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Tracing Riba Across Linked Contracts: A Source-of-Funds Analysis of Saver Bonuses in Informal Indonesian Community Finance

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ABSTRACT

Informal community savings schemes can expand access to saving and emergency liquidity, yet their Sharia compliance may be difficult to assess when savings, lending, remuneration, and bonuses are financed through the same cash pool. This study examines a community-managed savings scheme in Randuati Village, East Java, Indonesia, and develops a source-of-funds tracing lens for evaluating linked transactions rather than assessing each contract in isolation. Using a bounded qualitative case based on interviews with one manager and five members, observation, and documentary evidence collected in April 2026, the study reconstructs the scheme's operational and contractual architecture and evaluates it against Indonesian Sharia guidance on wadiah, qardh, bonuses, and riba. The scheme accepts flexible deposits, recycles pooled savings into loans, charges borrowers an additional 10% of principal every three months, allocates five percentage points to saver bonuses and five to staff remuneration, and provides balance-linked in-kind bonuses that members know in advance. The analysis shows two connected compliance problems: the saver bonus functions as an expected benefit rather than discretionary 'athaya, while its funding originates from a predetermined increment on qardh. The article conceptualizes this cross-contract movement as a riba-transmission pathway and argues that Sharia review of informal finance should trace both contractual form and the economic origin and destination of funds. A practical redesign separates safekeeping, benevolent lending, operating remuneration, and any discretionary bonus into transparent, Sharia-consistent funding channels.

Keywords : community savings; informal Islamic finance; qardh; riba; wadiah

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1. INTRODUCTION

Informal savings associations remain important financial infrastructures where households need disciplined saving, small-scale liquidity, and locally trusted intermediation. Classic research on rotating savings and credit associations shows that community-based arrangements can mobilize savings and allocate lump-sum resources outside formal banking, while more recent evidence emphasizes that autonomy, group governance, and organizational design materially affect the performance and durability of informal financial groups (Aganze et al., 2025; Besley, T., Coate, S., & Loury, G, 1993; Van Hemert et al., 2024). Their social embeddedness can reduce access barriers, but the same informality may leave transaction rules, accountability, and risk allocation dependent on custom rather than explicit contracts (Aganze et al., 2025; Van Hemert et al., 2024).

In Muslim communities, informal finance also raises a second layer of accountability: transactions that are socially useful are expected to remain compatible with Sharia principles governing ownership, risk, lending, and return. Islamic microfinance scholarship has grown substantially around inclusion, poverty reduction, institutional sustainability, and the integration of commercial and social finance, including Indonesian Baitul Maal wat Tamwil and technology-enabled microfinance models (Ascarya et al., 2023; Ascarya & Sakti, 2022; Hassan et al., 2021). In Indonesia, perceptions of riba also influence how Muslims evaluate conventional and Islamic financial arrangements, making the economic substance of a transaction important alongside its social purpose (Harahap & Risfandy, 2022).

A recurring analytical difficulty is that Sharia compliance can become fragmented when reviewers inspect a named contract separately from the wider transaction chain that generates its

economic payoff. Scholarship on substance and form in Islamic finance cautions that formal labels cannot substitute for examining the underlying economic relationships, while work on combined contracts similarly highlights the need to assess how interconnected arrangements distribute benefits and obligations (Atmeh & Maali, 2017; Ebrahim & Abdelfattah, 2021; Hamour et al., 2019). This problem is especially relevant to informal schemes, where a savings relationship, a lending relationship, staff remuneration, and a member reward may operate through one pool of money without written contractual boundaries.

Beyond descriptive accounts of informal savings groups, the literature increasingly frames their functioning through concepts of trust, social collateral, and information asymmetry. (Ledgerwood et al., 2013) argues that informal and semi-formal financial mechanisms substitute personal knowledge and repeated interaction for the collateral and credit-scoring instruments used by formal lenders, which lowers transaction costs but concentrates discretion in a small number of intermediaries. (Rutherford, S., 2000) similarly documents that the value poor households place on informal savings mechanisms often lies less in the return offered than in the discipline, safety, and predictable access the mechanism provides. These insights help explain why Randuati participants continued to value the scheme even though, as this article shows, its financial architecture raises compliance concerns: the perceived benefits of discipline and access can coexist with, and even obscure, problematic underlying cash flows.

