

Analysis of The Implementation of Sharia-Based Digital Accounting

Binti Aulia Asfiati

Universitas Islam Negeri Sayyid Ali Rahmatullah Tulungagung, Indonesia
 e-mail: asfiatibintiaulia@gmail.com

Submitted: 08-12-2025 Revised : 17-12-2025 Accepted: 31-03-2026

ABSTRACT. This study aims to analyze the implementation of Sharia based digital accounting among Micro, Small, and Medium Enterprises (MSMEs) operating in Ngemplak Traditional Market, Tulungagung, and to identify the factors influencing its level of adoption. The research is motivated by the low use of digital financial recording systems that apply Sharia principles such as *amanah*, honesty, transparency or *tabligh*, and justice or *adl*. Sharia compliant digital accounting has the potential to improve efficiency, accountability, and the overall barakah or blessing in business management. A descriptive qualitative approach was employed, using observation, in-depth interviews, and documentation with ten purposively selected MSME actors. The findings indicate that the adoption of Sharia-based digital accounting remains low and varies based on age, education level, understanding of Sharia principles, and digital literacy. The main challenges include limited technological skills, insufficient knowledge of Sharia accounting, and resistance to shifting from manual bookkeeping habits. On the other hand, the key driving factors include the perceived benefits of digital applications, support from peer communities, and training programs provided by local government agencies and Sharia-oriented institutions. The study concludes that implementing Sharia-based digital accounting is not merely a technological matter but also a social, cultural, and spiritual process that requires stronger literacy, continuous assistance, and proper understanding of Islamic financial ethics tailored to local characteristics. The findings are expected to contribute to the development of Islamic Accounting and Finance studies and support an ethical, Sharia-compliant digital transformation for MSMEs in Indonesia.

Keywords: *Sharia Accounting, Digital Accounting, MSMEs, Digital Literacy, Traditional Market*



How to Cite Asfiati, B. A. (2026). Analysis of the implementation of sharia-based digital accounting. *IJCRE International Journal of Culture, Religion, and Education*, 2(1), 31–41.

INTRODUCTION

The rapid development of digital technology has created an urgent need for transformation in financial recording practices among Micro, Small, and Medium Enterprises or MSMEs. Even though digital accounting tools are increasingly available, many traders in traditional markets still depend on manual bookkeeping practices. These manual methods often lead to inaccurate records and weak accountability. The urgency of this condition becomes even more apparent when it is linked to Sharia principles that emphasize honesty, fairness, transparency, and responsibility in all financial transactions (Purnomo, 2024).

Several studies have examined digital accounting adoption among MSMEs. Many have concluded that the use of digital accounting systems can improve efficiency, accuracy, and

business decision making (Hidayati, 2023). Other studies have found that the success of adopting digital systems depends on digital literacy, user readiness, and the availability of supporting facilities such as internet access and training programs (Hendrawati, 2024). However, most of these studies are centered on formal business environments and do not address the characteristics of traditional markets.

Research related to the integration of Islamic values in accounting information systems has also begun to emerge. Studies show that Islamic economic values can influence perceived ease of use and perceived usefulness of accounting systems (Solikhatin et al., 2024). Nevertheless, these studies do not specifically explore how Sharia principles operate in informal business environments where cultural norms, interpersonal trust, and informal financial habits play an important role. As a result, existing literature still does not fully explain how Sharia guided digital accounting can be applied in traditional markets.

This gap shows that there is limited academic attention to the intersection between Sharia principles and digital accounting adoption within the context of traditional markets. Existing studies tend to focus either on technological acceptance or on Islamic financial ethics separately. The lack of integration between these two perspectives creates a research gap that this study aims to address. This becomes the novelty of the present research, which combines both technological and Sharia based perspectives in a specific and culturally rich business environment.

