

# Incoterms: Reconstructing International Sales Contracts in Harmony with Sharia Economic Law

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## ABSTRACT

In global trade, Incoterms play an essential role as a standardised framework that defines the allocation of responsibilities and risks between sellers and buyers. However, from the perspective of Sharia economic law, the application of Incoterms in some instances has the potential to create *gharar*, which can impact the validity of the agreement. This study aims to analyse the gap between the provisions of Incoterms 2020 and the principles of *fiqh muamalah*, particularly in terms of responsibility sharing and risk transfer in international sales contracts. This research searched various academic databases, applying pre-established criteria to obtain relevant studies for review. These studies were further strengthened by normative juridical analysis based on jurisprudence literature and Islamic legal doctrines. A discrepancy between the provision of Incoterms 2020 and the principles of *fiqh muamalah*, especially concerning risk transfer clauses (such as FOB and CIF). This alignment carries the potential to lead *gharar* into contractual agreements. Ambiguity in the division of responsibilities can create situations conflicting with the core Islamic principles of *'adl* (justice) and *shaffafiyyah* (transparency). Consequently, there is a compelling need to reform international contractual systems to integrate Sharia principles while still accommodating the practical demands of global trade. The finding of this study provides a basis for formulating a more transparent and fairer contractual framework by integrating Sharia principles so that *gharar* can be prevented, leading to *maṣlahah* (public welfare) within cross-border transactions.

**Keywords:** Incoterms, Sales Contract, *Gharar*, Sharia Economic Law

Received: 18 May 2025

Revised: 27 June 2025

Accepted: 06 July 2025

Published: Vol. 4, No. 1, 2025, pp. 69-86

## INTRODUCTION

Serving as a fundamental pillar of global economic growth, international trade facilitates market integration, improves production efficiency, and expands access to commodities through cross-border exchanges of goods and services. The inherent complexity of such cross-border transactions requires legal instruments to guarantee certainty and protect the rights of stakeholders. The International Commercial Terms, known as Incoterms, developed by the International Chamber of Commerce (ICC), have been widely adopted as the primary standard for international contracting practice. Incoterms provide an important framework by explicitly allocating the risks, responsibilities, and shipping costs between exporters and importers (Kazimi & Thalwal, 2023; Sheikh et al., 2024; Vanegas et al., 2024). Functioning as soft law, Incoterms are not legally binding unless included in a contract. Nevertheless, they play a significant role in minimising ambiguity of interpretation (Citaristi, 2022).

Despite undergoing several revisions, the latest version of Incoterms 2020 still poses challenges, particularly in terms of unclear transfer points of risk and responsibility. Some studies highlight that different interpretations of clauses, such as FOB and CIF, can trigger contractual disputes (Kim, 2022; Zai et al., 2022). The weaknesses of previous research are the absence of concrete solutions to overcome the ambiguity of interpretation of Incoterms clauses. The conceptual ambiguity has particular relevance in *fiqh muamalah*, as it potentially embodies *gharar*, which is a type of uncertainty prohibited in *muamalah* transactions. Therefore, the novelty of this study lies in the development of a clearer interpretation framework, elaborating the tenet of Islamic law.

Under the perspective of *fiqh muamalah*, *gharar* denotes a speculative or non-transparent element that negates the validity of the transaction (Alhejaili, 2025; Candrawati & Robbani, 2025; Gunariah et al., 2024; Sumanto et al., 2022). Thus, the term ‘uncertainty’ is more conceptually aligned with *gharar* than ambiguity (Elfakhani & Sidani, 2015; Rittenberg, 2014), given *gharar*’s profound normative aspects rooted in the principles of *‘adl* (justice) and *wudūh* (clarity). Classical jurists divide *gharar* into several categories (mild, moderate, and severe), and these classifications are more applicable than official codifications (Alkhedhairi, 2023; Gunariah et al., 2024). In modern transactions, *gharar* manifests as incomplete information, which is uncertainty regarding the time and place of delivery, and the unreadability of contract documentation (Bakar et al., 2020; Rafaheh, 2024; Nordin et al., 2014).

In response to the increasing involvement of Muslim entrepreneurs in global trade, a distinct jurisprudential challenge has arisen, such as the harmonisation of Sharia principles with international trade law standards (Ayad, 2021; Ercanbrack, 2019; Faizi & Ali, 2024; Wehling & Mahasneh, 2024). Muslim business actors face the dual imperative to adopt Incoterms while ensuring transactions are compliant with Sharia principles, including in terms of responsibility, risk distribution, and fair principle.

The lack of a coherent contractual framework combining two disparate legal systems poses considerable difficulties, both in theoretical discourse and practical execution (Sholihin et al., 2021). The lack of a coherent contractual framework presenting these two different legal systems poses considerable difficulties, both in theoretical discourse and practical implementation. This complexity is further increased when Muslim entities engage in transnational exchanges. They have the right to adopt Incoterms with Shariah-compliant contracts. The main dilemma is the absence of a unified legal architecture that mediates between these systems. Moreover, the legal framework in Muslim-majority countries has not exhibited decent trade governance because it fosters normative ambiguity and uncertainty regarding the implementation of cross-border agreements (Gaffar & Al Mamiri, 2024).

Confronting these challenges, it is essential to systematically scrutinise the existing literature to understand the normative compatibility between international trade law and Islamic law and to develop a theoretically grounded integrative model. This study seeks to utilise the Systematic Literature Review (SLR) to establish evidentiary rigour that is critical in navigating the multidisciplinary legal landscape (Kumar, 2023). The SLR approach enables the identification of conceptual differences and facilitates the construction of structurally coherent responses to complex jurisprudential dilemmas, making them indispensable for resolving current contractual discrepancies.

The main objective of this study is to design a doctrinally sound contractual framework that institutionalises transparency and commutative justice (*‘adl*) through the systematic incorporation of Shariah principles. This paradigm aims to substantially prevent *gharar* (prohibited contractual uncertainty) while optimising *maṣlaḥah* in cross-border transactions. Conceptually, this study enhances the academic discourse on international trade law in harmony with Sharia economic law. Practically, this study provides contractual recommendations that enable Muslim business practitioners to structure the formulation of international agreements adhering to basic Islamic requirements.

## METHOD

### Study Design

This study employed the Systematic Literature Review (SLR) method with the juridical-normative paradigm. The juridical-normative approach plays a role in analysing both positive and Sharia legal rules, conceptually and structurally. The SLR establishes an evidence-based foundation for reasoning on each legal norm analysed (Kitchenham et al., 2015). This study selected legal articles not only substantially relevant to the topic discussed but also undertook a rigorous methodological screening process, ensuring the validity and integrity of the legal data used as the basis for normative argumentation.

