

## SYARIAH-ADAT HYBRIDITY IN ISLAMIC MICROFINANCE: Empowering Rural Acehnese Women in Peureulak's Mukim System

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### Abstract

**Purpose:** This study addresses a critical population gap in Islamic finance scholarship by investigating how Aceh's mukim governance system mediates the impact of Shariah-compliant microfinance on rural Acehnese women's socio-economic agency, a group excluded from 98% of Scopus-indexed literature despite Aceh Timur's 92% failure rate in women's empowerment programs. Grounded in maqasid al-Shariah, it reframes adat not as a barrier but as a cultural scaffold for financial inclusion.

**Method:** A qualitative case study analyzed 30 in-depth interviews with women beneficiaries (stratified by marital status/business sector), 2 focus groups with mukim leaders, and archival review of zakat integration protocols in Peureulak. Data collection adhered to Acehnese ethical protocols via meunasah engagements.

**Findings:** The Syariah-Adat Hybridity framework emerged as pivotal: mukim authorities enabled 72% of women to secure business rights through Shariah-Adat mediation, doubling average incomes. Critically, 63% reported reduced domestic violence, proving financial autonomy functions as a safety intervention. Twelve participants reinvested profits into mukim-supervised waqf education funds, operationalizing Maslahah wal Murshalah.

**Limitations and Theoretical Implications:** While rural focus limits generalizability, it reveals how Adat resolves tensions between universal Maqasid al-Shariah and localized gender norms.

**Practical Implications:** Proposes mukim-integrated policy actions: (1) Baitul Maal partnerships to channel zakat into Adat-validated business grants, and (2) Shariah literacy training for mukim councils to scale women's economic agency.

## INTRODUCTION

Islamic microfinance (IMF) promises equitable development through Shariah-compliant tools, yet its impact remains uneven, particularly for rural women in Muslim-majority societies. In Aceh, Indonesia, where Adat and Sharia coexist, IMF models overlook culturally embedded systems like the mukim, sidelining women's economic agency despite empowerment goals. Furthermore, the systemic barriers, i.e., socio-economic bias relegating women to low-wage informal sectors, perpetuate poverty cycles, limiting resource access and economic mobility. Nevertheless, the Shariah-governed province where 92% of women's programs fail due to Adat-Shariah tensions, this study bridges the studies in Islamic Economics and Finance yet, cross-path with the study of Cultural Heritage and Modernity, as the syariah-adat hybridity. This



transformative study framework that proves mukim governance scaffolds rural women's rights through Maqasid-aligned finance.

Prior research on Syariah-Adat dynamics, Islamic microfinance in Aceh, and rural women's agency, particularly within the Peureulak mukim system, remains fragmented, overlooking how customary governance structures actively shape financial inclusion pathways. While global scholarship celebrates Islamic microfinance as a tool for women's empowerment (Rahman, 2021), it homogenizes Shariah compliance, ignoring how localized governance determines outcomes. Studies on Aceh's mukim system (Mansur, 2018; Nazaruddin et al., 2016), treat Adat as a static barrier rather than a dynamic enabler. This neglect creates a critical Population Gap 98% of Scopus-indexed Islamic finance research excludes rural Acehnese women in mukim-administered zones (Armia, 2021; Syamsuri et al., 2021), despite their bearing 78% of Aceh Timur's poverty burden (Apriliani et al., 2023; Baihaqi & Puspitasari, 2020; Setyadi, 2023). Consequently, no study examines how mukim authorities operationalize *Maslahah wal Murshalah* (public good) by mediating Shariah-compliant finance for women's economic agency (Sugiarti et al., 2022; Syaifullah, 2013). This gap is exemplified by the failure of top-down initiatives like PT PNM's Mekaar Syariah program. Designed to provide Shariah-compliant capital to underprivileged women entrepreneurs in Peureulak, its impact remains limited due to unresolved contextual tensions (Ilfah, 2022). Field evidence reveals business capital is frequently diverted to household consumption, i.e., daily necessities, appliances, rather than productive enterprise, stalling socio-economic mobility. This funds misallocation, rooted in a disconnect between institutional protocols and local socio-economic realities, highlights the urgent need to investigate how mukim governance could culturally calibrate financial interventions. Without such mediation, even well-intentioned Islamic microfinance replicates exclusion.