The tension between social utility and normative compliance is not unique to Randuati. (Iqbal, Z., & Mirakhor, A., 2011) and (El-Gamal, M. A., 2006) both note that Islamic finance is frequently judged by the label attached to a contract rather than by the risk-and-return relationship it actually creates, a gap that becomes more pronounced as informal or hybrid schemes multiply outside the regulatory perimeter of licensed Islamic financial institutions. (Chapra, M. U., 1985) and (Siddiqi, M. N., 2004) frame the prohibition of riba as inseparable from a broader concern with distributive justice and the avoidance of unearned, risk-free return; from that vantage point, an arrangement that produces a predictable, balance-linked payment for savers is a matter of principle even when the amount involved is modest and the manager's intentions are benevolent. Situating the Randuati case within this literature clarifies that the analytical stakes are not confined to one village: they concern how any informal or quasi-formal financial practice should be evaluated when it borrows the vocabulary of Islamic contracts without necessarily replicating their economic substance (Ayub, M., 2007; Kamla & Alsoufi, 2015).

This article therefore asks three questions: (1) how is the community savings scheme operationally and contractually structured; (2) how should the saver bonus be assessed when its amount is anticipated and its source is a predetermined loan increment; and (3) what additional insight is obtained by tracing funds across linked contractual layers? The article contributes a source-of-funds tracing lens and uses the term riba-transmission pathway as an analytical label for a sequence in which a predetermined increment is generated in a lending layer and redistributed as a benefit in another layer. The label is proposed here as a case-derived analytical device rather than as an established fiqh category, and it extends substance-over-form reasoning by making the origin, route, and destination of the contested benefit explicit (Ebrahim & Abdelfattah, 2021; Hamour et al., 2019).

2. METHODS

This study uses a bounded qualitative case-study design to examine a single community-managed savings arrangement in Randuati Village, Nguling District, Pasuruan Regency, East Java. A case approach is appropriate when a contemporary practice must be understood in its real-life institutional and social setting, particularly where the boundaries between governance, savings, lending, and member benefits are intertwined (Creswell, J. W., & Poth, C. N., 2018). The empirical corpus is the field material reported in (Qolbi, M. A., 2026) research, which used interviews, direct observation, and documentation to examine the scheme's operations and Sharia implications.

The source research reports six directly involved participants: one principal manager and five members, all interviewed on 11 April 2026. For publication, the participants are de-identified as P1 (manager) and P2–P6 (members); personally identifying names from the original research are not reproduced in the article or supplementary workbook. Interviews addressed membership, deposits, lending, withdrawals, recordkeeping, bonus mechanisms, and the source of funds for bonuses, while observation and available records were used as supporting evidence; Supplementary Data S1). The research does not explicitly document a named sampling strategy or a formal saturation criterion;

consequently, this article treats the six participants as a bounded, information-rich case corpus rather than as a statistically or theoretically representative sample(Qolbi, M. A., 2026).

Analysis proceeded in two linked stages. First, the field evidence was reorganized into a transaction-flow matrix covering governance, deposit collection, recordkeeping, fund pooling, lending, early withdrawal, bonus formation, and staff remuneration. This reorganization follows the source research's reduction-display-conclusion logic while making the chain of funds auditable; qualitative data display and transparent thematic coding are consistent with established approaches to qualitative analysis and trustworthiness (Miles, M. B., Huberman, A. M., & Saldaña, J., 2014; Nowell et al., 2017). The resulting evidence matrix and transaction map are provided as Supplementary Data S1–S4 so that readers can trace each analytical claim to the page on which it is grounded (Qolbi, M. A., 2026); Supplementary Data S1–S4).

Second, the observed flows were evaluated normatively using Indonesian Sharia benchmarks. Fatwa No. 02/DSN-MUI/IV/2000 is used to assess wadiah-based savings and the rule that a bonus must not be contractually promised; Fatwa No. 79/DSN-MUI/III/2011 and OJK's explanation of qardh are used to assess loan benefits; and Fatwa No. 86/DSN-MUI/XII/2012 is used as an additional benchmark for gifts in Sharia fund-raising. Because these instruments primarily address regulated or formal Sharia financial activities, they are used here as normative reference points rather than as a claim that the informal Randuati group has the same legal status as a licensed financial institution (DSN-MUI, 2000, 2011, 2012; OJK. (n.d.)., n.d.)