The legal source selection process combines substantive relevance criteria and rigorous methodological screening. It then provides a robust platform for comparative legal analysis at the intersection of international trade law and Islamic jurisprudence.

### Literature Search Procedure and PRISMA Flow

The literature search procedure follows the SLR protocol developed by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) standard. The steps are as follows.

1) *Identification*

The initial search was conducted by searching leading databases, including Scopus, JSTOR, and Google Scholar. All three databases were chosen because they provide access to credible, up-to-date, relevant, and scientifically verified sources and support the preparation of systematic, objective, and high-quality literature reviews. This search process utilises Publish or Perish 8, employing a combination of Boolean keywords, specifically (“Incoterms” OR “international commercial terms”) AND (“gharar” OR “Islamic contract law” OR “fiqh muamalah”) AND (“international trade” OR “cross-border transactions”). Based on the search, 164 relevant articles were successfully identified.

2) *Screening*

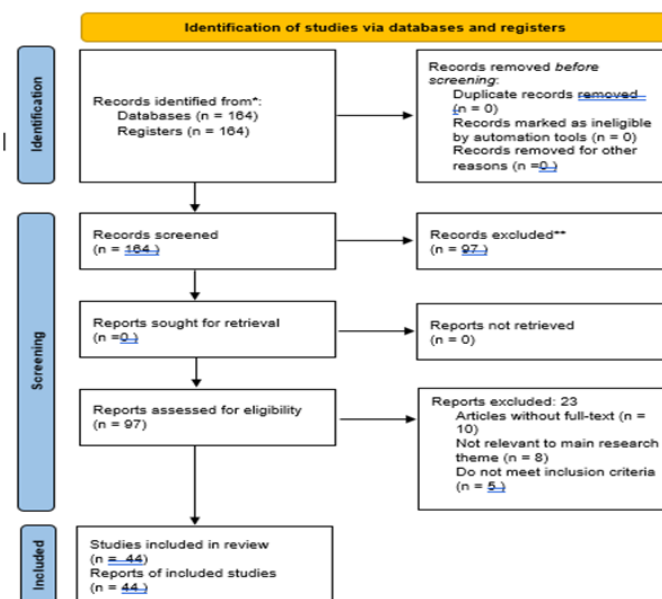
After removing duplication and initial filtering by title and abstract, a total of 67 articles were identified that met the criteria for further analysis.

3) *Eligibility*

A thorough evaluation of the overall content has been conducted to assess the alignment of themes and the quality of the applied methodology. From the review process, several articles met the set criteria, with a total of 44 articles that set the criteria.

4) *Inclusion*

The selected articles that meet all inclusion criteria proceed to the final analysis stage. The systematic selection process is presented through a PRISMA flow diagram, which clearly illustrates the study selection methodology. (See Figure 1).



**Figure 1** PRISMA diagram  
Source: Processed by Authors

### Inclusion and Exclusion Criteria

The selection of data sources was conducted by establishing strict inclusion and exclusion criteria. The inclusion criteria include scientific journal articles that have passed the peer-review process and are indexed in the Scopus database. The study must specifically address issues related to international contract law, Incoterms, and the concept of *gharar* in the context of *muamalah* transactions. Additionally, the article must be written in English in an academic style. The literature under consideration must also make a relevant contribution, both conceptually, normatively, and practically, to the objectives of legal reconstruction to be achieved.

The exclusion criteria systematically eliminated articles failing to meet high methodological standards. This included non-peer-reviewed commentaries, editorial articles, and unavailable full-text publications. Literatures with insufficient thematic relevance, especially those that superficially referred to “*gharar*” without substantive analysis, were also excluded from final consideration.

### Study Quality Assessment

Quality evaluation was carried out on 44 selected articles, guided by four key indicators. These indicators included the level of clarity of the research objectives and focus, the solidity and consistency of the normative arguments constructed, the accuracy in the use of legal sources, and the contribution of the article to the elaboration of legal concepts. Articles that show substantial methodological bias or flawed analytical reasoning should be excluded from the final synthesis. This mechanism aims to ensure that only publications that meet rigorous scientific standards form the basis of the normative framework of this study.

### Data Extraction and Analysis

A systematic matrix guided the data extraction from the selected articles, which included research objectives, methodology, key findings, relevance to the concept of *gharar*, Incoterms, and normative contributions. Thematic synthesis was then used to identify, analyse and integrate patterns that recur across studies. This SLR approach synthesises the various findings to derive a comprehensive legal norm. Article extraction is presented in Tabel 1 (see [Appendices](#)).

## RESULTS AND DISCUSSION

### Results of Extraction

As shown in Table 2 ( see [Appendices](#)), from the 44 articles analysed, the extraction process was carried out with qualitative content analysis through two stages of thematic coding until three main themes were obtained that were the most prominent and relevant to the formulation of the problem: (1) uncertainty in the application of Incoterms, (2) the potential of *gharar* in modern global trade practices, and (3) efforts to harmonise *fiqh muamalah* with international trade law. To support the thematic mapping, the following are the ten most representative articles based on substantive relevance to the core research theme, publication in Scopus-indexed journals (Q1-Q3 level), and significant conceptual or practical contribution to the phenomenon under study.

The articles presented in Table 2 focus on key topics, including *fiqh muamalah*, *gharar*, Incoterms, and international contracts. Its relevance is measured by its ability to answer specific research questions, especially the potential of *gharar* in Incoterms and the integration of Sharia principles. The article's source is from reputable journals, most of which are indexed by Scopus, ensuring the quality and validity of the research

### Key Findings and Critical Analysis

After conducting a thematic synthesis in the systematic literature review process, the study determined three main findings. The determination of these three main findings was based on systematic mapping that considered the frequency of topic occurrences, depth of discussion, and direct relevance to the research question, not just random selection. This research highlights the existence of research gaps, specifically the lack of integration between Sharia principles and international trade standards, in both rules and practices. Furthermore, there are still few studies that offer draft international contract improvements that comprehensively consider *gharar* in Incoterms and CISG.

Therefore, the results of this study not only present a descriptive summary but also emphasise the importance of a transformative approach in forming a legal framework that connects *fiqh muamalah* with international commercial law, thereby creating international contracts that are valid, just, and in accordance with Sharia principles. The three main findings are presented as follows.