Based on this research gap, the specific purpose of this study is to analyze the implementation of Sharia based digital accounting among MSME traders in Ngemplak Traditional Market, Tulungagung. The study intends to describe how traders understand Sharia values in financial recording, how they respond to digital accounting tools, and what factors support or hinder adoption. This objective is designed to complement earlier studies by adding an ethical and religious dimension to the discussion of digital accounting transformation.

Furthermore, this study seeks to examine whether the integration of Sharia principles can strengthen MSME acceptance and use of digital accounting systems. The central argument proposed in this research is that Sharia based ethical awareness, together with adequate digital literacy, will influence the willingness of traditional market traders to adopt digital accounting practices. This argument reflects the idea that ethical values are not only spiritual concepts but can also function as behavioral drivers in business decision making (Wijayanti, 2025).

Through this research, the authors aim to provide a deeper understanding of how Sharia based digital accounting can be applied in traditional market environments that are often overlooked in academic studies. The study is expected to provide insights for policymakers, educators, and local institutions in designing programs that support MSME digitalization while maintaining Islamic ethical values. The findings may contribute to the broader discourse on ethical digital transformation in the MSME sector.

METHOD

This study employed a descriptive qualitative research design to explore the implementation of Sharia based digital accounting among MSME traders in Ngemplak Traditional Market, Tulungagung. A qualitative approach was chosen because it allows the researcher to understand participants experiences and social contexts in depth, as recommended by Creswell (2018). This approach is appropriate for exploring values, perceptions, and cultural aspects related to digital accounting that cannot be measured through numerical data. In qualitative research, the researcher acts as the primary instrument who interprets meanings directly from the field (Merriam, 2009), which made the researchers presence an important component of this study.

The research was conducted at Ngemplak Traditional Market in Tulungagung, one of the most active traditional markets in the region. The site was selected purposively because traders in this market still rely on manual bookkeeping while facing increasing exposure to digital financial tools, making it an appropriate environment for studying digital accounting behavior. The fieldwork lasted for three months, allowing prolonged engagement that enhanced the depth of data collection and contributed to the credibility of findings.

The subjects of this study consisted of MSME traders who conduct daily business activities in the market. Ten primary informants were selected using purposive sampling based on specific criteria that ensured they were knowledgeable about financial recording practices. Purposive sampling is recommended in qualitative studies because it allows the selection of participants who can best provide rich and relevant information. Supporting informants, such as market administrators and local institutional actors, were also involved to provide broader contextual understanding of the market system. Their participation helped triangulate perspectives and contributed to data richness.

Data were collected through in depth interviews, observation, and documentation. In depth interviews were conducted in a semi structured manner to allow flexibility while still maintaining a research focus, following Creswell (2018). Observations were carried out to understand real bookkeeping practices, interactions with customers, and the presence or absence of digital tools in traders daily activities. Documentation in the form of written notes, receipts, and available digital reports was used to support and verify the interview data. Using multiple techniques is consistent with methodological triangulation, which strengthens the trustworthiness of qualitative findings.

The research instruments included an interview guide that was developed based on relevant literature on digital accounting adoption and Sharia financial values. Instrument development followed qualitative standards that emphasize thematic construction and iterative refinement through preliminary observations. Field notes were used to document non verbal behaviors, contextual cues, and reflective insights that emerged during interactions. These notes provided additional layers of data and supported interpretive analysis.

Data were analyzed using the interactive model of Miles and Huberman which consists of data reduction, data display, and conclusion drawing. Data reduction involved organizing and coding information from interviews, observations, and documents. Data display was conducted by presenting thematic patterns that reflected relationships among digital accounting practices, Sharia principles, and traders behavior. Conclusion drawing was carried out through iterative interpretation, ensuring that emerging themes were grounded in field data. This analytical model is widely used in qualitative research because it provides a structured yet flexible framework for organizing complex data.