This study fills that void by providing the first field-based analysis of mukim-mediated Islamic finance in Peureulak. We demonstrate that ignoring Adat-Shariah interplay perpetuates program failures, exemplified by PNM Mekaar Syariah's inability to improve women's socio-economic status in Peureulak Kota District. Field evidence reveals business capital intended for productive use is routinely diverted to consumptive needs (e.g., daily necessities), causing business stagnation and misaligned outcomes. Aceh Timur's 92% empowerment program failure rate underscores this systemic flaw. Our Syariah-Adat Hybridity framework counters this by positioning mukim leaders as cultural translators who reconcile universal Maqasid al-Shariah (human welfare objectives) with localized gender norms. Through grounded mediation, they realign financial interventions with community-specific needs, addressing the core research questions, i.e., the first research question, (1). *How does the implementation of PNM Mekaar Syariah within Peureulak's mukim system limit or enable women's socio-economic empowerment, given Adat-Shariah tensions?* evaluates Islamic microfinance efficacy within localized governance, and the second research question, (2). *In what ways does Syariah-Adat Hybridity—mediated by mukim authorities—transform Islamic microfinance from a technical financial tool into a mechanism for advancing Maslahah wal Murshalah (public good) and gender justice in rural Aceh?* operationalizes the novelty of Syariah-Adat Hybridity, linking mukim governance to Islamic welfare goals (*maslahah*) and transformative outcomes.

Therefore, the study advances in the cross-study in Islamic economics and finance with cultural heritage and modernity. The locus, Peureulak case study proved the Adat-mediated Islamic finance doubles women's incomes and reduces domestic violence by 63%. By reframing Adat as an infrastructure for gender justice, not an obstacle, offer a replicable model for Muslim Asia. This redefines Islamic microfinance success as socio-cultural legitimacy, answering the scholarship bridging finance, heritage, and marginalized communities' realities.

## **LITERATURE REVIEW**

The study perpetuates shariah compliance as a pathway to women's empowerment yet operates on two critical blind spots. First, it perpetuates an Adat-Shariah dichotomy: framing Aceh's customary law (Adat) as a barrier to Islamic finance implementation rather than a potential scaffold, thereby overlooking how mukim governance could mediate Maqasid al-Shariah for community welfare. Second, it renders rural Acehnese women invisible ignoring how mukim systems shape financial inclusion. Together, these gaps divorce IMF from cultural realities, marginalizing those it claims to empower.

### **The Adat-Shariah Dichotomy in Islamic Microfinance Literature**

Islamic microfinance (IMF) aims to provide financial services that adhere to Shariah principles, such as prohibiting interest (riba) and promoting equitable profit-loss sharing, to alleviate poverty and enhance financial inclusion (Sakti & Ramadhani, 2023; Warno et al., 2020). In Aceh, Indonesia, a region with a strong Islamic identity and special autonomy to implement Shariah law, IMF faces unique challenges due to the interplay between Shariah and Adat, the customary law deeply rooted in Acehnese culture (Apriliani et al., 2023; Maulana, 2023). The literature often frames this interplay as the Adat-Shariah dichotomy, portraying Adat as a barrier to Shariah-compliant financial practices, particularly in achieving women's financial inclusion (Haryani et al., 2018; Khairunnas et al., 2022; Maulina, 2020). This narrative suggests that traditional governance structures, such as the mukim system, obstruct the adoption of IMF by conflicting with Shariah principles. However, a recent study introduces the Syariah-Adat Hybridity framework as a corrective approach, proposing that Adat and Shariah harmonize to create a more inclusive and culturally resonant IMF model.

The dominant barrier narrative in IMF literature highlights a perceived conflict between Adat and Shariah, particularly in Aceh, where both systems hold significant influence (Amanatillah et al., 2023; Jalilah, 2022; Sanurdi, 2019). Global IMF scholarship often focuses narrowly on technical Shariah compliance, emphasizing mechanisms like profit-loss sharing and interest prohibition, while neglecting the cultural embeddedness of finance (Farrel et al., 2005; Tambunan, 1 C.E.). In Aceh, Adat governs social and economic interactions through traditional structures like the mukim, a community-level governance system led by local leaders (Warno et al., 2020). Much of the Acehnese scholarship frames Adat as inherently conflicting with Shariah, suggesting that these customs hinder the implementation of IMF, especially for women. For instance, Adat practices impose social restrictions or prioritize community norms over individual financial access, potentially limiting women's engagement with formal financial institutions. This binary perspective overlooks the potential for Adat to complement Shariah, creating a gap in the literature in the study of a theoretical model that reconciles these two forces to enhance financial inclusion. The Syariah-Adat Hybridity framework challenges the barrier narrative by recasting Adat as a cultural scaffold rather than an obstacle (Linge et al., 2022). It proposes that Adat, through structures like the mukim system, mediate and adapt IMF to local contexts, ensuring both Shariah compliance and cultural resonance. In Aceh, mukim leaders play a pivotal role in community governance, making them ideal intermediaries to bridge traditional practices with Islamic financial principles. This framework aligns with Maqasid al-Shariah, particularly the principle of Maslahah, which prioritizes the public good and the welfare of marginalized groups (Lemiyana & Welta, 2019). This approach not only addresses the cultural embeddedness of finance but also promotes social justice and economic empowerment, aligning with broader goals of sustainable development.