1) *Ambiguity in the application of Incoterms*

In trade transactions between nations, the Incoterms rules are commonly used to divide responsibility and potential harm between the seller and the buyer. Although the 2020 edition of Incoterms has been updated, several studies suggest that inadequate understanding, particularly regarding FOB and CIF provisions, remains a significant obstacle. As stated by Kim (2022), "The 2020 Incoterms redraft has not completely removed any doubts about the exact moment of risk shifting, especially in a complex global supply chain." This is reinforced by other research that found that, although standards have been improved, differences in interpretation between user countries still have the potential to trigger contract disputes. Further, Babaie et al. (2024) argue that the success of Incoterms depends on a detailed description of the contract. Disputes can arise due to certain conditions of elaboration. The study of Vazquez (2024) emphasises that minimising risk with Incoterms requires a deep understanding and adjustment to local conditions. Specifically, the article presented in Bergami & Tichá (2022) state that legal uncertainty can arise due to misunderstanding and improper application of Incoterms, which is contrary to the principle of legal certainty. These empirical observations highlight that, notwithstanding the establishment of universally applicable standards, the risk of *gharar* (ambiguity or adverse speculation) persists. This phenomenon can be attributed to deficiencies in the technical execution within the domain, as well as variations in interpretation and comprehension at the localised level. To put it differently, the process of global standardisation has proven inadequate in eradicating the threat of *gharar* owing to contextual variables that are uniquely pertinent to each scenario.

2) *Findings on Gharar: Uncertainty as a Critical Point of Contract Validity*

In Islamic law, the clarity of a transaction is crucial; the existence of *gharar* or ambiguity can render the agreement invalid. Recent research highlights that globalisation and digital platforms increase the potential of *gharar*. Differences in information between parties, limited physical supervision of transaction objects, and potential delivery delays are the primary triggers for this. Thus, the complexity of today's transactions increases the risk of ambiguity that goes against Sharia principles. As explained in Gunariah et al. (2024), the uncertainty of when the risk shifts in international trade can cause a large gap. Another study (see Lubis et al., 2024) also revealed that digital investment and modern e-commerce may hold hidden *gharar*, especially in fund management and freight forwarding. Technology, such as blockchain, offers solutions to mitigate these risks. Bloch (2022) implies that transparency and validation of instant transactions on the blockchain could help suppress *gharar*. Even so, the widespread application of blockchain still requires adherence to complete Shariah rules. Article written by Latifah et al. (2024) underlining that the difference between promised goods and those accepted in the CISG (UN Convention on Contracts for the International Sale of Goods) can trigger *gharar*. Especially if there are no clear standards about checking and the suitability of goods before risk is transferred. These findings indicate that globalisation and digital trade expansion have amplified both the complexity and prevalence of *gharar* in cross-border commerce. Ambiguous risk-transfer mechanisms, reduced physical oversight of goods, and jurisdictional conflicts collectively exacerbate contractual uncertainties in international agreements. This implies the need to modernise the international trade law framework to be more sensitive to the ethical aspects and norms in Islam, especially in terms of protecting parties from potential *gharar*.

3) *Harmonisation with Fiqh Muamalah*

Transparency (*bayyinah*), fairness (*adl*) and benefit (*maslahah*) are important foundations for formulating international standards. However, viewed from a divergent perspective, the attempt to link the fundamental principles of Islam to the rules dictating international contracts is limited to a theoretical framework, with no mandatory provisions. The study from Husni & Khairat (2024) shows that although the principle of *muamalah* has been adapted to positive law at the national level, there is no systematic pattern to bridge the analysis of *fiqh* with international law, such as Incoterms and CISG. In line with this, Hidayat & Ahmad (2023) argue that the pragmatic application of classical Islamic contract rules can create certainty of international law based on Sharia principles. These findings reveal that although *fiqh muamalah* has introduced principles that uphold justice, transparency, and mutual benefit, the implementation of harmonisation with international contract law standards such as Incoterms and CISG is still limited to the conceptual level and has not been comprehensively structured. Nevertheless, when analysed from a divergent perspective, endeavours to associate the fundamental tenets

of Islam with the regulations that oversee international contracts remain confined to abstract notions, with no legal enforceability.

## Discussion: Key Findings and Interpretation

The application of Incoterms in international trade transactions perpetuates substantive *gharar*, particularly regarding risk allocation and warranties of goods. This continued uncertainty not only complicates global trade practices but also potentially violates core principles of *fiqh muamalah*. Currently, there is no internationally standardised contractual framework that successfully reconciles the inherent tension between conventional trade law and Shariah compliance. Kim (2022) further argues that the application of Incoterms® beyond jurisdiction may undermine the fair treatment of contracting parties, demonstrating its incompatibility with the two fundamental pillars of Islamic commercial jurisprudence: distributive *adl* and *qat'iyah*.

Within the framework of Islamic law, *gharar* (denoting uncertainty or excessive speculation) constitutes a significant parameter in evaluating the legitimacy of a transaction. Lubis et al. (2024) contend that in the context of online gold investment, the lack of transparency in product information and the volatility of prices in the absence of risk mitigation measures significantly heighten the likelihood of *gharar* manifesting." Instead, it is "the application of blockchain technology has proven to be effective in reducing *gharar* through the provision of digital track records and accurate process tracking capabilities." This can benefit international transactions. These findings suggest that Sharia technology and principles have the potential to work together to address the *gharar* problem in modern transactions. In other words, epistemological differences can be bridged by combining Sharia principles and technology within the framework of Incoterms, thereby making international transactions fairer and more transparent and by the principles of *fiqh muamalah*.

### Interpretation and Analysis

In Incoterms, the potential for *gharar* arises notably in clauses like FOB and CIF, primarily due to ambiguity in the timing and location of risk transfer, which lacks precise definition. This is contrary to the jurisprudential principles of *al-yaqin* (certainty) and *ta'ayyun* (clarity) in Islamic law, which demand strict terms in contracts. While CISG upholds bona fides (good faith), it does not guarantee compliance with Shariah's strict clarity requirements.

The scholarly discourse on integrating *fiqh muamalah* principles into international trade law has long been the focus of academic research. Studies show that classical *muamalah* concepts must evolve to align with contemporary global legal frameworks (Hidayat & Ahmad, 2023). In particular, *fiqh* rules such as *al-kharaj bi al-dhaman* (profit linked to obligation) can provide a basis for modernising Incoterms provisions. Similarly, Obiri-Korang (2022) argues that reducing rigid civil law obligations in international trade creates room for local principles, including well-structured Shariah-governed contracts. Meanwhile, Husni & Khairat (2024) argue that the application of *muamalah* law in the Indonesian legal system requires a reinterpretation of the role of Incoterms, viewing it as an adaptable rather than inflexible instrument.