To improve the credibility of the case reconstruction, the original fieldwork triangulated the manager's account against member interviews, direct observation of collection days, and available handwritten records, an approach consistent with recommendations for enhancing trustworthiness in qualitative case research (Miles, M. B., Huberman, A. M., & Saldaña, J., 2014; Nowell et al., 2017). Where participant accounts diverged only marginallyfor instance, on the precise phrasing used to describe the loan incrementthe article reports the more conservative or more frequently corroborated version rather than silently resolving the discrepancy. This procedure does not substitute for formal member-checking or a documented saturation criterion, and both limitations are addressed explicitly in the discussion of transferability below.

The original research does not report an institutional research-ethics approval number, and this article therefore does not claim one. The publication version minimizes unnecessary disclosure by replacing participant names with identifiers and by presenting only evidence required to understand the financial mechanism. Source triangulation comparing the manager's account with member interviews, observation, and documentswas the principal credibility strategy reported in the research; nevertheless, the absence of a documented sampling rationale, saturation criterion, centralized master ledger, and publicly archived verbatim transcripts limits the scope of verification and is treated explicitly in the interpretation (Nowell et al., 2017).

Table 1. Empirical case and evidence base

Element	Publication-ready description
Study design	Bounded qualitative single-site case study
Site	Randuati Village, Nguling District, Pasuruan Regency, East Java, Indonesia
Participants	Six directly involved participants: P1 manager; P2–P6 members; de-identified for publication.
Fieldwork date	Interviews documented on 11 April 2026 .
Data sources	Interviews, observation, and documentation with source triangulation.
Analytical focus	Governance; savings/deposit relationship; lending; early withdrawal; bonus source; staff remuneration; linked-contract cash flow.
Declared limitations	Sampling strategy and saturation were not explicitly documented; no centralized master ledger or public transcript archive is claimed.

Note. The participant IDs used in the article and supplementary workbook intentionally replace personal names contained in the original research(Qolbi, M. A., 2026).

3. RESULTS AND DISCUSSION

3.1 Results

The scheme was established at the end of 2013 as an independent community initiative. Its stated purposes were to cultivate saving habits, help households prepare for Ramadan and Eid al-Fitr expenditures, and make emergency borrowing easier. Although the founder was then the wife of the village head, the scheme was explicitly described as outside the formal village-government program, and participation was voluntary(Qolbi, M. A., 2026); Supplementary Data S2, E01–E04). This combination of seasonal saving and local credit explains why members value the arrangement even apart from the bonus itself.

Entry and deposits are deliberately simple. A resident can register directly without special administrative requirements or collateral, and the amount saved is flexible according to the member's ability. Collection usually takes place on Saturday afternoons through field collectors. Each collector records the savings and loans of members in that collector's own book and then remits collected cash to the principal manager; the source study reports no single centralized master ledger covering all members and transactions (Qolbi, M. A., 2026); Supplementary Data S2, E05–E08).

Funds do not remain idle as safeguarded deposits. Once pooled, member savings are used to make loans to members or other people who need liquidity. The manager remains responsible for returning savings to depositors, but the source study found no explicit written or verbally named akad governing the saver-manager relationship. In substance, the arrangement therefore resembles wadiah yad dhamanah in the limited sense that the deposited money is used and its repayment is guaranteed, yet the parties themselves did not document that classification (Qolbi, M. A., 2026); Supplementary Data S3).

Withdrawal rules create an additional economic condition. Members who withdraw at the normal Ramadan/Eid period receive their accumulated principal without a deduction and also receive an in-kind bonus. A member who withdraws early is charged a 5% deduction; one participant illustrated the rule as Rp5,000 for each Rp100,000 withdrawn before the specified time (Qolbi, M. A., 2026); Supplementary Data S2, E09–E10). The deduction is therefore not merely an informal inconvenience but a stated percentage-based rule embedded in the savings arrangement(Qolbi, M. A., 2026).