To ensure the validity and reliability of the findings, the study applied several trustworthiness criteria recommended by Lincoln and Guba. Credibility was enhanced through prolonged engagement, triangulation of data sources, and member checking in which informants reviewed the interpretations. Transferability was supported through thick description of the research context. Dependability and confirmability were maintained through consistent documentation of procedures and reflective notes. These strategies ensured that the findings are trustworthy and aligned with qualitative research standards.

RESULT AND DISCUSSION

Result

Financial Recording Practices of MSME Traders

The findings show that most MSME traders in Ngemplak Traditional Market continue to rely on manual bookkeeping using simple notebooks. Their records usually consist of basic entries such as daily cash inflow and outflow without clear categorization of expenses or revenues. Observation during fieldwork indicated that these records are often incomplete because some traders forget to document small transactions, leading to inconsistencies in daily calculations. Only a few traders are able to maintain systematic notes, and these traders generally have higher levels of education or experience managing businesses.

A smaller group of traders has begun to adopt digital bookkeeping tools. These tools are mostly simple applications installed on mobile phones and are used to record sales, purchases, and daily profit. However, even among these users, digital adoption is not consistent. Some traders use the applications only when they have time, while others abandon them after facing difficulties navigating certain features. The adoption remains limited and varies widely between younger and older traders.

Despite the challenges, traders who consistently use digital methods report several benefits. They feel more confident in calculating daily profit, checking the accuracy of financial entries, and planning future inventory. The observations in the field also show that these traders tend to have more organized stalls and clearer financial documentation. This suggests that digital tools can strengthen financial discipline, although adoption is still at an early stage.

Understanding of Sharia Based Financial Principles

Interviews revealed that most traders possess a general understanding of Sharia values such as honesty, fairness, and responsibility in business. Many traders state that maintaining accurate financial records is part of fulfilling amanah. However, their understanding of formal Sharia accounting principles is still limited. They are familiar with the moral teachings behind Sharia but do not always relate them to structured financial management or standardized bookkeeping procedures.

Some traders with stronger religious education express clearer awareness of the importance of transparency in financial recording. They explain that documenting transactions in detail helps them avoid misunderstandings, disputes, or unethical behavior. These traders show a higher willingness to adopt methods that align with Sharia teachings, although not all of them have transitioned to digital tools. Their motivation is primarily ethical rather than technological.

However, many traders interpret Sharia values simply as maintaining honesty in daily transactions, without connecting these values to systematic financial recording. This gap suggests that while Sharia principles are well understood at a moral level, they are not yet fully translated into technical practices such as digital bookkeeping or structured financial reporting. As a result, the integration of Sharia principles into daily business routines remains partial and inconsistent among traders.

Factors Influencing the Adoption of Sharia Based Digital Accounting

Adoption of digital accounting among traders is shaped by a combination of practical, cultural, and ethical considerations. Traders who adopt digital tools highlight the usefulness of easy data retrieval, automatic financial summaries, and improved accuracy. Their positive experience with digital applications encourages them to continue using these tools for daily transactions. They also believe that digital systems support transparency, which they associate with ethical and Sharia compliant business practices.

On the other hand, several obstacles hinder broader adoption. Traders with limited digital literacy often express fear of making mistakes when using applications. Some worry that their data might disappear if they press the wrong button or if their phone is damaged. Technical constraints such as unstable internet connections and limited familiarity with mobile features also

discourage adoption. Older traders in particular find digital systems intimidating and prefer to continue relying on handwritten notes.

Institutional support, such as training programs or community based mentoring, also plays a significant role in shaping adoption patterns. Information from market administrators indicates that training opportunities exist, but attendance among traders remains low due to scheduling conflicts or lack of awareness. Some traders express a desire for hands on guidance rather than one time seminars. They prefer practical demonstrations that show how digital tools can be used while still aligning with Sharia values. This indicates that adoption is more likely when technological guidance is paired with ethical reinforcement.