In *fiqh muamalah* perspective, *gharar* signifies uncertainty or ambiguity in a transaction, which is widely recognised as detrimental to the validity of a contract due to its potential to cause injustice and loss (Azzahra et al., 2024; Nurjanah et al., 2024). Scholars categorise *gharar* into minor and major forms, with only minor *gharar* allowed under certain conditions, such as those inherent in market practices (Gunariah et al., 2024). The *gharar* ban aligns with the fundamental principles of transparency and fairness in Islamic finance, emphasising the importance of clear agreements to mitigate the risks associated with uncertainty and adhere to the principles in Islamic transactions. (Noh et al., 2024). These principles include the *al-Yaqin*, *al-Tawaffuq*, and *al-Barzakh*, which ensure that the agreement is ethical and legally sound. *Al-Yaqin* emphasises the need for certainty in information, which is essential for building trust and clarity in transactions, thereby preventing disputes. (Yusril & Sari, 2024). *Al-Tawaffuq* guarantees that all parties sign contracts voluntarily, free from coercion, which aligns with Islamic principles of mutual consent and sincerity in the agreement. (Syarofi et al., 2023).

In international trade, *gharar* can arise in various aspects of Incoterms implementation, including ambiguous risk transfer points, especially in CIF and FOB clauses, insufficiently clear specifications of goods at the time of contracting, reliance on unclear documentation, and different national interpretations of Incoterms technical terms. These observations are in line with Hidayat & Ahmad (2023), which emphasises that contracts must fulfil the principle of *ta'ayyun* (clarity of object) to ensure legal validity.

The similarity of findings in these various literatures confirms the urgency of draughting a legal framework that bridges the differences between Incoterms and Islamic legal principles. By recognising the potential for *gharar*, clarifying the terms of responsibility, and reformulating sales



and purchase agreements by the *maqashid* Sharia (the objectives of Islamic law), international contracts can be directed towards a fairer, more transparent, and Sharia-compliant system. In summary, this analysis concludes that there is a need for a redesign of the international contract system that not only prioritises the efficiency of global law but also respects Islamic normative values.

### Contextual Aspect Analysis

The incongruity between Incoterms and Shariah-compliant transactions stems from epistemological differences in their underlying frameworks. As a non-binding commercial framework, Incoterms prioritise transactional efficiency, whereas Shariah norms emphasise binding ethical obligations. This misalignment manifests in Incoterms' insufficient integration of Islamic commercial requirements, including halal certification, fair pricing and contract transparency. Moreover, the exclusion of Islamic financial institutions from the Incoterms standardisation process has resulted in a framework that ignores essential Islamic values.

As a robust framework, Incoterms remains religiously neutral yet embodies principles – legal certainty, transparency and equality – that align with the core values of *fiqh muamalah*. This compatibility allows for potential harmonisation through strategic approaches. A key one is to integrate Shariah compliance clauses into international contracts involving Muslim parties, explicitly requiring adherence to the principles of *fiqh muamalah* while prohibiting *riba*, *gharar*, and *maysir*. The case study of [Kamaluddin et al. \(2023\)](#) shows how such clauses operationally safeguard transactional compliance with Islamic commercial jurisprudence.

Furthermore, provisions within Incoterms governing risk transfer (specifically Articles 6-7, see [Appendices](#)) could be augmented through more detailed contractual provisions. Such enhancements may include:

- (1) explicit specification of the condition of the goods at the time of delivery,
- (2) standardised pre-shipment inspection protocols, and
- (3) verification mechanisms for contract compliance.

This approach is in line with the empirical findings of [Batubara et al. \(2024\)](#) on the critical role of transparency in ensuring fair outcomes in modern commercial transactions. Lastly, the *maṣlaḥah* framework, which emphasises mutual benefit, offers an effective complement to conventional arbitration by enabling Shariah-compliant dispute resolution. Recent studies ([Kim et al., 2020](#); [Lubis et al., 2024](#)) reveal Incoterms' overemphasis on technical efficiency at the expense of ethical considerations. While the integration of Shariah clauses has previously proven inadequate, these studies propose a hybrid model that synthesises *maqāṣid al-sharia* with international legal standards. In contrast to previous research, which was generally descriptive or conceptual, the findings of this study led to the development of an operational synthesis model, known as Sharia-Compliant Incoterms (SCI). SCI not only adds Sharia values to technical clauses but also restructures the overall agreement structure to reflect the principles of clarity, fairness, and benefit. This makes a significant theoretical contribution to the discourse of legal harmonisation between systems.

Theoretically, the SCI model strengthens the argument that global soft law has the potential to be transformed into an inclusive instrument through fundamental modifications based on Islamic jurisprudence. In practical terms, SCI can serve as a foundation for contract drafters, Muslim businesspeople, and arbitrators in draughting cross-border agreements that meet the standards of ethics, legality, and applicability. The generalisation potential of this model is enormous, given that the Incoterms structure is used in more than 90% of trading contracts worldwide.

### Alternative Model of Sharia-based International Contracts

The following analysis highlights the significant differences between the internationally recognised application of Incoterms and the principles of Islamic law, particularly in efforts to mitigate the risk of ambiguity. Consequently, the current conventional treaty framework has not fully met the standards of justice and legal certainty that are prioritised in the principle of *fiqh muamalah*. Therefore, it is essential to develop an innovative treaty structure that balances global trade standards and ethical values in business transactions from an Islamic perspective.

#### Model Basic Principles: Anti-Gharar and Contractual Maslahah

As shown in Table 3 (see [Apprentices](#)), the proposed contract model emphasises minimising *gharar* (excessive uncertainty) while maximising *maṣlaḥah* (collective benefit), aligning with *maqāṣid al-sharī'ah*. Rooted in classical Islamic jurisprudence, this approach reflects Ibn Taymiyyah's principle that excessive uncertainty can nullify contracts. Empirical studies, such as the *Mushārahah Mutanāqishah* (MMQ) model ([Hamidah & Azzahra, 2024](#)), validate its effectiveness in enhancing

Muslim finance and welfare. Additionally, smart contracts provide a practical means to enhance transparency and mitigate *gharar* and *ribā* (Nurkholidah et al., 2024).

An innovative theoretical model for international contracts, which relies on Sharia Incoterms (SCI), has been carefully crafted with the fundamental aim of reducing the uncertainty (*gharar*) that is prominent in contractual relationships and maximising benefits (*maslahah*) for all parties involved. This theoretical framework is based on the principles of classical Islamic jurisprudence, which underline the importance of precision in contractual terms. As Ibn Taymiyyah asserts, substantial uncertainty can render an agreement invalid. Moreover, the SCI model addresses the shortcomings of Incoterms in ensuring legal certainty and fair risk allocation.

Incoterms, as a soft law, often lacks sufficient details on some crucial aspects, such as clear risk transfer points (especially in CIF and FOB clauses), specifications of goods that fulfil halal-tayyib standards (which are very important in sharia law), and transparent administrative and logistical responsibility structures. These shortcomings open the door for *gharar*, which is legal and economic uncertainty that contradicts the principles of clarity of contracts (*ta'ayyun* and *bayyinah*) in *fiqh muamalah*.

