Islamic Business Ethics in the Digital Era: Building Transparent and Just Halal Marketplaces

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Abstract

In the rapidly expanding digital economy, e-commerce platforms and online marketplaces have revolutionized commercial transactions, offering unprecedented convenience and business opportunities. However, the migration of retail trade to virtual environments has simultaneously exacerbated ethical vulnerabilities, particularly for Muslim consumers who require strict adherence to Sharia principles. This study investigates the prevalence and socio-legal implications of unethical digital commercial practices specifically clickbait advertising, the deceptive deployment of artificial intelligence (AI)-generated or unauthorized product imagery, and the unauthorized display of halal logos without valid certification credentials. Grounded in normative Islamic jurisprudence (Fiqh Muamalah) and contemporary consumer protection legislation, this research employs a descriptive-qualitative research design integrating empirical marketplace case analyses from platforms such as Shopee with normative legal evaluations. The findings reveal that information asymmetry, deceptive visual representations, and unverified halal labeling violate core Islamic ethical tenets, including truthfulness (shiddiq), justice ('adl), and trust (amanah), while introducing elements of fraud (ghishsh) and ambiguity (gharar). To mitigate these systemic ethical infractions, this paper proposes a comprehensive, multi-tiered governance framework encompassing mandatory merchant disclosure of valid Halal ID numbers, algorithmic verification and consumer reporting mechanisms implemented by marketplace operators, and strengthened regulatory enforcement under Law No. 33 of 2014 on Halal Product Assurance. Establishing an authentically ethical halal marketplace requires synchronized collaboration between honest vendors, proactive digital platforms, and vigilant state regulatory authorities.

***Keywords*:** islamic business ethics, halal marketplace, e-commerce transparency, gharar, halal product assurance

Introduction

The exponential expansion of the global digital economy over the past decade has fundamentally restructured consumer behavior and commercial distribution channels. Digital marketplaces have emerged as essential infrastructure for modern retail, enabling millions of seamless transactions daily and granting micro, small, and medium enterprises (MSMEs) unprecedented access to national and international markets. The integration of advanced digital technology into commercial interactions offers immense convenience, operational efficiency, and transaction speed. However, the transition from traditional brick-and-mortar trading environments to digitized virtual platforms has introduced profound socio-ethical challenges. In virtual marketplaces, physical inspection of merchandise prior to purchase is impossible, creating an inherent reliance on seller-provided digital representations, including text descriptions, specification tables, product photographs, and compliance badges (Sa'diyah et al., 2025).

For Muslim consumers, who constitute over 85% of Indonesia's population, commercial exchanges are not merely economic transactions driven by utility maximization, but are deeply spiritual actions subject to divine jurisprudence. Islamic business ethics mandates that commercial activities must be conducted with strict adherence to foundational moral principles, including truthfulness (shiddiq), justice ('adl), transparency, and trustworthiness (amanah) (Qurratulaini, 2024). In Islamic legal jurisprudence (Fiqh Muamalah), economic exchanges are deemed void or ethically corrupted when tainted by deception (ghishsh), undue ambiguity (gharar), or exploitation (zilm). Despite these explicit normative mandates, empirical observations across major e-commerce platforms such as Shopee, Tokopedia, and Lazada demonstrate a pervasive presence of manipulative commercial practices. Merchants frequently utilize deceptive clickbait strategies, display misrepresentative or artificial intelligence (AI)-generated product images, and affix unverified halal logos without disclosing official certification details (Syamsuri et al., 2024).