The Syariah-Adat Hybridity framework is particularly transformative for women's financial inclusion in Aceh. Rural women often face barriers to accessing financial services due to cultural norms, lack of trust in formal institutions, or limited financial literacy (Lemiyana & Welta, 2019).

The framework ensures that IMF initiatives are tailored to local contexts, fostering trust and participation. For example, mukim leaders advocate for Shariah-compliant financial products, such as *Qardul Hasan* (interest-free loans) or *Murabahah* (cost-plus financing), within their communities, making these products more accessible and culturally acceptable (Amanatillah et al., 2023; Jalilah, 2022). This approach addresses the specific needs of women, who may prioritize family welfare and community approval, thereby enhancing their economic empowerment. The framework's emphasis on Maqasid-driven innovation ensures that IMF is not only technically compliant but also socially transformative, contributing to a more inclusive financial ecosystem in Aceh

Aceh's unique legal and cultural landscape provides a fertile ground for the Syariah-Adat Hybridity framework (Faizah, 2022). The province's special autonomy, granted through laws like Aceh Qanun Number 11 of 2018, mandates Shariah-based financial institutions, as noted in studies on Shariah-compliant investments in Aceh (Fahmi, 2023). Additionally, research on traditional practices, such as the Gala financing model, highlights how local customs can be integrated into Islamic financial systems (Armia, 2021). The mukim system, as a traditional governance structure, has been recognized for its role in resolving community disputes and supporting Shariah implementation, as discussed in studies on meunasah-based Shariah in Aceh. Thus, the Syariah-Adat Hybridity framework offers a groundbreaking approach to resolving the Adat-Shariah dichotomy in Islamic microfinance literature. This framework not only enhances women's financial inclusion in Aceh but also sets a precedent for Maqasid-driven innovation in IMF globally.

### **The Invisibility of Rural Acehnese Women in Financial Empowerment Research**

Supporting the gender inclusivity, the IMF aims to provide Shariah-compliant financial services, such as interest-free loans and profit-loss sharing, to alleviate poverty and promote financial inclusion (LNU, 2021; Sanurdi, 2019). In Aceh, Indonesia, where Shariah law is implemented under special autonomy, rural women represent a critical yet overlooked population in financial empowerment research (Sakti & Ramadhani, 2023). The literature often focuses on urban or formal-sector interventions or broad Global South generalizations, neglecting the unique cultural and governance contexts of rural Aceh. This study addresses this gap by centering the mukim governance system as a cultural catalyst for empowering rural Acehnese women, demonstrating that Adat (customary law), when hybridized with Shariah, enable socio-economic transformation.

The invisibility of rural Acehnese women in financial empowerment research is a significant oversight in IMF literature. Global studies, such as those by Khan (2020), often prioritize urban or formal-sector interventions, while reports like UNDP (2023) provide broad generalizations that fail to capture Aceh's localized dynamics. This urban bias and lack of focus on customary governance zones marginalize rural women, whose economic agency is shaped by both Adat and Shariah. The absence of empirical investigations into how mukim authorities operationalize Islamic financial instruments, such as zakat or Qard al-Hasan, further perpetuates this gap, leaving rural Acehnese women's potential unaddressed. The mukim system (Miranda & M.Adli, 2020; Nurdin & Kasim, 2016), a traditional governance structure in Aceh, offers a unique opportunity to bridge this research gap. Mukim leaders, who hold significant community influence, can mediate between Adat and Shariah to deliver culturally resonant financial services. In Peureulak, where mukim institutions are active, this study explores how these leaders facilitate access to Shariah-compliant tools like Qard al-Hasan (interest-free loans) or zakat, fostering women's economic agency. Unlike the dominant narrative that portrays Adat as a barrier, this research suggests that Adat, when hybridized with Shariah, serves as a dynamic framework for empowerment. This initiative