As a solution, the SCI model incorporates the principles of *maqāṣid al-sharī'a* into the contract structure, which has the following characteristics:

- 1) The reduction of *gharar* is achieved through substantive and procedural clarity. SCI requires a comprehensive description of the contract object, transaction value, and delivery schedule. This overcomes the ambiguity often found in Incoterms and ensures compliance with the principles of *al-yaqin* (certainty) and *al-'adl* (fairness).
- 2) the affirmation of *maslahah* is realised through the fair sharing of risks and responsibilities. In SCI, the timing and location of risk transfer are determined not only based on technical considerations, but are also adjusted to take into account the benefit aspects. For example, the party that is logistically and financially most capable of bearing a certain risk will be given that responsibility through a proportional and ethical negotiation clause.
- 3) The division of roles is organised in a structured and transparent manner. SCI reorganises the division of administrative responsibilities (such as customs, Shariah insurance and final logistics) in a written and verifiable manner, thus preventing unilateral exploitation and supporting the principles of *israf* (moderation) and *tawazun* (balance).

Furthermore, in the implementation of Shariah objectives, the integration of technology such as smart contracts is possible in SCI to ensure transparency and automatic compliance with Shariah values, including the avoidance of *riba*, *gharar* and *maysir*. As such, SCI is not only normative but also a functional and ethical model in addressing the ethical-structural deficiencies that have not been addressed by conventional Incoterms.

### Contract Structure: Three-Pillar Integration

The proposed model presents three main pillars, as shown in Table 4 (see [Appendices](#)). The *Sharia-Compliant Incoterms* (SCI) model is based on three main pillars that are interrelated and work systematically to address fundamental shortcomings in conventional Incoterms. These three pillars not only function separately but also create a comprehensive, ethical, and functional contract ecosystem in the context of complex international trade.

In Table 4, the first pillar is Incoterms as a technical structure (Zai et al., 2022; Rojas & Cano, 2022), which establishes global standards for logistical accountability and risk allocation between transacting parties, though requiring Sharia-compliant modifications to clauses like CIF and FOB to align risk transfer with *ta'ayyun* (object determinacy) and *yaqin* (certainty). The second pillar is related to the principles of *fiqh muamalah* (Sari, 2024; Husni & Khairat, 2024), grounding the model in *maqāṣid al-Sharī'a* through *'adl*, *maṣlahah*, and *bayyinah*, while prohibiting *gharar*, *ribā*, and *maysir*, to ensure *ṭayyib* contracts with clear *ijāb-qabūl* (offer-acceptance). Then, the third pillar includes an ethics adjustment clause (Ramzan et al., 2020; Sumanto et al., 2022). This pillar adds to the previous two pillars by combining the dimensions of social justice and Islamic business ethics. Ethical clauses such as *fairness*, prohibition of exploitation, and a peace-based dispute settlement mechanism make the SCI a document that is not only legalistic but also empathetic to the imbalance of power in international contracts. This pillar prevents contracts from predatory practices that often occur in the asymmetrical global trading system.

### Key Clauses in the Contract Model

To strengthen the validity of the law and reduce the potential for disputes in cross-border transactions, integrating key clauses based on Sharia principles into international contracts is not only functional but also strategic in bridging the epistemological and juridical gap between *lex mercatoria* (international commercial law) and Islamic law.



*First*, the clause on the allocation of responsibilities and risks is explicitly needed to close the interpretation gap in the practice of using Incoterms, which has been technocratic and has minimal ethical dimensions. By detailing the point of risk transfer based on the principles of *ta'ayyun* (affirmation of objects) and *al-yaqin* (certainty), this clause not only refines the aspect of contractual clarity according to international law but also meets the legal requirements in *fiqh muamalah*. This is the point between the soft law version of legal certainty and the principle of *gharar* minimisation.

Example clause:

"The parties agree that the transfer point of responsibility and risk for the goods occurs when the goods are handed over by the seller to the first transport company in the country of origin, as stated in the bill of lading. This submission must be preceded by an inspection of the suitability of the goods and specification documentation according to the initial contract."

*Second*, the inclusion of the Sharia compliance clause, which explicitly states that contracts are subject to the principles of *fiqh muamalah*, such as the prohibition of *riba*, *gharar*, and *maysir*, not only shows the Islamic identity of the parties but also serves as a legal link that allows the involvement of religious norms in the framework of international contracts that are usually religiously neutral. This clause can bridge the gap between legal pluralism, thus allowing the coexistence of religious norms within the secular legal system on a contractual basis. In the context of international civil law, this clause facilitates party autonomy as a gateway for incorporating Sharia values into the global legal framework.

Example clause:

"The parties hereby declare that this agreement is prepared and will be implemented based on the principles of *fiqh muamalah*. Therefore, any form of practice that contains *riba*, *gharar* (ambiguity), and *maysir* (excessive speculation) is declared null and void in this contract."

*Third*, the component institutes a dispute resolution mechanism grounded in *sulh* (amicable settlement) and Sharia arbitration (e.g., through Basyarnas), creating a juridical process that simultaneously satisfies Islamic legal requirements and conforms to contemporary Alternative Dispute Resolution (ADR) paradigms. This hybrid approach strengthens contractual enforceability while circumventing conventional litigation systems that frequently prove inadequate in addressing Sharia-compliance concerns. Beyond serving as an ethical alternative, this model facilitates meaningful interlegal discourse between Islamic and secular legal traditions.

Example clause:

"If a dispute arises in the implementation of this agreement, the parties agree to resolve it first through deliberation (*sulh*). If a consensus is not reached, the settlement will be carried out through the National Sharia Arbitration Board (BASYARNAS) or other mutually agreed sharia arbitration institutions."

By institutionalising these provisions as an integrated framework, the SCI model provides legal certainty and religious compliance while redefining international agreements as a hybrid system – pragmatically functional, ethically grounded and cross-culturally adaptive. It bridges the conceptual and operational gap between conventional commercial law and Shariah-compliant trade.

### Hybrid Term Prototype: Sharia-Compliant Incoterms (SCI)

Table 5 (see [Appendices](#)) underlines Sharia-Compliant Incoterms (SCI) as a substantive synthesis of international trade law and *fiqh muamalah* principles. The SCI can systematically adapt standard Incoterms provisions across all categories through methodical modifications aligned with Islamic principles. The SCI framework demonstrates exceptional adaptability, overcoming the limitations of traditional treaty classification. Its modular design ensures full compliance with all eleven provisions of Incoterms through three key pillars: (1) technical logistics (transport, risk allocation, insurance); (2) Shariah compliance (*aqad*, *gharar*, *maslahah*); and (3) internationally applicable contract structure (party autonomy and enforceability). This versatile system accommodates a wide range of commercial applications, from industrial exports to Muslim-led e-commerce.