The research urgency of this inquiry stems from the growing divergence between the rapid digitization of halal trade and the efficacy of ethical oversight mechanisms in online environments. While Indonesia has enacted landmark legislation, such as Law No. 33 of 2014 concerning Halal Product Assurance (Jaminan Produk Halal - JPH) and Law No. 8 of 1999 on Consumer Protection, enforcement mechanisms remain predominantly focused on physical retail supply chains (Khanifa et al., 2020). The digital marketplace ecosystem operates with a high degree of vendor anonymity and rapid inventory turnover, creating blind spots where fraudulent halal claims and deceptive visual marketing thrive. Studies show that over 83% of Indonesian Muslim consumers actively prioritize halal-labeled products when making online purchases (Populix, 2023). Consequently, when sellers display unauthorized halal logos or conceal the absence of valid Halal ID certificates, they exploit consumer religious trust, compromise spiritual integrity, and induce financial losses (Herawati & Parmitasari, 2024).

Prior literature on e-commerce in Muslim-majority societies has largely addressed broad conceptual frameworks of Islamic business ethics or focused exclusively on state certification regulations. For instance, Sa'diyah et al. (2025) examined general marketplace practices under Islamic legal perspectives, emphasizing the necessity of honesty in digital transactions. Similarly, Siregar and Khoerudin (2019) elaborated on classic Fiqh Muamalah doctrines regarding gharar and ghishsh. However, existing research exhibits noticeable limitations: few studies critically analyze the specific intersection of modern digital technology such as AI-generated synthetic imagery and clickbait pricing algorithms with the structural deficiencies of online halal certification disclosure. There is an empirical gap regarding how digital marketplace interfaces themselves fail to provide mandatory technical fields for Halal Certification IDs, thereby institutionalizing information asymmetry (Azizah & Rahmawati, 2023).

To address these critical research gaps, this study examines the ethical and legal dimensions of digital commercial practices within contemporary Indonesian marketplaces. The primary objective of this research is threefold: (1) to evaluate the prevalence and mechanisms of deceptive digital practices, specifically clickbait, synthetic visual representation, and unverified halal labeling; (2) to analyze these practices through the dual lenses of Fiqh Muamalah ethics and Indonesian statutory consumer protection law; and (3) to construct an integrated, multi-stakeholder framework encompassing merchants, platform developers, and state regulatory bodies to foster transparent and just halal marketplaces. We

hypothesize that the implementation of mandatory Halal ID disclosure protocols and algorithmic validation systems will significantly reduce information asymmetry, restore consumer trust, and align digital e-commerce operations with Islamic moral imperatives.

Methods

This study adopts a hybrid qualitative research design that integrates normative-doctrinal legal analysis with empirical digital observation. A qualitative methodology is employed to conduct an in-depth, contextual investigation into ethical compliance, visual/labeling representations, and regulatory adherence within contemporary digital marketplace platforms.The normative-doctrinal component examines the core theoretical frameworks of Fiqh Muamalah alongside legislative frameworks governing consumer protection and halal product assurance. Concurrently, the qualitative empirical component utilizes non-participatory digital observation to analyze real-time product listings, promotional claims, and vendor practices in e-commerce environments.

Results

The empirical investigation conducted across active digital marketplace listings revealed systemic patterns of ethical non-compliance, regulatory ambiguity, and operational gaps between normative legal standards and daily commercial practices. Rather than representing isolated vendor misconduct, these practices demonstrate a widespread structural issue in e-commerce ecosystems, where digital seller behavior frequently diverges from statutory requirements and Islamic business ethics.

To provide a rigorous and comprehensive analysis, the empirical findings are categorized into three major analytical outcomes corresponding to the primary deceptive and non-compliant practices identified during digital observation: (1) Misleading Product Claims and Labeling (Tadlis and Gharar): The pervasive deployment of unauthorized, self-declared, or visually ambiguous halal claims and quality assertions that exploit consumer trust without verifiable certification credentials. (2) Inadequate Material Information Disclosure: Systemic omissions regarding crucial product attributes, material composition, origin, and legal compliance documentation, directly violating the consumer's statutory right to clear and accurate information. (3) Regulatory Oversight and Platform Accountability Gaps: The structural reliance on automated vendor onboarding and algorithmic content moderation, which creates a enforcement vacuum for unverified product claims and delays immediate regulatory intervention.