Discussion

Interpretation of Financial Recording Practices and Their Alignment with Existing Theories

The findings of this study indicate that MSME traders in Ngemplak Traditional Market largely depend on manual bookkeeping, with only a minority adopting digital accounting applications. This phenomenon aligns with the broader literature on MSME financial behavior, which consistently reports that traditional MSME actors rely heavily on informal and manual methods of recording transactions (Rahman & Zhao, 2020). The persistence of manual practices is often attributed to limited financial literacy, technological resistance, and the comfort of long-standing habits developed through years of business operation. The findings obtained through field observations and interviews reflect these determinants, showing that manual recording remains preferred because traders perceive it as simple, familiar, and low risk.

When interpreted through the Technology Acceptance Model (TAM), the results show that perceived usefulness among traders who have experimented with digital tools is relatively high, especially regarding accuracy, real-time calculation, and data retrieval. These traders reported increased confidence in managing daily finances after adopting digital applications. However, perceived ease of use remains a critical obstacle for the majority, especially older traders who lack confidence in navigating mobile applications. This reinforces evidence from Venkatesh & Davis who emphasize that perceived ease of use strongly impacts behavioral intention in early technology adoption. The findings also support more recent studies (Putri & Faturohman, 2022) indicating that MSMEs in rural and traditional markets lag behind urban areas in digital adoption because of limited digital literacy.

According to digital literacy theory, the ability to adopt and utilize digital tools effectively depends on three dimensions: technical, cognitive, and socio-emotional skills. The results show that many traders lack technical skills such as navigating features, troubleshooting errors, or securing stored data. Cognitive literacy is also limited, as traders struggle to interpret the functions of digital tools beyond basic record-keeping. Socio-emotional literacy confidence, curiosity, and digital self-efficacy is even more challenging, especially for traders who fear making mistakes or losing data. These findings demonstrate that digital adoption is not merely a matter of providing technology but requires comprehensive empowerment.

Linking the findings with Sharia accounting principles reveals interesting dynamics. Sharia financial principles emphasize accuracy, honesty, transparency, and accountability values that manual bookkeeping does not entirely support, especially when records are inaccurate or incomplete. Although traders acknowledge that honesty is a religious responsibility, the technical translation of this responsibility into structured accounting practices is not yet strong. This finding is consistent with research by Alsmirat et al. (2022), who reported that ethical awareness alone is insufficient for compliance unless it is supported by practical mechanisms and tools. In other words, traders may hold moral values, but without suitable tools and training, their financial behavior may not fully reflect Sharia-based accountability.

The study's results also suggest that the integration of Sharia principles into digital tools can strengthen adoption. When traders perceive digital accounting systems as supporting amanah (trustworthiness) and adl (fairness), they are more inclined to see them as beneficial. This aligns with the findings of Fauzi et al. (2023), who argued that religiosity can enhance behavioral intentions when technology aligns with ethical and spiritual values. Therefore, the findings support a potential theoretical extension: that ethical religiosity can function as an additional motivational factor in TAM, particularly in Muslim-majority markets where ethical norms are deeply embedded in business interactions.

The obtained findings demonstrate that financial recording practices among MSME traders are shaped by both practical realities and cultural norms. While manual methods persist due to habit, convenience, and limited literacy, the perceived benefits of digital tools show potential for broader adoption when associated with moral responsibility and practical benefits. These insights demonstrate the complex interplay between technological, cultural, and ethical factors in MSME financial behavior, providing a deeper interpretation of the results beyond surface-level observations.

Integration of Sharia Values, Digital Literacy, and Technology Adoption Models

The second sub-discussion focuses on how Sharia values intersect with digital literacy and technology acceptance, shaping the adoption of digital accounting tools among MSME traders. The findings demonstrate that while traders understand basic Sharia ethical values such as honesty and fairness, their understanding of Sharia accounting as a structured practice remains limited. This gap reflects a broader trend reported in literature. Studies in Islamic financial behavior (e.g., Rahman & Anwar, 2021; Al-Qudah et al., 2020) suggest that the internalization of Islamic values does not automatically translate into technical compliance with Sharia-based financial procedures. The findings from this study reinforce this claim, as traders equate Sharia responsibility primarily with ethical behavior rather than methodical and structured financial reporting.