For the SCI to become a normative standard, it needs to be institutionalised within an international legal framework. Key mechanisms include:

- 1) *Party Autonomy*: Binding contractual clauses that mutually adopt the SCI, ensuring compliance with *fiqh muamalah* and Incoterms modified with the SCI, provided they comply with applicable law.
- 2) *Institutional Collaboration*: Formal partnership between ICC and Shariah regulatory bodies (AAOIFI, IIFA) to develop customised standards.
- 3) *Soft Law Integration*: Recognition under the UNIDROIT or UNCITRAL framework as an additional legal instrument.
- 4) *Dispute Resolution*: Embedded Shariah arbitration clauses (e.g., Basyarnas, IICRA), with enforceability under the New York Convention (1958).

With a flexible design approach that encompasses the entire Incoterms clause and a phased legalization process, SCI offers more than just an ideal concept. It has the potential to be an international contract instrument that is in harmony with the principles of Sharia ethics and purposes (*maqāsid al-sharīa*), practical in the global trade environment, and aligned with the contemporary international civil law framework.

**Scheme 1** Roadmap for Sharia-Compliant Incoterms (SCI) Standardization in the Global Soft Law Framework

Phase	Description	Strategic Objectives
Stage 1 Normative-Theoretical Formulation	The preparation of the basic principles of SCI by a coalition of <i>fiqh muamalah</i> academics and international trade law experts. Synthesis between <i>maqāsid al-sharīa</i> and global legal standards (Incoterms, CISG, UNIDROIT Principles).	Establish a normative foundation that is legitimate and compatible with both legal systems (Islamic and international).
Stage 2 Legal Drafting and Pilot Implementation	SCI trials in actual export-import contracts in OIC countries with bilateral <i>trade agreement</i> schemes. The application of <i>party autonomy</i> and <i>Sharia clauses</i> in the contract.	Testing the practical validity and flexibility of SCIs in various jurisdictions through initial application in the field.
Stage 3 Institutional Recognition and Harmonization	Formal collaboration with the ICC, UNCITRAL, and international <i>fiqh</i> forums such as AAOIFI to propose SCI as an optional model in the revision of Incoterms or UNCITRAL contracts.	Ensure institutional recognition and integration of SCI in widely applicable international legal standards.
Stage 4 Global Dissemination and Training	Development of SCI training modules through ICC Academy, Basyarnas, and international law universities. Socialization and training of business actors and arbitrators.	Encourage the widespread adoption of SCI as a legitimate and competent contractual practice within the global framework of soft law.

**Source:** Developed by Authors

With these stages, as presented in Scheme 1, SCI has the potential to become a strategic breakthrough in the formation of an ethical, fair, and cross-cultural international contract system. Furthermore, this model allows for the contribution of Islamic law to the global economic legal order in a participatory, non-exclusive, yet inclusive and contextual manner.

## CONCLUSION

This study has systematically reviewed and selected 44 articles and then obtained 10 most relevant studies for analysis from a legal perspective. The results show that the rules in Incoterms, especially the FOB and CIF clauses, exhibit *gharar* in terms of risk allocation and the description of goods. This is contrary to the principles of transparency and justice in Sharia.

We propose an alternative contract model called Sharia-Compliant Incoterms (SCI). This model combines the technical structure of Incoterms with the principles of *fiqh muamalah*. The key is to incorporate a Sharia compliance clause, clarify the risk transition point, and utilise a dispute resolution mechanism based on Sharia arbitration. With this approach, international buying and selling transactions not only meet global trade standards but also uphold the principles of *maqāsid al-sharīa*, such as benefit, justice, and legal certainty.

These findings in this study have two implications. First, the SCI model provides practical guidance for Muslim businesses, Islamic financial institutions, and international contract designers to create legally positive and Sharia-compliant agreements. Second, this study enriches the discussion of the harmonisation between international trade law and Islamic law. The study also shows the importance of updating global contract instruments to better align with religious values.

This study is currently limited to theory and has not yet been tested in a real business setting. Therefore, further research is needed to empirically test SCI, both through case studies of multinational companies that apply Sharia principles and through contract simulations in arbitration. In addition, cooperation is needed between international jurisprudence institutions and trade law bodies, such as the ICC, to draft a formal version of Sharia-compliant Incoterms as a new standard for ethical and fair global trade.

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## APPENDICES

**Table 1** Article Extraction

No.	Article Title	Year	Relevance	Study Type	Source
1	Beyond <i>muamalah</i> principles in digital payment education and its impacts on corruption prevention in the Indonesian public sectors	2020	Contains the principle of <i>muamalah</i> , relevant to transparency and justice	Case Studies	Journal of Social Studies Education Research
2	Implementation of the Theory of <i>Maqashid</i> Sharia Ash-Syatibi in Contemporary <i>Muamalah</i>	2020	Relevant to Sharia principles in modern transactions	Theoretical	Jurisdiction: Journal of Law and Sharia
3	Digital-Based Information System of Zakat Management in Indonesia	2022	Discussing the application of <i>fiqh muamalah</i> to technology	Case Studies	Squirt
4	Questioning the Fiqh of Tolerance	2022	Discussing tolerance in <i>muamalah</i>	Normative Analysis	Al-Ihkam
5	Polarization of profit sharing of paddy cultivation in the Acehese community as an attempt to alleviate poverty	2021	Discussing the concept of profit sharing in <i>muamalah</i>	Case Studies	Squirt
6	Ihtikar: Hoarding Behavior in the Study of Muamalah	2020	Discussing <i>gharar</i> in the context of economics and distribution	Normative Analysis	Juris: Sharia Scientific Journal
7	Penetration of <i>Muamalah</i> Jurisprudence into Indonesian Law	2024	Relevant to the harmonization of Sharia law and positive law	Normative Studies	Al-Istinbath: Journal of Islamic Law
8	Realizing Justice and <i>Maşlahah</i> in E-Commerce	2024	Discuss transparency and consumer protection	Comparative Study	Juris: Sharia Scientific Journal
9	Islamic accounting: Ethics and contextualization of recording in Muamalah transactions	2024	Discuss the principles of transparency and fairness	Conceptual Studies	Multidisciplinary Reviews
10	Reforming Fiqh Al-Bi'ah (Ecological Jurisprudence) based on Islam Hadhari	2024	Discuss ecological principles in transactions	Conceptual Studies	International Journal of Law and Society
11	Fruit Sale Strategy with The Lowest Price Sorakan (Cheering) in The View of Fiqh Muamalah	2022	Discussing the principle of <i>muamalah</i> in market practice	Case Studies	Legality: Scientific Journal of Law
12	The Authority of Texts in the Dynamics of Ijtihad on Fiqh Mu'amalah Among Santri in Indonesia	2024	Relevant to the normative interpretation of <i>muamalah</i>	Case Studies	El-Mashlahah
13	Fiqh Muamalah Analysis of the Fundraising Zakah through Conventional Bank Accounts	2023	Discussing <i>muamalah</i> and financial instruments	Normative Analysis	Journal of Islamic Law
14	Legal Maxims of Ba'i ibn Al-Arabi's Contract and Their Relevance to Contemporary Muamalah Maliah Issues	2023	Relevant to international contracts	Normative Studies	Journal of Islamic Law
15	Fiqh Mu'amalah Content in Friday Sermon	2021	Discussing the integration of <i>muamalah</i> in rituals	Social Studies	Al-Ahkam
16	Analysis of Online Gold Investment Interest in E-Commerce from a Fiqh Muamalah Perspective	2024	Discussing the potential of <i>gharar</i> in digital investment	Case Studies	Mizani
17	Syar'u Man Qablanâ and It is Implementation in Sharia Economic Law (Mu'amalah Mâliyyah)	2022	Relevant to the normative basis of <i>muamalah</i>	Normative Studies	Mizani
18	Consumer Protection in Muamalah Transactions	2024	Discuss the principles of fairness and transparency	Normative Studies	Mizani
19	Technique For Estimation of Costs and Prices in Contracts for The International Sale of Goods Based on Incoterms®	2022	Jump to Incoterms	Case Studies	Logistics Act