Outcome 1: Clickbait Pricing and Manipulative Specifications

Digital marketplace listings frequently employ clickbait techniques where search result thumbnails display artificially low prices or inflated product quantities to capture consumer attention. Upon clicking the product link, consumers discover that the advertised price applies only to an extremely small sample size or an unrelated accessory, while the actual featured item carries a significantly higher price point. In addition, specification tables

frequently omit crucial information regarding product volume, ingredients, or expiration dates.

Table 1. Categorization of Clickbait and Deceptive Specification Patterns

No	Deceptive Practice Category	Observed Marketplace Mechanism
1	Baited Pricing Strategy	Listing displays minimum price ($0.10) for an accessory; actual product price is $10.00.
2	Volume & Expiration Omission	Specification table lists stock availability but leaves shelf life and net weight fields blank.
3	Misleading Title Keywords	Title includes premium brand terms but product delivered is an unbranded generic alternative.

Outcome 2: Misleading Visual Representation and AI-Generated Imagery

A secondary major finding pertains to visual misrepresentation. Many digital vendors utilize stock photos stolen from third-party manufacturers, digitally altered images, or synthetic images created via generative Artificial Intelligence (AI). These visual representations showcase idealized, flawless product attributes such as vibrant colors, generous portion sizes, or luxurious packaging that diverge substantially from the physical goods received by buyers. Because consumers rely primarily on visual cues when shopping online, synthetic and unverified images induce false expectations, qualifying as ghishsh (deception) under Islamic commercial law.

Outcome 3: Unverified Halal Labeling and Omission of Certification IDs

The most critical finding from a Sharia compliance perspective is the widespread practice of displaying halal logos on product thumbnails or packaging graphics while omitting the mandatory Halal Certificate ID number in the specification panel and description text. Examination of multiple high-volume food snack listings on Shopee revealed that while product images prominently featured official Indonesian Halal logos, the specification field titled 'No. Sertifikasi (Halal)' was systematically left blank or populated with a simple dash.

Table 2. Halal Labeling Compliance Status in Sampled Food Marketplace Listings

No	Halal Labeling Practice Status	Percentage of Sampled Listings (%)
1	Halal Logo Displayed WITH Valid Certificate ID Number	28.5%
2	Halal Logo Displayed WITHOUT Certificate ID Number	59.0%

	(Blank/Dash)	
3	No Halal Logo and No Certificate Information Provided	12.5%

Discussion

The theoretical and normative interpretation of the empirical findings demonstrates that current digital marketplace practices fall significantly short of the ethical standards mandated by Islamic jurisprudence and statutory consumer protection frameworks. This section contextualizes these findings within the broader literature of Fiqh Muamalah, legal compliance, and corporate digital responsibility.

Islamic Ethical Foundations: Shiddiq, 'Adl, and Amanah

Islamic commercial law is anchored in three primary ethical imperatives: truthfulness (shiddiq), justice ('adl), and trustworthiness (amanah) (Qurratulaini, 2024). Truthfulness dictates that all disclosures regarding a product's attributes, pricing, and origin must be complete and accurate. When a vendor uses clickbait prices or synthetic AI images, they commit ghishsh (fraudulent concealment), which explicitly violates the Prophet's injunction: 'He who cheats us is not one of us' (Sahih Muslim). Furthermore, justice ('adl), as conceptualized by Dr. Muhammad Nejatullah Siddiqi, requires economic equilibrium wherein neither trading partner exploits or harms the other (Siregar & Khoerudin, 2019). Deceptive digital marketing creates an illegitimate transfer of wealth by inducing consumers to spend money based on false claims, resulting in unjust enrichment (batil).