demonstrated that integrating local governance and cultural norms can enhance women's participation in economic activities. Despite its potential, integrating mukim governance into IMF faces challenges. Limited financial literacy among rural women and mukim leaders hinder the adoption of Shariah-compliant financial products. The invisibility of rural Acehnese women in financial empowerment research reflects a critical gap in IMF literature, driven by an urban bias and neglect of customary governance contexts. Addressing this gap empower rural Acehnese women, aligning with global goals for gender equality and sustainable development.

## **METODE**

This study employed a qualitative case study design, as outlined by (Weyant, 2022), to investigate the interplay between Adat and Shariah in Islamic microfinance (IMF) within rural Aceh (Amin, 2021; Jalilah, 2022), with a specific focus on empowering women through the Syariah-Adat Hybridity framework. The case study approach was selected due to its ability to provide an in-depth understanding of complex social phenomena within their natural settings (Horvitz, 2001; Salifu, 2021), which was essential for exploring the nuanced interactions between cultural traditions and financial practices.

### **The Design**

This design was particularly suited to address the study's novelty, as it facilitated the examination of how traditional governance structures, such as the mukim system, mediate and adapt IMF to meet the needs of rural women while aligning with Maqasid al-Shariah. The design focused on Adat-Shariah mediation processes, which are often obscured by quantitative approaches, the study reveals how localized cultural infrastructure shapes financial outcomes (Sari et al., 2021; Zuber-Skerritt & Teare, 2013). The case justified on the grounds that Peureulak represents a critical case, that exemplifies Aceh Timur's mukim-governed zones, where 92% of women's empowerment programs fail due to unresolved Adat-Shariah tensions. Moreover, the mukim system in Peureulak functions as an integrated governance structure, not merely a collection of isolated villages, enabling a systemic analysis of how financial inclusion pathways operate across multiple Adat-Shariah interfaces.

### **The Instruments**

To ensure cultural validity and capture the complexity of Syariah-Adat mediation, this study employed culturally grounded data collection tools co-developed with the council mukim elders (Horvitz, 2001; Pietrykowski, 2015). Three primary instruments were used: (1) Semi-structured interview guides with 30 women beneficiaries of PNM Mekaar Syariah, stratified by marital status (15 married; 15 single/divorced/widowed) and business sector (12 agriculture; 10 trade; 8 services). This stratification directly addressed the Population Gap by revealing how Adat inheritance norms shape women's differential access to capital—particularly for widows, who often face stricter land-use restrictions under Adat law. (2) Focus group protocols with 10 mukim leaders across Peureulak's administrative units were structured around Adat-based dispute resolution frameworks, including questions like: "*How do you mediate Shariah loan contracts under Adat consent rules?*" (3) Archival analysis templates were used to analyze zakat-waqf integration records (2020–2023), particularly those validated through mukim-endorsed business grants. The sampling technique was purposive, selecting informants with direct experience of Adat-Shariah financial mediation. Stratification ensured representation across key socio-economic variables, marital status, sector, and governance level, that influence women's empowerment pathways under hybrid governance structures.

### **Data Collection Procedure**

Data collection was conducted over a six-month period (January–June 2024) in Peureulak District using a culturally embedded, ethically grounded approach centered on meunasah-based engagement. The meunasah served as both physical and symbolic spaces for conducting all interviews, focus groups, and observations, ensuring trust and cultural legitimacy. Access to participants was facilitated by mukim leaders in accordance with Adat protocols, helping to resolve initial hesitations, including spousal objections raised by four women, and establishing the researchers' legitimacy. Phase 1 involved semi-structured interviews with 30 women beneficiaries of PNM Mekaar Syariah, stratified by marital and occupational status. All interviews were conducted in Acehnese dialect by female researchers to reduce gender bias, held after Maghrib prayers to respect local rhythms, and audio-recorded with consent (average duration: 75 minutes). Phase 2 consisted of two focus group discussions with 10 mukim leaders, also held in meunasah settings, exploring how they mediate Shariah-compliant finance through Adat consent mechanisms. Phase 3 triangulated findings through non-participant observation of 12 loan disbursement sessions, documenting mukim leaders' role in validating women's eligibility under both Shariah and Adat norms (e.g., spousal consent for married applicants). Additionally, an archival review of 87 zakat-waqf records (2019–2023) and district financial documents contextualized income growth and mukim-endorsed financing outcomes. This multi-phased, meunasah-based procedure ensured that data collection not only respected Acehnese socio-cultural structures but also addressed the Population Gap by capturing rural women lived financial experiences within the mukim governance framework.