No.	Article Title	Year	Relevance	Study Type	Source
20	Primary Connecting Factors Considered by South African Courts to Determine the Applicable Law of International Contracts on the Sale of Goods	2022	Discuss the CISG and the legal framework	Legal Studies	Lex Portus
21	From Product-Centered to Servitized Industry: Placing Product-Service Integration Model Under the Umbrella of The United Nations Convention on Contracts for The International Contracts for Sale of Goods	2021	Discussing CISG's adaptation for modern industry	Comparative Studies	University of Pittsburgh Law Review
22	Non-Fungible Tokens: A Solution to The Challenges of Using Blockchain Bills of Lading in the International Sales of Goods	2022	Offering solutions to uncertainty ( <i>gharar</i> )	Technology Studies	Journal of Law, Market and Innovation
23	Adequate assurance of performance under the United Convention on Contracts for the International Sale of Goods and the Uniform Commercial Code	2021	Discuss clarity in international contracts	Legal Studies	International and Comparative Law Quarterly
24	COVID-19 Related Export Bans and Restrictions Under WTO Law and the Determination of Their Legal Effects on International Sale of Goods Contracts	2022	Discuss CISG and international treaties	Case Studies	Blurry Boundaries of Public and Private International Law
25	Overriding Mandatory Rules Applicable to International Sales of Goods	2023	Discussing the implementation of CISG in South Africa	Legal Studies	Lex Portus
26	A Specific Method of Interpreting and Filling Legal Gaps in the Function of The Success of The Un Convention on The International Sale of Goods	2022	Discuss how to fill in the legal gaps	Legal Studies	Zbornik Pravnog Fakulteta u Zagrebu
27	Auctions and auction-like selling mechanisms in the international sale of goods	2021	Discussing the revision of Article 2(b) of the CISG	Legal Studies	EU Private Law and the CISG
28	Should Iran join the United Nations Convention on Contracts for the International Sale of Goods?	2020	Discuss the integration of the CISG with national law	Comparative Study	Uniform Law Review
29	The judicial courts' understanding of the United Nations Convention on Contracts for the International Sale of Goods and the UNIDROIT Principles of International Commercial Contracts	2021	Discussing the implementation of CISG in Colombia	Case Studies	Transnational Law Notebooks
30	The United Nations Convention on Contracts for the International Sale of Goods (CISG) is turning forty	2020	Discuss the development and challenges of the CISG	Editorial	European Review of Private Law
31	Suspicion of Non-conformity of the Goods As a Foundation of Breach of International Sales Contract	2024	Discussing loss claims in CISG	Legal Studies	Hasanuddin Law Review
32	The Exceptio Non Adimpleti Contractus in the Vienna Convention on Contracts for the International Sale of Goods	2024	Discussing the terms of the CISG	Legal Studies	Journal of Private Law
33	Various Perspectives Regarding the Effects of the United Nations Convention on Contracts for the International Sale of Goods	2020	Discussing the impact of the CISG on member countries	Comparative Study	Forum Prawnicze
34	Commercial Operations Under the Spanish Law for The Fight Against Delays That Configure International Sale of Goods in The Vienna Convention	2022	Discussing the execution of the contract	Legal Studies	Ibero-American Legal News
35	Anticipatory Breach of Contract in Uniform Contract Law	2021	Discussing violation rules	Legal Studies	Balkan Yearbook of European and International Law
36	Ethical Clauses in Contracts for the International Sale of Goods	2021	Discussing CSR in global trade	Normative Studies	Civilistica.com

No.	Article Title	Year	Relevance	Study Type	Source
37	Examination of goods by buyers under international sales contracts	2021	Discussing buyer obligations in CISG	Legal Studies	Academy of Entrepreneurship Journal
38	Damages for the Cost of Repair and the Seller's Right to Cure under the UN Convention on Contracts for the International Sale of Goods	2020	Discussing the seller's obligations	Legal Studies	European Business Law Review
39	Possibilities of using Incoterms clauses in a country logistics performance assessment and benchmarking	2020	Discussing Incoterms in logistics performance	Case Studies	Transport Policy
40	Incoterms® 2020 and the missed opportunities for the next version	2022	Discussing the gaps and opportunities of Incoterms revision	Critical Studies	International Journal of Logistics Research and Applications
41	A study on the reasonable choice and utilization of Incoterms 2020 rules from the perspective of logistics and supply chain management	2021	Discussing Incoterms selection strategy	Case Studies	Journal of Korea Trade
42	Hidden Supply Chain Risk and Incoterms®	2021	Discuss the risks in the implementation of Incoterms	Case Studies	Journal of Risk and Financial Management
43	Managing Incoterms® 2020 export risks	2022	Discuss risk mitigation in Incoterms	Management Studies	International Journal of Economics and Business Research
44	CISG and Incoterms®: reviving the traditions of <i>the lex mercatoria</i>	2020	Discuss the harmonization of international trade law	Comparative Study	Research Handbook on International Commercial Contracts