The central finding concerns the financing of the bonus. Borrowers are charged an additional 10% of loan principal, which the research later specifies as applying every three months. The manager reported that five percentage points of this increment are allocated to saver bonuses and five percentage points to the remuneration of collection staff. Saver bonuses are paid not in cash but in staples such as cooking oil, sugar, and instant noodles (Qolbi, M. A., 2026); Supplementary Data S2–S4). Thus, the bonus is financed through an identifiable transfer from the credit side of the scheme rather than from a separate donation or independently generated trading profit(Qolbi, M. A., 2026).

The bonus is also predictable rather than wholly discretionary. The source research reports that bonus value increases with the saver's balance and that members know in advance that savers will receive a bonus; one member explained that participants already know approximately what bonus corresponds to a Rp1 million balance and that the prospect of receiving it increases saving enthusiasm. The manager described the bonus as a form of charity, but no distinct gift contract or independent charitable funding pool was identified (Qolbi, M. A., 2026); Supplementary Data S2, E13–E15). These features make both the expectation of the bonus and its financing source material to the Sharia assessment (Qolbi, M. A., 2026).

The collector network itself functions as an informal but consequential layer of financial intermediation. Each collector is a trusted community member who visits assigned households weekly, records transactions in a personal notebook, and remits proceeds to the principal manager, who then consolidates the funds for lending and bonus distribution. Because this structure relies on multiple parallel, non-networked records rather than a single system of account, reconciliation across collectors depends on the manager's memory and periodic informal cross-checking rather than on a verifiable ledger trail (Qolbi, M. A., 2026). This is consistent with broader findings that the performance and accountability of informal financial groups are shaped strongly by internal governance and recordkeeping choices rather than by the savings technology alone (Aganze et al., 2025; Karim, N., Tarazi, M., & Reille, X, 2008; Van Hemert et al., 2024).

Table 2. Linked transaction architecture and primary Sharia-relevant issue

Layer	Observed mechanism	Primary analytical issue
Savings	Flexible deposits collected weekly; pooled funds are used for lending; normal-period principal repayment is expected.	No explicit akad is documented; functional similarity to guaranteed-use deposit requires substance-based assessment.
Early withdrawal	Withdrawal before the specified period is subject to a 5% deduction.	Percentage-based withdrawal condition requires explicit disclosure and separate Sharia/legal review.
Lending	Borrower pays principal plus a predetermined 10% addition, reported as every three months.	Predetermined gain linked to qardh principal/time is inconsistent with qardh without remuneration.
Staff remuneration	Five percentage points from the loan addition are allocated to collection staff.	Remuneration is funded by the same predetermined qardh increment.
Saver bonus	Five percentage points from the loan addition fund in-kind staples; bonus rises with savings and is known in advance.	Expected, balance-linked benefit is not a purely discretionary wadiah bonus and its source is the contested loan increment.

Source: reconstructed from the empirical evidence in (Qolbi, M. A., 2026) and the normative sources shown in the relevant cells; see Supplementary Data S3–S4.

3.2 Discussion

The Randuati scheme illustrates why the social value of informal finance should be distinguished from the permissibility of each financing mechanism. Its low entry barriers, flexible deposits, local collection, seasonal saving objective, and easy access to loans resemble the accessibility advantages that help informal savings groups persist where formal services are costly or inconvenient (Aganze et al., 2025; Besley, T., Coate, S., & Loury, G, 1993; Rutherford, S., 2000; Van Hemert et al., 2024). The finding therefore does not imply that community-managed finance is intrinsically problematic; rather, it shows that social embeddedness and Sharia compliance are separate dimensions of institutional quality that need to be designed together(Ascarya & Sakti, 2022; Hassan et al., 2021; Ledgerwood et al., 2013).{Citation} The subsections below unpack this claim mechanism by mechanism before proposing a redesign and setting out the study's broader implications.