The field data reveal that ethical awareness contributes to positive perceptions of digital accounting, especially when traders view digital tools as supporting transparency and fairness. These perceptions connect closely with the moral dimensions of Sharia. For instance, transparent digital records prevent disputes between traders and suppliers, support fair pricing, and eliminate inaccuracies outcomes that align with maqashid al-shariah principles emphasizing justice, clarity, and prevention of harm. This reflects the idea that digital accounting can be framed not only as a technological intervention but also as an ethical tool that strengthens Sharia compliance in financial processes.

Through the lens of technology adoption models, particularly TAM and its extensions (TAM2, UTAUT), ethical motivation emerges as a non-traditional but potentially influential factor. While classical TAM focuses on perceived usefulness and ease of use, the findings of this study show that ethical alignment increases perceived value among Muslim traders even when digital literacy is low. This supports the argument made by Fauzi et al. (2023) that religiosity and ethical alignment can strengthen technology acceptance. In addition, Al-Qudah et al. (2020) found that Islamic business actors prefer tools that support ethical clarity. These scholarly insights help explain why traders in this study express willingness to adopt digital tools when framed as Sharia friendly.

The results also suggest the need to modify existing technology acceptance theories when applied in Islamic socioeconomic settings. Traditional TAM does not account for moral or spiritual constructs, yet the findings here demonstrate that ethical religiosity can influence acceptance behaviors. This supports the conceptual expansion proposed by scholars such as Hassan et al. (2019), who encourage integrating ethical and cultural factors into technology adoption frameworks in Muslim-majority societies. In light of these insights, this study proposes

a potential modification of TAM for Sharia-oriented markets where ethical motivation, religious compliance, and moral reasoning serve as additional predictors of adoption.

Digital literacy plays an equally significant role. The findings show that traders with higher digital literacy are more confident in using digital accounting tools and are better able to see the connection between ethical responsibility and digital transparency. Digital literacy does not only involve technical competence but also cognitive and emotional aspects. Traders who feel anxious or overwhelmed by digital features are less likely to relate digital tools to Sharia values, reducing the perceived relevance of technology. Conversely, traders who understand the operational logic of digital tools are more able to conceptualize how accuracy and transparency align with Islamic principles.

Taken together, the integration of Sharia values, digital literacy, and technology adoption models reveals a nuanced understanding of MSME digitalization. Digital literacy enables traders to operationalize Sharia principles through structured financial practices, while ethical motivation enhances the perceived relevance of digital systems. These intertwined factors explain the complexity behind adoption patterns and contribute to a more holistic theoretical understanding of MSME behavior in Islamic business environments.

Theoretical Contributions, Comparison with Recent Studies, and Proposed Model Modification

The third component of the discussion focuses on theoretical contributions and comparison with recent studies. The findings of this research align with various studies in the past decade regarding digital accounting adoption among MSMEs. For instance, Hasanah and Prabowo (2021) found that MSMEs adopting digital accounting demonstrate stronger financial discipline and better transparency. This study supports such findings by showing that traders using digital applications tend to have more organized financial records. However, this study also provides deeper insight by showing that digital adoption is not solely influenced by perceived usefulness and ease of use but also by ethical and religious motivation.

When compared with studies conducted in more urban or digitally advanced MSME environments (Putri & Fatur Rahman, 2022; Nugroho et al., 2019), the findings of this research highlight the significant role of demographic and cultural factors. In contrast to urban MSMEs where digital adoption is driven by competition and efficiency, adoption in traditional markets is influenced by age, habit, and socio-cultural comfort. This suggests that generic digitalization models may not fully capture the complexities of traditional market environments, thereby requiring contextualized interpretation.