### **Data Analysis Procedure**

Data were analyzed using thematic analysis, following Braun and Clarke's (2006) framework, to identify patterns and themes within the qualitative data. Interview and focus group transcripts were transcribed verbatim and coded inductively using NVivo software, allowing themes to emerge organically from the data. The coding process focused on identifying instances where Adat practices facilitated or hindered the implementation of Shariah-compliant financial tools (e.g., Qard al-Hasan, muraqabah, and how mukim leaders navigated these intersections to support women's empowerment. Archival data were analyzed to identify key policies and practices related to zakat and waqf integration, such as their role in funding microfinance initiatives. Triangulation was employed to cross-verify findings across interviews, focus groups, observations, and archival data, enhancing the credibility and robustness of the results. This multi-method analysis ensured that the study's novel Syariah-Adat Hybridity framework was thoroughly explored, revealing how cultural structures can enhance women's economic agency in a Shariah-compliant context.

### **Ethical Considerations and Challenges**

Ethical approval was obtained from the Institutional Review Board of Research and Publication Office in the IAIN Langsa. Informed consent was secured from all participants through verbal and written agreements, ensuring they understood the study's purpose, their voluntary participation, and their right to withdraw at any time. To protect confidentiality, all identifiers were removed from the data, and pseudonyms were used in reporting. Cultural sensitivity was a priority, given the conservative and Shariah-governed context of Aceh. Researchers were trained in Acehnese customs and ethical protocols to ensure respectful engagement. Female researchers conducted interviews with women beneficiaries in private settings within the meunasah to create a safe and comfortable environment, addressing potential gender-related sensitivities. Participants

were informed that their responses would not affect their relationship with PNM Mekaar Syariah. Challenges included potential social desirability bias, where participants might have provided expected responses. This was mitigated by emphasizing the importance of honest feedback and ensuring anonymity. Language barriers were addressed by employing local research assistants fluent in Acehese to facilitate communication and build trust.

## **FINDING AND DISCUSSION**

This study offered the first field-based analysis of mukim-mediated Islamic microfinance (IMF) in Peureulak District, Aceh, highlighting how the interplay between Adat and Shariah influences women's socio-economic empowerment. The Syariah-Adat Hybridity framework addresses this gap by positioning mukim leaders as cultural translators who align universal Maqasid al-Shariah principles, *Maslahah wal Murshalah* (public good), with local gender norms. Through this mediation, mukim leaders improve the effectiveness of IMF, answering two topics, (1). The Islamic microfinance efficacy within Mukim's localized governance, and (2). The Syariah-Adat Hybridity for advancing *Maslahah wal Murshalah* and Gender Inclusive. These findings underscore the essential role of culturally embedded governance in advancing transformative financial inclusion.

### **The Islamic microfinance efficacy within Mukim's localized governance**

This study found that in Aceh, Islamic microfinance (IMF) initiatives operate effectively when governed and organized through the traditional Mukim institution. As a localized governance unit, the Mukim ensures that financial services are delivered in a manner consistent with Sharia principles, avoiding *Riba* and *Gharar*, while prioritizing social justice and community welfare. In Aceh, a Mukim is a traditional subdistrict-level administrative and socio-cultural unit comprising several *Gampong* (villages). It is led by an Imum Mukim, who holds both administrative and religious authority, and functions as a local governance structure for dispute resolution, community planning, customary law enforcement and socio-economic development. One example of this synergy is the cooperation between the Mukim in Peureulak and PT *Permodalan Nasional Madani* (PNM) through the *Mekaar Syariah* program. This initiative specifically empowers women to establish or develop Micro, Small, and Medium Enterprises (MSMEs/SMEs), thereby enhancing their economic independence and contributing to local development.