3.2.1 Contractual Ambiguity as an Accountability Gap

The saver-manager relationship is functionally close to a guaranteed-use deposit because the money is pooled, re-lent, and expected to be returned, but the parties did not articulate a specific akad. (Ayub, M., 2007) emphasizes that wadiah yad dhamanah is legally distinguishable from wadiah yad amanah precisely because the custodian assumes the right to use, and the risk of, the deposited funds; where that right is exercised in practice, as it clearly is at Randuati, the absence of an explicit agreement is not a neutral gap but a substantive accountability failure. Substance-over-form scholarship in Islamic finance argues that legal and accounting analysis should examine the economic rights and obligations created by a transaction, not merely the name attached to it; the Randuati case adds the converse problem, namely that even when no formal label is used, the economic substance still creates assessable rights, risks, and benefits (Ebrahim & Abdelfattah, 2021; Hamour et al., 2019). Without an explicit contract, members have no documented basis for knowing whether their deposits are safeguarded, invested, or loaned, nor any documented recourse if the manager cannot meet a repayment request during a period of concentrated withdrawals. Explicitly stating the contract would therefore improve informed consent, clarify the manager's authority to use the funds, and make the treatment of withdrawals, bonuses, and losses more transparent(DSN-MUI, 2000; Qolbi, M. A., 2026).

3.2.2 The Bonus as an Anticipated, Not Discretionary, Benefit

Under Fatwa No. 02/ DSN-MUI/IV/2000, a wadiah-based saver may receive a voluntary bonus, but that bonus should not be contractually promised in advance. In Randuati, bonus eligibility is known before payout, its value rises with the balance, and participants can anticipate the benefit associated

with a given saving level; economically, those characteristics make the bonus an expected return feature rather than an incidental 'athaya. Rutherford, S., (2000) observation that predictability is precisely what savers value in informal mechanisms is instructive here: the very feature that makes the Randuati bonus attractive to members its anticipated, balance-linked character is the feature that removes it from the category of a discretionary gift under the fatwa's own logic. Paying the benefit in groceries rather than cash does not change this: in-kind payment affects liquidity and traceability, not predictability, and predictability is the operative criterion (DSN-MUI, 2000; Qolbi, M. A., 2026). Fatwa No. 86/DSN-MUI/XII/2012, while directed at Sharia financial institutions, reinforces the broader governance concern that promotional gifts should not become a disguised pre-committed return in fund raising, a concern that applies with equal force to an informal scheme that performs an economically similar fund-raising function (DSN-MUI, 2012).

3.2.3 The Predetermined Qardh Increment and the Definition of Riba

The more fundamental issue is the source of the bonus. OJK describes qardh as a loan to be repaid at principal without an additional profit and defines riba qardh as lending conditioned on a gain or addition for the lender. Chapra, M. U., (1985) and Siddiqi, M. N., (2004) situate this prohibition within a wider argument that a lender should not receive a predetermined, risk-free increment simply for the passage of time, because doing so decouples return from productive risk-bearing and shifts the entire burden of uncertainty onto the borrower. The observed 10% addition at Randuati is predetermined as a percentage of principal and, according to the source research, recurs every three months; it is therefore structurally different from a voluntary repayment made by a borrower without prior condition, and it fits squarely within the definition both OJK and the classical riba literature use to identify a prohibited increment (OJK. (n.d.); Qolbi, M. A., 2026). The allocation of part of that increment to staff and part to savers does not remove the causal link between the required loan addition and the benefits distributed by the scheme; relabeling a portion of a riba-tainted increment as "remuneration" and another portion as a "bonus" changes the accounting description without changing the underlying economic transfer (Qolbi, M. A., 2026).

3.2.4 The Riba-Transmission Pathway: A Cross-Contract Contribution

This cross-layer link is what the proposed source-of-funds tracing lens makes visible, and it is the article's central theoretical contribution. A product-by-product review could conclude that the saver receives groceries rather than interest and separately note that staff receive remuneration; tracing the money instead reconstructs a chain: pooled savings → loan principal → required 10% increment → five-percentage-point bonus pool plus five-percentage-point staff pool → predictable saver benefit and operational remuneration. The article calls this chain a riba-transmission pathway because the contested increment originates in the qardh layer and is transmitted into benefits in other, nominally unrelated layers. Kamla & Alsoufi, (2015) argue that Islamic accounting and banking discourse has too often accepted formal contract labels without interrogating the economic reality those labels are meant to describe; the riba-transmission concept responds to that critique by making transmission, not merely origination, an object of Sharia review. The term is not intended to create a new juristic category; it operationalizes the substance-over-form principle by requiring reviewers to identify the economic source and destination of every return distributed through linked contracts, and by treating a chain of transactions not a single contract in isolation as the proper unit of analysis (Atmeh & Maali, 2017; Ebrahim & Abdelfattah, 2021).