**Note:** Authors obtain 44 articles from the process of extraction

**Table 2** The Ten most representative articles

No.	Article Title	Year	Main Topic	Relevance	Study Type	Source
1	Legal Maxims of Ba'i Ibn Al-Arabi's Contract and Their Relevance to Contemporary Muamalah Maliah Issues	2023	Fiqh analysis of classical sales contracts	Relevant to the concept of international contracts and Sharia principles	Normative Studies	Journal of Islamic Law (Q1 SJR 2024)
2	Analysis of Online Gold Investment Interest in E-Commerce from a Fiqh Muamalah Perspective	2024	Online gold investment from the perspective of <i>muamalah</i>	Discussing the potential of <i>gharar</i> in digital investment	Case Studies	Mizani (currently covered by Scopus: from 2021 to 2025)
3	Syar'u Man Qablanâ and It Is Implementation in Sharia Economic Law (Mu'âmalah Mâliyyah)	2022	Previous application of Sharia law in the Sharia economy	Relevant to the normative basis of <i>muamalah</i> as the foundation of legal harmonization	Normative Studies	Mizani (currently covered by Scopus: from 2021 to 2025)
4	Consumer Protection in Muamalah Transactions	2024	Consumer protection in <i>muamalah</i> transactions	Discuss the principles of fairness and transparency relevant to Incoterms	Normative Studies	Mizani (currently covered by Scopus: from 2021 to 2025)

No.	Article Title	Year	Main Topic	Relevance	Study Type	Source
5	Realizing Justice and <i>Maṣlaḥah</i> in E-Commerce	2024	Fiqh <i>muamalah</i> in the challenge of e-commerce	Discuss transparency and consumer protection, in line with the principles of <i>maṣlaḥah</i> in international trade.	Comparative Study	Juris: Sharia Scientific Journal (Q1 SJR 2024)
6	Technique For Estimation of Costs and Prices in Contracts for The International Sale of Goods Based on Incoterms®	2022	Estimated costs and prices based on Incoterms	Directly discuss Incoterms and the pricing process	Case Studies	Logistics Act (Q3 SJR 2024)
7	CISG and Incoterms®: reviving the traditions of the <i>lex mercatoria</i>	2020	Relationship between CISG and Incoterms	Discuss the harmonization of international trade law	Comparative Study	Research Handbook on International Commercial Contracts (book chapter Scopus)
8	Managing Incoterms® 2020 export risks	2022	Risk mitigation in Incoterms 2020	Discuss risk mitigation in Incoterms	Management Studies	International Journal of Economics and Business Research (Q3 SJR 2024)
9	Fiqh Muamalah Analysis of the Fundraising Zakah through Conventional Bank Accounts	2023	Zakat collection through bank accounts	Discuss <i>muamalah</i> and modern financial instruments	Normative Analysis	Journal of Islamic Law (Q1 SJR 2024)
10	Reforming Fiqh Al-Bi'ah (Ecological Jurisprudence) based on Islam Hadhari	2024	Integration of <i>muamalah</i> and environmental values	As an analogy of the adaptation of <i>muamalah</i> to the modern system	Conceptual Studies	International Journal of Law and Society (Q3 SJR 2024)

**Note:** Authors obtain 44 articles based on substantive relevance to the core research theme

**Table 3** Normative Comparison between Conventional Incoterms and Maqāṣid al-Sharīah-Based SCI Model

Contractual Aspects	Disadvantages of Conventional Incoterms	Maqāṣid al-Sharīah-Based SCI Solutions	Supporting Literature
Clarity of Objects and Risks ( <i>gharar</i> )	Risk transfers are often general, lacking specific contract or legal ownership specifications according to <i>fiqh</i> .	Affirmation of risk transfer points based on <i>ijab-qabul</i> , <i>ta'ayyun</i> goods, and ownership documentation.	Ibn Taymiyyah (Majmoo' al-Fatawa), Nurkholidah et al. (2024)
Price Ethics and Economic <i>Maslahah</i> Adherence to Religious Values	It does not contain ethical clauses related to price justice or protection from exploitation. It does not accommodate the value of halal, the prohibition of usury, or the structure of the <i>shari'i</i> contract.	Fair price clauses and protection of the benefits of the weak through proportional negotiations. The contract is subject to the principles of <i>fiqh muamalah</i> , with an explicit prohibition against <i>riba</i> , <i>gharar</i> , and <i>maysir</i> .	Ramzan et al. (2020); Sari (2024) Husni & Khairat (2024) AAOIFI Sharia Standards
Dispute Resolution	Relying on general litigation or arbitration forums that do not take into account Islamic values.	Dispute resolution based on <i>sulh</i> or sharia arbitration institutions (Basyarnas, IICRA).	Sumanto et al. (2022) UNCITRAL ADR Guidelines
Flexibility to Contract Technology Normative Basis	Not compatible with <i>Sharia-based</i> innovative contract systems. Based on trade usage without a moral-spiritual dimension.	Smart contract integration to automate, avoid <i>gharar</i> , and usury. The synthesis between <i>soft law</i> trade and maqāṣid al-sharīah as an ethical and functional foundation.	Nurkholidah et al. (2024); Hamidah & Azzahra (2024) Zai et al. (2022) Al-Qaradawi (Fiqh al-Mu'amalat)

**Note:** Developed by Authors

**Table 4** Three-Pillar Integration

Pillar	Description	Reference
Pillar 1 Incoterms as a Technical Structure	It serves as a technical framework to define risks and costs, with adaptations to accommodate Sharia-based interpretations	(Zai et al., 2022); (Rojas & Cano, 2022)
Pillar 2 Principles of Fiqh Muamalah	The addition of <i>sharia compliance</i> clauses, such as the clarity of the contract ( <i>ijab qabul</i> ), the prohibition of usury, and the prohibition of <i>gharar</i>	(Sari, 2024); (Husni & Khairat, 2024)
Pillar 3 Ethical Adjustment Clause	Ethical clauses are based on Islamic values, including price justice, avoidance of exploitation, and <i>sulh</i> -based dispute resolution mechanisms	(Ramzan et al., 2020); (Sumanto et al., 2022)

**Note:** Developed by Authors

**Table 5** SCI Modification Example Table (Generalised Terms)

Incoterms Clause	SCI Modifications	Sharia and Technical Objectives
CIF (Cost, Insurance, Freight)	CIF-SC: Additional halal verification clause; contract-based risk transfer	Avoiding <i>gharar</i> , ensuring <i>halal</i> , and the clarity of the contract
FOB (Free on Board) DAP (Delivered at Place)	FOB-SC: Include explicit <i>ijab-qabul</i> and ownership documentation DAP-SC: The condition of the goods must be <i>tayyib</i> and free of fraud; inclusion of sharia certification at the destination point	Guarantee <i>ta'ayyun</i> and avoid ambiguity of responsibility Preventing exploitation, ensuring cross-jurisdictional Sharia compliance
EXW (Ex Works)	EXW-SC: Affirmation of buyer's responsibility for halal inspection and contract compliance before pick-up	Ensuring the validity of the contract and that it is free of <i>gharar</i> from the beginning of the transaction.
DDP (Delivered Duty Paid)	DDP-SC: Protection of Muslim consumers through final Sharia declaration on invoices	Encourage <i>transparency</i> and legal certainty from producers to end-users

**Note:** Developed by Authors