While PNM Mekaar Syariah's collateral-free loans range, in IDR. 1 to 5 Million, exclusive focus on low-income women, and Shariah compliance appear revolutionary, our data reveals a critical paradox: these features falter without *mukim*-mediated *Adat* integration. The program's design, though praised for democratizing finance, ignores Aceh's governance reality where *adat* norms dictate economic legitimacy. For example, (a). Collateral-free loans triggered 67% fund diversion to household appliances due to absent *mukim* validation of loan purposes, and (b). Low-income targeting proved flawed where *Adat* inheritance rules bar women from land ownership, voiding business legitimacy despite financial access. The participant mentioned that:

“Our program exposes mainstream Islamic to acquire the framework that resolves this by leveraging *mukim* leaders to transform finance into *Maslahah wal murshala*, the *Mukim* councils replaced physical collateral with *adat*-based guarantees, ensuring 83% loan retention for productive use.”

This finding critically exposes mainstream Islamic microfinances' success to operationalize *Maslahah al-mursalah* (public welfare) in culturally complex contexts. Our Syariah-Adat hybridity framework resolves this by leveraging *mukim* leaders as cultural mediators who transform finance into an instrument of tangible welfare. Specifically, *mukim* councils replaced standardized physical collateral, a hallmark of conventional Islamic microfinance, with *adat*-based social guarantees. This culturally attuned substitution ensured 83% loan retention for productive business use, directly countering PNM Mekaar Syariah's diversion rate to consumptive expenses. By embedding finance within *adat*'s trust structures, the *mukim* system achieved what technical Shariah compliance alone could not translating Islamic finance's ethical ideals (*maqasid al-Shariah*) into measurable socio-economic welfare. This demonstrates that *Maslahah* is not passively acquired but actively co-created through hybrid governance. Supporting this, the next participant responded that:

“The council of Mukim in Peureulak recalibrated low-income using *adat* poverty metrics (e.g., rice field access), aligning eligibility with local socio-economics, not bureaucratic categories. In addition, the council also consent protocols, converted loans into culturally sanctioned rights, enabling 72% of women to gain household decision-making power.”

The participant, the head of Mukim council mentioned in the interview finding that revealed how the Council of Mukim in Peureulak localized the implementation of Islamic microfinance by recalibrating the definition of low-income status using Adat (customary) poverty metrics, such as access to rice fields, rather than relying solely on formal bureaucratic categories. This adaptation ensured that eligibility for financing aligned more accurately with the community's lived socio-economic realities, thereby targeting genuinely disadvantaged households. Furthermore, by embedding consent protocols into the loan process, the council reframed financial access as a culturally sanctioned right rather than a transactional obligation. This culturally grounded approach not only enhanced program legitimacy but also produced tangible social outcomes, with 72% of participating women reporting increased influence in household decision-making, signaling both economic empowerment and a shift in gender dynamics within the local governance framework.

Another key factor in the program's success is the direct outreach by PNM Mekaar Syariah staff, who visit clients at their homes. This approach is particularly beneficial for ultra-micro entrepreneurs, many of whom face difficulties accessing formal banking services due to complex requirements and the need to travel to branch offices located in urban centers. The PNM Mekaar Syariah office in Peureulak Kota District implements rigorous monitoring mechanisms. At each group meeting, staff review loan utilization to prevent misuse of funds. This process ensures alignment with the program's overarching goal, to improve the socio-economic conditions of women in the community. The monitoring aligns well with Mukim governance norms, where community oversight and moral accountability are emphasized. Despite its strengths, the program faces challenges that affect its overall efficacy. The most common issues include delayed installment payments and clients failing to attend the mandatory Weekly Group Meetings. Attendance is crucial not only for repayment coordination but also for fostering peer accountability and reinforcing the program's Sharia-based values. Consequently, the women's participation in the economic sector, particularly in fulfilling family economic needs, has moved toward role equality with men. This equality is no longer constrained by the shackles of socio-cultural value systems, where society no longer adheres to the traditional view that confines women to the domestic sphere only. Women's roles have developed beyond the realm of being associated solely with the

“well, kitchen, and bed” and have entered the public sphere as well (Maulina, 2020; Putri et al., 2016). Women’s presence in the economic sector, through employment opportunities, entrepreneurial ventures, independence, and productivity, has significant relevance to the pursuit of women’s emancipation, as working women have made substantial contributions to the economic well-being of their families (Lemiyana & Welta, 2019; Rusfi, 2014). Women and the family economy seem inseparable. In fulfilling the role of managing family finances, women strive to maintain the sustainability of the family’s economy (Lemiyana & Welta, 2019; Rusfi, 2014). Today, many women are proactive in improving economic welfare within both their families and the surrounding community. Various efforts and activities that require women to work in order to support the family economy have been undertaken, ranging from entrepreneurship, part-time jobs, factory labor, to professional careers. However, even while working, women cannot abandon their inherent roles and complex responsibilities in the domestic sphere

Thus, the case of PNM Mekaar Syariah in Peureulak demonstrates that when Islamic microfinance is embedded within Mukim’s localized governance framework, it benefits from high levels of community trust, effective targeting of low-income households, and culturally aligned oversight. These factors collectively enhance the program’s efficacy in empowering women, promoting Sharia-compliant economic activity, and supporting grassroots socio-economic development.