3.2.5 Comparative Perspective: Lessons from BMT and Cooperative Practice

Placing Randuati alongside more formalized Islamic microfinance institutions sharpens the argument further. Baitul Maal wat Tamwil (BMT) and Sharia cooperatives typically separate a social fund (maal), used for qardh al-hasan and charitable distribution, from a commercial fund, used for profit-sharing or margin-based financing, precisely so that a benevolent loan cannot become a vehicle for generating distributable return(Ascarya et al., 2023; Ascarya & Sakti, 2022; Nugraheni & Muhammad, 2024). Karim, N., Tarazi, M., & Reille, X, (2008) similarly document that Islamic microfinance institutions which blend qardh with fee- or margin-based products need explicit internal firewalls to prevent cross-subsidy between the two; without such firewalls, the same commingling risk

observed at Randuati can arise even inside a licensed institution. Measured against this comparative benchmark, Randuati's single undifferentiated cash pool in which savings, lending, staff pay, and member bonuses draw on one another without a firewall is not an unusual local anomaly but a smaller-scale, less formalized version of a governance failure that the Islamic microfinance literature has already identified and addressed through fund segregation (Hassan et al., 2021; Karim, N., Tarazi, M., & Reille, X, 2008).

The comparison also highlights a scale-dependent difficulty. Formal BMTs can absorb the fixed costs of separate accounting systems, dedicated Sharia supervisory boards, and periodic external audit; a village-level scheme run by volunteers and part-time collectors typically cannot. This does not weaken the normative conclusion that fund segregation is required, but it does mean that any redesign proposal must be evaluated for administrative feasibility, not only for doctrinal correctness. Ledgerwood et al., (2013) argues that microfinance product design should be judged jointly against institutional capacity and client needs; applied here, that principle suggests the redesign in Table 3 should be introduced incrementally beginning with explicit documentation of the savings contract and a simple transaction ledger, and only later adding a fully segregated operating-fee mechanism rather than imposed as a single comprehensive overhaul that the scheme's existing management structure may be unable to sustain (Karim, N., Tarazi, M., & Reille, X, 2008; Ledgerwood et al., 2013)

3.2.6 Practical Redesign: Toward a Sharia-Consistent Architecture

A feasible redesign follows directly from the diagnosis above and can preserve the scheme's social purpose while removing its compliance defects. First, the saver-manager relationship should be documented explicitly as a wadiah yad dhamanah or qardh arrangement, including the manager's authority to use funds, withdrawal rules, and responsibility for repayment (Ayub, M., 2007; DSN-MUI, 2000). Second, benevolent lending should return only principal and should not finance staff or saver benefits through a percentage- or time-linked increment; qardh al-hasan, as conventionally understood, is compensated at most by an administrative fee tied to actual cost, not by a proportional charge on principal (Nugraheni & Muhammad, 2024; OJK. (n.d.)., n.d.). Third, operating costs including collector and manager remuneration should be funded through a transparent mechanism genuinely separate from loan repayments, for example a modest, disclosed membership contribution or a service fee capped at documented administrative cost. Fourth, any wadiah bonus should be made genuinely discretionary rather than promised or formula-linked, and should be funded from a clearly halal surplus or voluntary donation pool rather than from the loan-increment stream (DSN-MUI, 2000, 2011, 2012). Fifth, if members and the manager conclude that they actually want an investment-type return rather than safekeeping, a properly structured profit-sharing arrangement (mudharabah or musharakah) based on the real performance of a Sharia-compliant income-generating activity would be conceptually more coherent than relabeling a fixed loan increment as a bonus (Ascarya et al., 2023; Iqbal, Z., & Mirakhor, A., 2011).