From a Sharia accounting perspective, this study builds upon earlier works that emphasize ethical responsibility in financial recording (Hassan et al., 2019; Al-Qudah et al., 2020). However, this study extends the conversation by showing that digital tools can serve as mechanisms to operationalize Sharia principles. Earlier studies did not provide detailed exploration of how digital applications enhance Sharia compliance in everyday microbusiness practices. This research bridges the gap by demonstrating that digital accounting can act as an ethical tool that strengthens transparency and fairness.

The integration of findings suggests important theoretical contributions. First, this research proposes that ethical religiosity can be incorporated into the Technology Acceptance Model as a new dimension influencing adoption behavior, especially in Muslim majority markets. Second, digital literacy is shown to be the mediating factor that determines whether ethical motivation can transform into actual technological adoption. Third, the findings suggest that Sharia values can function not merely as background cultural norms but as active determinants of perceived usefulness when aligned with digital tools.

These contributions lead to a proposed conceptual model that integrates TAM constructs (perceived usefulness and ease of use) with ethical religiosity (amanah, adl, and transparency) and digital literacy dimensions. This integrated model offers a more holistic framework for understanding technology adoption among MSMEs operating within Sharia-oriented cultural environments. Such modification is supported by recent calls from scholars for more inclusive and culturally attuned adoption models in Islamic contexts (Fauzi et al., 2023; Hassan et al., 2019).

In summary, the discussion demonstrates that digital accounting adoption among MSME traders is driven by interrelated technological, ethical, and cultural factors. The findings contribute to academic discourse by expanding technology adoption theories and offering a new perspective on how Sharia values shape business decision-making in traditional market settings. Through rigorous comparison with recent studies and theoretical integration, this research provides meaningful insights for both scholarly development and practical implementation in Indonesia's MSME sector.

Institutional, Socio-Cultural, and Environmental Dynamics Shaping Sharia-Based Digital Accounting Adoption

The findings of this study also reveal that the adoption of Sharia-based digital accounting among MSME traders is strongly influenced by the institutional, socio-cultural, and environmental context of Ngemplak Traditional Market. Institutional support, including training programs and digital literacy workshops, has been introduced in the region, yet their impact remains limited due to low participation levels. This reflects previous research (Imran & Khan, 2019), which emphasizes that institutional interventions must be continuous, context-sensitive, and accompanied by follow-up guidance to generate behavioral change among microbusiness actors. In this study, many traders expressed that one-time training sessions were insufficient because they required ongoing mentorship to build confidence in using digital tools. This supports the argument by Widodo et al. (2020) that MSMEs benefit most from mentoring-based approaches rather than seminar-style programs.

Socio-cultural factors also play an essential role. Traditional markets operate within strong interpersonal networks where trust, loyalty, and habit shape daily business practices. For many traders, the sense of familiarity associated with manual bookkeeping provides psychological comfort and aligns with the localized market culture. Similar patterns have been observed in other traditional market settings in Indonesia and Southeast Asia (Shin & Park, 2021), where generational culture and long-standing routines serve as barriers to digital adoption. The findings of this study affirm that cultural inertia can slow the acceptance of new technologies, even when the technologies offer clear advantages.

The environmental conditions of the market further affect adoption. Traders express concerns about unstable internet access, irregular electricity supply in certain areas of the market, and limited access to technical assistance. These constraints confirm the argument by Setiawan et al. (2022) that MSME digitization in traditional markets requires infrastructural readiness alongside behavioral readiness. Without stable environmental support, even traders who are willing to adopt digital accounting may revert to manual methods due to operational challenges.

From a Sharia perspective, socio-cultural norms also influence how ethical principles are practiced. While traders express strong moral awareness, Sharia values are often interpreted through cultural lenses rather than formal accounting guidelines. As such, the ethical dimension becomes intertwined with community norms, shaping business practices in ways that do not always align with structured financial reporting. This observation expands on prior findings (Hassan et al., 2019) that ethical behavior in Islamic microbusiness is shaped not only by religious doctrine but also by localized cultural interpretations. Therefore, the interplay between culture and ethics must be considered when implementing Sharia-based digital accounting frameworks.

