Regency, Jambi Province; future studies should expand across broader regional or cross-cultural landscapes to examine whether similar heuristics operate in different socio-agricultural settings. Second, numerical metrics such as profit margins, turnover ranges, and credit default estimates rely heavily on qualitative triangulation and merchants' self-reported ledgers rather than audited financial accounting. Finally, as digital transformation and modern retail penetration accelerate, longitudinal studies are warranted to observe how traditional warung pricing heuristics and relational credit (kasbon) evolve over time under competitive pressures.

Finally, future research should explore the impact of macroeconomic supply chain disruptions and inflation on the ethical pricing boundaries of traditional retailers. As wholesale input prices fluctuate rapidly, quantitative longitudinal tracking could examine the exact thresholds at which store owners are forced to pass costs to consumers versus absorbing them through profit margin compression. Such comparative empirical studies will further refine behavioral models of micro-retail resilience in emerging markets.

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Declaration of AI and AI-Assisted Technologies in the Writing Process

During the preparation of this work, the authors utilized AI-assisted language tools solely to improve the readability, grammar, and structural formatting of the manuscript. After using these services, the authors thoroughly reviewed, edited, and verified the content, and take full responsibility for the final integrity, factual accuracy, and scholarly originality of the published article.

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