Table 3. Summary of identified issues and proposed Sharia-consistent redesign

Component	Current practice	Compliance issue	Proposed redesign
Savings custody	Pooled and re-lent without an explicit akad.	Undocumented use of deposited funds; unclear member consent.	Formalize as wadiah yad dhamanah or qardh, with authority to use funds and repayment terms documented in writing.
Early withdrawal	5% deduction for withdrawal before the specified period.	Percentage-based penalty requires explicit disclosure and separate review.	Disclose the rule in the written savings agreement; consider capping the deduction at documented administrative cost.
Lending (qardh)	10% addition on principal, reported as	Predetermined, principal-linked increment meets the	Return principal only; any administrative fee must be a

Component	Current practice	Compliance issue	Proposed redesign
	recurring every three months.	definition of riba qardh (OJK, n.d.; Chapra, 1985).	fixed, cost-based charge unrelated to principal or time.
Staff remuneration	Funded from the loan increment (5 percentage points).	Remuneration is financed by a riba-tainted source.	Fund from a transparent, disclosed service fee or membership contribution separate from loan repayments.
Saver bonus	Funded from the loan increment (5 percentage points); balance-linked and anticipated.	Not a discretionary 'athaya; source is the contested increment (DSN-MUI, 2000, 2012).	Make genuinely discretionary and fund from a halal surplus or voluntary donation pool, disconnected from qardh.
Recordkeeping	Separate collector notebooks; no reported master ledger.	Limits auditability and Sharia review (Karim et al., 2008).	Centralized ledger with transaction ID, source/destination, contract type, and authorization fields.

Note. Proposed redesign reflects the analysis in Section 3.2 and is intended as a starting point for community discussion, not a finalized institutional design.

3.2.7 Governance and Recordkeeping

Governance reform is equally important because source-of-funds tracing requires records that can actually trace funds. The current distributed recordkeeping system separate books held by collectors and no reported master ledger makes it harder to reconcile total deposits, loans outstanding, early-withdrawal deductions, staff payments, and bonus purchases. A centralized ledger with transaction IDs, source and destination fields, contract type, principal, any legitimate service charge, and authorization would make both managerial accountability and Sharia review more auditable (Qolbi, M. A., 2026; Supplementary Data S4). This recommendation is consistent with the broader finding that governance and organizational choices influence the performance and sustainability of informal savings associations, and with microfinance practitioner guidance that basic transaction-level recordkeeping is a precondition for both financial and Sharia oversight, not an optional refinement(Aganze et al., 2025; Karim, N., Tarazi, M., & Reille, X, 2008; Ledgerwood et al., 2013; Van Hemert et al., 2024).

3.2.8 Broader Implications for Policy and Practice

The findings also carry implications beyond the immediate case. For Sharia supervisory bodies such as DSN-MUI, the analysis suggests that guidance framed around individual contract types (savings, qardh, gifts) could be usefully supplemented by guidance on linked or commingled arrangements, since a growing share of informal and semi-formal community finance in Indonesia combines several contract types within a single cash pool (DSN-MUI, 2000, 2011, 2012; Harahap & Risfandy, 2022). For village governments and community-development programs that endorse or facilitate informal savings groups, the case suggests that endorsement should be conditional on basic contractual and recordkeeping standards rather than on the group's stated social purpose alone. For Islamic microfinance institutions seeking to formalize informal groups a stated goal in much of the BMT and cooperative literature Randuati offers a concrete illustration of the specific defects that formalization needs to correct, namely undocumented custody, a proportional charge on benevolent lending, and unsegregated funding of remuneration and member benefits (Ascarya & Sakti, 2022; Hassan et al., 2021; Karim, N., Tarazi, M., & Reille, X, 2008).

For academic training programs in Sharia economic law, such as the one from which this case originates, the article also illustrates a pedagogical point: field-based research on informal community practice can surface compliance issues that abstract contract analysis alone would not reveal, because those issues emerge only when contracts are traced across their operational linkages rather than studied

as isolated definitions. Encouraging future field research to map transaction flows explicitly, in the manner illustrated in Tables 1–3, could strengthen the practical relevance of Sharia economic law training and generate a wider evidence base on how commonly the riba-transmission pattern identified here recurs across other informal community-finance settings in Indonesia(Creswell, J. W., & Poth, C. N., 2018; Harahap & Risfandy, 2022).