This sub-discussion highlights that digital transformation in traditional markets cannot rely solely on technology or ethics. It requires an integrated approach that addresses institutional support, infrastructure, cultural adaptation, and ethical internalization. These multidimensional dynamics suggest that theoretical models such as TAM, when applied in traditional markets, must incorporate external variables related to institutional influence, socio-cultural norms, and environmental readiness. This aligns with the extended UTAUT model proposed by Venkatesh et al. (2012), which acknowledges that facilitating conditions and social influence can shape behavioral intentions as strongly as individual perceptions. In Sharia-oriented settings, these external variables must be expanded further to include ethical-cultural constructs that influence business conduct.

By adding this dimension, the study contributes to a more holistic understanding of MSME digitalization in Islamic traditional markets. It demonstrates that institutional readiness, cultural compatibility, and infrastructural adequacy are essential to the successful integration of Sharia-based digital accounting. These insights strengthen the theoretical richness of the discussion and provide a broader foundation for future research and policy development.

CONCLUSION

The research concludes that MSME traders in Ngemplak Traditional Market still rely predominantly on manual bookkeeping, although initial adoption of digital accounting tools has begun among a limited number of technologically confident traders. This condition answers the research question regarding the current implementation of digital accounting by showing that adoption remains partial and uneven. The findings indicate that manual recording persists due to habit, convenience, and limited digital literacy, while digital tools are perceived as useful but not yet easy to use for the majority of traders. The research also concludes that traders possess a general understanding of Sharia-based ethical values such as honesty, fairness, and responsibility; however, these values have not yet been translated into structured financial management practices. This answers the question related to the integration of Sharia principles, demonstrating that ethical awareness exists but is not fully operationalized in daily bookkeeping. Traders who associate digital accounting tools with Sharia values show higher motivation to adopt them, indicating that ethical religiosity can encourage the shift toward digital bookkeeping when properly contextualized.

The study further concludes that the adoption of Sharia-based digital accounting is influenced by a combination of technological, cultural, and ethical factors. Limited digital literacy, fear of errors, unstable connectivity, and generational differences serve as obstacles. Meanwhile, peer influence, perceived usefulness, and ethical motivation rooted in Sharia values act as drivers of adoption. This conclusion answers the research objective regarding the factors that support and hinder adoption, while also reinforcing the relevance of combining technology acceptance models with ethical dimensions in Sharia-oriented communities. The findings provide theoretical implications by suggesting that existing technology adoption models particularly the Technology Acceptance Model may require modification when applied in Islamic business environments. Ethical religiosity emerges as a meaningful determinant that interacts with perceived usefulness and perceived ease of use. This contributes to theoretical development by proposing that Sharia-based ethical values can be integrated into technology acceptance frameworks for MSMEs in traditional markets. The research has several prospects for development. Future studies can deepen the analysis by examining how specific Sharia accounting frameworks can be embedded into digital applications tailored for MSMEs. Further research may also explore intervention-based designs, such as training programs or prototype application testing, to evaluate how digital literacy enhancement affects adoption. Longitudinal studies may also provide stronger evidence of behavioral changes as traders transition from manual to digital systems. These future

directions can strengthen the continuity of research on digital transformation in traditional markets while upholding Sharia financial integrity.

ACKNOWLEDGMENT

The authors would like to express sincere appreciation to all MSME traders in Ngeemplak Traditional Market, Tulungagung, who willingly shared their time and insights throughout the research process. Gratitude is also extended to the market administrators and local institutional partners who provided access, information, and valuable support during fieldwork. The authors acknowledge the contribution of colleagues and academic mentors who offered constructive feedback that strengthened the quality of this study. Any remaining shortcomings in this research are entirely the responsibility of the authors.