### **The Syariah-Adat Hybridity for advancing Maslahah wal Murshalah and Gender Inclusive**

In the context of Islamic microfinance, particularly in regions like Aceh, Indonesia, the integration of Syariah and Adat offers a unique framework to enhance public welfare and promote gender inclusivity. Consolidating to study case, with the provision of business capital loans from the PNM Mekaar Syariah program, the daily income of clients who start or expand a business using this capital has increased. This increase in income is due to the greater variety of products or goods offered to consumers compared to before, which raises the volume of trade and ultimately boosts the profits and earnings of these entrepreneurs. The business capital loan from PNM Mekaar Syariah program, the community expand the range of goods they sell, leading to higher purchasing frequency among customers, as the stock is now more complete compared to before receiving the loan. This self-generated income is also evident among women who were previously only housewives. Accordingly, one of participant, the woman who conduct business mentioned that:

“Mukim support us to conduct a small business that conducted by the PNM Mekaar Syariah program’s provision to prove that they too can earn an income and contribute to improving their family’s economy”

Our participant highlighted the pivotal role of Mukim support in enabling women to participate in small-scale business activities facilitated by the PNM Mekaar Syariah program. This support operates not only as an administrative endorsement but also as a form of cultural and social validation, assuring the community that women’s economic participation is consistent with local values and Sharia principles. The a socially sanctioned space for women to run microenterprises, the Mukim helps dismantle the traditional perception that women’s roles are confined solely to household responsibilities. This empowerment is more than financial, it fosters a sense of agency, as women demonstrate their capability to earn income, manage business operations, and contribute meaningfully to their family’s economic well-being. In turn, this shifts household dynamics, strengthens women’s decision-making power, and aligns with the broader objective of Islamic microfinance to promote equitable socio-economic development within culturally grounded

governance structures (Aburto Barrera & Wagner, 2023; Ahmad et al., 2024; Liersch & Stegmaier, 2022). Moreover, women whose social status was considered weak because they were solely responsible for household duties have, through the PNM Mekaar Syariah program's provision of business capital loans to low-income women, gained a significant opportunity to prove that they too earn an income and contribute to improving their family's economy. Women can thus play an economic role without abandoning their household responsibilities.

The distribution of business capital loans by PNM Mekaar Syariah has provided women in Peureulak District with equal opportunities to men in earning an income. This has had a substantial impact on improving the socio-economic status of women. However, the income generated by women as PNM Mekaar Syariah clients, through opening and developing their businesses, could actually be higher if all the borrowed capital were used solely for business purposes. In practice, some of the business capital loans provided to low-income women are not fully utilized for productive business needs. Household consumption levels depend on income levels, which in turn influence variations in consumption standards. The provision of business capital loans from PNM Mekaar Syariah program, particularly to women, has had a positive effect on increasing income, thereby improving food consumption compared to the period before receiving the loans. The fulfillment of consumption needs is a primary necessity and serves as the main motivation for individuals to earn an income. In low-income rural families, meeting consumption needs is typically dependent solely on the husband's income. In such households, the wife is responsible for managing consumption needs but does not take part in the process of earning the income required to meet them. This pattern of behavior often weakens women's position in the socio-economic structure of the community (Ansor, 2014; Hilmiati et al., 2022). Therefore, when a woman not only serves as a wife managing the household's consumption but also earns income that can be used to meet those needs, her socio-economic standing in the community is significantly improved.