3.2.9 Contribution, Limitations, and Future Research

The study's contribution is analytical and conceptual rather than statistical. It shows that assessing only whether a bonus is called 'athaya or whether a deposit resembles wadiah can miss a material compliance problem when the bonus is financed by another transaction in the same pool. The source-of-funds tracing lens and the riba-transmission concept can therefore be tested in future research on arisan, community savings groups, cooperatives, BMT-linked schemes, and digital microfinance arrangements that combine multiple contracts (Ascarya & Sakti, 2022; El-Gamal, M. A., 2006; Hassan et al., 2021). Transferability is limited by the single-site design, six-participant corpus, absence of a documented saturation strategy, lack of a centralized transaction ledger, and lack of publicly archived verbatim transcripts; these limitations mean the findings should be read as an in-depth diagnostic of one case rather than as evidence of prevalence across informal Indonesian community finance more broadly. Multi-site studies with transaction-level records, prospective qualitative protocols, and formal member-checking are needed to evaluate how frequently similar riba-transmission pathways occur and whether the redesign proposed here is practically adoptable by community managers with limited administrative capacity (Creswell, J. W., & Poth, C. N., 2018; Nowell et al., 2017)

4. CONCLUSION

This study reframes the Sharia assessment of a community savings bonus from a narrow question about the form of the gift to a broader question about the origin and movement of funds across linked contracts. The Randuati scheme delivers genuine social functionsdisciplined seasonal saving and accessible community creditbut its current architecture combines an unclear saver-manager contract, a predetermined 10% addition on loans, a predictable balance-linked saver bonus, and staff remuneration financed from the same loan increment. Under the normative benchmarks used in this study, the bonus cannot be treated as a purely discretionary wadiah gift, and the required addition on qardh creates the more fundamental compliance problem.

The proposed source-of-funds tracing lens identifies this movement as a riba-transmission pathway: a contested increment generated in one contractual layer is redistributed as benefits in others. For practice, the scheme can preserve its community purpose by explicitly documenting the savings contract, removing percentage- and time-linked returns from qardh, separating lawful operating remuneration from lending returns, making any wadiah bonus genuinely discretionary and funded from a halal source, and centralizing transaction records. For research, the framework should be tested across multiple informal finance settings with transaction-level data and prospective sampling and saturation procedures.

Theoretically, the case extends substance-over-form reasoning in Islamic accounting and finance by shifting the unit of analysis from a single named contract to a chain of linked transactions, echoing calls in the literature to examine how combined contracts distribute benefits and obligations rather than assessing each label in isolation. It also connects the descriptive literature on informal savings groups, which emphasizes trust, accessibility, and governance as drivers of performance, with the normative literature on riba and Islamic contract law, showing that these two bodies of scholarship need to be read together when a savings mechanism operates in a religiously observant community

Practically, the comparison with BMT and cooperative practice suggests that the core remedy segregating social (qardh-based) funds from any fund used to generate distributable benefit is neither novel nor unworkable; it is standard governance practice in more formalized Islamic microfinance institutions and can plausibly be adapted to a village-level scheme with modest administrative capacity. Village governments, Islamic microfinance institutions seeking to formalize informal groups, and local Sharia advisory bodies are therefore well placed to support Randuati-type schemes in adopting the redesign proposed in Table 3, rather than treating such schemes as either fully compliant because of their charitable framing or fully impermissible because of their informality.

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The source research does not report an institutional ethics-approval identifier, and none is claimed in this article. For publication purposes, participants have been de-identified as P1–P6, and personally identifying names contained in the original research are not reproduced in either the article or the supplementary dataset. A de-identified evidence matrix, transaction-flow map, contract-mapping table, citation ledger, and reporting checklist are provided as Supplementary Data S1 in XLSX format. This supplement is derived solely from information documented in the original research and does not include fabricated interviews or transactions. The original audio recordings and full verbatim interview transcripts are not represented as publicly available, as the source research does not document a public archive for them.

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