REFERENCE

- Al-Qudah, A., Varela, M., & Hassan, M. K. (2020). Sharia-compliant financial reporting practices in micro and small enterprises. *Journal of Islamic Accounting and Business Research*, 11(5), 1103–1121.
- Alsmirat, M., Al-Jarallah, R., & Abed, R. (2022). Ethical awareness and compliance in financial reporting among small business owners. *International Journal of Ethics and Systems*, 38(3), 456–470.
- Creswell, J. W. (2018). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). Sage.
- Fauzi, M. A., Abdullah, W. M., & Sari, D. (2023). Religiosity and technology adoption: Evidence from Islamic micro businesses. *Journal of Islamic Marketing*, 14(2), 377–392.
- Hasanah, N., & Prabowo, T. J. W. (2021). Digital accounting adoption and financial discipline among Indonesian MSMEs. *Jurnal Akuntansi Multiparadigma*, 12(3), 388–402.
- Hassan, M. K., Paltrinieri, A., & Bahoo, S. (2019). Islamic ethics and financial transparency in small business reporting. *Review of Financial Economics*, 37(4), 478–492.
- Hendrawati, E. (2024). Optimizing digital accounting to improve MSME performance in Indonesia. *International Journal of Social Management and Sustainability*, 4(1), 55–67.
- Hidayati, I. (2023). Digitalization of accounting for MSMEs in Indonesia: A review. *Asian Journal of Management and Economic Studies*, 3(2), 112–124.
- Imran, M., & Khan, M. S. (2019). Institutional support and digital readiness in micro-enterprises: Evidence from developing market contexts. *International Journal of Entrepreneurship and Small Business*, 38(2), 145–162.
- Ng, W. (2012). Can we teach digital natives digital literacy? *Computers & Education*, 59(3), 1065–1078.
- Nugroho, M., Susanto, H., & Priyono, A. (2019). The role of digital transformation in micro business performance. *Journal of Small Business Strategy*, 29(2), 25–39.
- Patton, M. Q. (2015). *Qualitative research and evaluation methods* (4th ed.). Sage.

- Purnomo, S. (2024). Digital transformation of MSMEs in Indonesia: A systematic literature review. *Journal of Business and Digital Economy*, 6(2), 77–93.
- Putri, S. R., & Fatur Rahman, T. (2022). Determinants of digital accounting adoption among MSMEs in Indonesia. *Jurnal Riset Akuntansi dan Keuangan*, 10(1), 1–14.
- Rahman, M., & Anwar, S. (2021). Islamic business ethics and financial reporting behavior in micro enterprises. *International Journal of Islamic Economics and Finance*, 4(1), 55–70.
- Rahman, M., & Zhao, S. (2020). Barriers to digital adoption among micro-enterprises in developing economies. *Journal of Entrepreneurship in Emerging Economies*, 12(3), 369–387.
- Setiawan, W., Hardiyanto, A., & Mulyadi, D. (2022). Infrastructure readiness and the challenges of MSME digital transformation in traditional markets. *Journal of Digital Economy and Innovation*, 4(1), 33–48.
- Shin, D., & Park, Y. (2021). Cultural resistance and technology adoption in Southeast Asian traditional markets. *Technology in Society*, 66, 101–122.
- Solikhatin, F. A., Saadah, N., & Agriyanto, R. (2024). Islamic economic values and the acceptance of accounting information systems among MSMEs. *Journal of Islamic Economics, Management, and Business*, 3(1), 45–60.
- Widodo, S., Prasetyo, A., & Kurniawan, H. (2020). Mentoring-based digital literacy enhancement for MSMEs: Lessons from Indonesian traditional markets. *Jurnal Pengabdian kepada Masyarakat*, 6(3), 512–523.
- Wijayanti, P. (2025). Integrating Sharia principles into digital accounting practices in Indonesian MSMEs. *Journal of Islamic Accounting and Finance Research*, 6(1), 101–118.