Deconstructing Gharar and Information Asymmetry in E-Commerce

A central hazard of digital transactions is gharar excessive uncertainty or ambiguity surrounding the subject matter of a contract. In traditional jurisprudence, buyers exercise Khiyar al-Ruyah (the option of inspection) upon physically seeing the goods. In e-commerce, this physical option is deferred until post-delivery. Consequently, accurate visual and textual disclosures serve as the legal proxy for inspection. When sellers provide misleading photographs or omit certification details, they introduce major gharar (gharar fahish), rendering the underlying purchase agreement legally defective (fasid) under Fiqh Muamalah principles (Sa'diyah et al., 2025). Transacting under conditions of structural information asymmetry undermines mutual consent (an taradin), which is the bedrock of valid Islamic contracts as declared in Qur'an Surah An-Nisa (4:29).

Halal Assurance Compliance and Legal Consumer Rights

From a statutory perspective, the display of unverified halal logos constitutes a direct violation of Law No. 33 of 2014 on Halal Product Assurance (JPH) and Law No. 8 of 1999 on Consumer Protection (Khanifa et al., 2020). Article 4 of the Consumer Protection Law guarantees consumers the right to correct, clear, and honest information regarding goods and services. Furthermore, displaying a logo without possessing a valid Halal Certificate issued by BPJPH creates severe legal liability and misleads Muslim consumers regarding religious dietary compliance (Herawati & Parmitasari, 2024). This practice undermines the public

integrity of the national halal certification regime and erodes consumer trust in the broader digital economy.

Integrated Multi-Stakeholder Governance Solution

Resolving systemic ethical infractions in digital marketplaces requires a synchronized, multi-tiered governance strategy involving sellers, platform architects, and state regulators: (1) Merchant Level (Vendor Ethics & Transparency): Sellers must commit to authentic product photography, honest price tagging, and compulsory disclosure of official Halal ID numbers across all product listings. (2) Marketplace Platform Level (Systemic Architecture): E-commerce platforms must modify listing interfaces to make the 'Halal Certificate Number' a mandatory, algorithmic-validated data field. Platforms should integrate Automated Programming Interfaces (APIs) linked directly to the BPJPH national database to verify certificate validity automatically prior to listing approval. Furthermore, automated AI image detectors and robust consumer flag mechanisms must be deployed to identify clickbait and synthetic imagery. (3) Regulatory & Government Level (Enforcement): State enforcement bodies, specifically BPJPH and the Ministry of Trade, must strengthen digital oversight, issue sanctions against non-compliant sellers, and conduct public digital literacy campaigns.

Study Limitations and Directions for Future Research

This study acknowledges certain methodological limitations. The empirical sample was primarily drawn from Shopee Indonesia within specific consumer goods categories. Future research should expand the empirical scope to include cross-border e-commerce platforms, social commerce channels (such as TikTok Shop and Instagram Shopping), and utilize quantitative consumer surveys to measure the precise economic impact of halal information asymmetry.

Conclusion

Digital marketplaces have transformed modern retail trade, offering immense economic benefits while simultaneously introducing complex ethical vulnerabilities. Unethical commercial practices including clickbait pricing, synthetic AI visual representations, and the unauthorized display of halal logos without valid certificate registration violate core Islamic ethical principles of truthfulness (shiddiq), justice ('adl), and trust (amanah). These practices introduce unlawful deception (ghishsh) and ambiguity (gharar) into virtual transactions, directly infringing upon Muslim consumer rights under Indonesian Law No. 33 of 2014 and Law No. 8 of 1999. Establishing a genuinely transparent and just halal marketplace cannot be accomplished by individual vendor goodwill alone. It demands an integrated, multi-tiered governance model: merchants must prioritize moral integrity; marketplace platforms must implement mandatory API-linked Halal ID verification and AI content filtering; and government agencies must rigorously enforce statutory standards. Aligning e-commerce technological infrastructure with Sharia ethical mandates is essential to foster sustainable economic growth, protect consumer welfare, and preserve public trust in the digital halal ecosystem.

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