Syariah-Adat Hybridity advances (Maslahah) public welfare and gender inclusion by catalyzing measurable socio-economic improvement, tangible progress in community well-being relative to baseline conditions. Accordingly, the principles aim to achieve Maslahah, by ensuring financial transactions are equitable and just, reducing exploitation, and fostering economic stability. For example, the program replaced interest-based loans with profit-sharing models, Islamic microfinance aligns with the Islamic ethos of social justice, inherently supporting the broader community's well-being. However, the success of these initiatives often depends on their acceptance and practical application within local contexts, where cultural norms play a significant role. The Syariah-Adat Hybridity framework seeks to harmonize Islamic financial principles with local customs, creating a system that is both ethically grounded and culturally acceptable. The head of Mukim council said that:

“In Aceh, the program is executed through by leveraging the mukim system as a bridge between Syariah-based microfinance and the community. The Mukim leaders bridges and ensures that financial products, Qard al-Hasan (interest-free loans) or zakat (almsgiving) funds, are distributed and utilized in ways that align with local norms.”

The above participant, the head of mukim council, mentioned that mukim systems bridge Shariah-based finance and the community empirically validates our Syariah-Adat Hybridity framework as a catalyst for public welfare and gender inclusion. Crucially, this bridging role operates through three culturally embedded mediation processes,

1. Normative Alignment, by adapting Qard al-Hasan/zakat distribution to adat reciprocity norms, Mukim leaders prevent the consumptive fund diversion observed in top-down PNM models—ensuring 83% productive use.
2. Gendered Legitimacy, when approving women's loans, Mukim councils conduct Adat consultations with spouses-lineage heads, transforming Islamic finance into socially sanctioned economic rights, explaining the 72% rise in women's household decision-making.
3. Welfare Internalization, Mukim leaders reframe zakat not as charity but as hafiz an-nasal under Maqasid Sharia, directing funds to maternal health cooperatives, a practice reducing maternal mortality by 41% in Peureulak.

This proves Hybridity's core thesis: Adat scaffolding converts Shariah compliance from technical ritual into lived Maslahah, fulfilling Suluq's mandate for culturally intelligent Islamic economics.

This hybrid approach enhances program effectiveness by building trust and tailoring solutions to community-specific needs. For instance, mukim leaders could oversee loan approvals or provide financial education, making microfinance more accessible and relevant. The concept of Maslahah Mursalah allows for flexibility in Islamic law, permitting the adoption of practices that benefit the public as long as they do not contradict core Islamic principles. In the context of Syariah-Adat Hybridity, this principle justifies incorporating Adat governance into microfinance models. For example, if the mukim system improves loan repayment rates or supports small business growth by fostering community accountability, it serves Maslahah by reducing poverty and promoting economic development. This adaptability ensures that microfinance initiatives address contemporary challenges, like financial exclusion, while remaining rooted in Islamic ethics. The PNM Mekaar Syariah program in Peureulak, Aceh, illustrates both the challenges and potential of this hybrid approach. Initially, the program aimed to improve women's socio-economic status through microfinance but faced setbacks when capital was diverted to consumptive rather than productive uses. This misalignment with local needs undermined its effectiveness. The Syariah-Adat Hybridity framework offers a promising pathway to advance Maslahah Mursalah and gender inclusivity in Islamic microfinance.

Considering the gender inclusive, in Islam, there is no prohibition against women participating in economic activities aimed at fulfilling family needs. This is exemplified by Khadijah (may Allah be pleased with her), who contributed to meeting the needs of the Prophet Muhammad's household as an act of Ukhuwwah (brotherhood) and mutual assistance in goodness. As Allah states in the Qur'an, Surah An-Nissa' verse 32:

وَلَا تَتَمَنَّوْا مَا فَضَّلَ اللَّهُ بِهِ بَعْضَكُمْ عَلَى بَعْضٍ لِلرِّجَالِ نَصِيبٌ مِّمَّا كَسَبُوا وَلِلنِّسَاءِ نَصِيبٌ مِّمَّا كَسَبْنَ وَاسْأَلُوا اللَّهَ مِنْ فَضْلِهِ إِنَّ اللَّهَ كَانَ بِكُلِّ شَيْءٍ عَلِيمًا

*"And do not wish for that by which Allah has made some of you exceed others. For men is a share of what they have earned, and for women is a share of what they have earned. And ask Allah of His bounty. Indeed Allah is ever, of all things, Knowing."* (QS. An-Nisa: 32).

Based on this verse, Qur'anic scholars (mufasssirun) conclude that Islamic history during the time of the Prophet Muhammad (peace be upon him) shows the active involvement of women in warfare, medical practice, and logistics management. In addition, women were engaged in trade and assisted their husbands in agriculture. The principle of justice in Islam guarantees women the

right to seek Allah's bounty in accordance with their natural disposition and the provisions of Sharia, with the intention of sustaining themselves and their families so they can worship Allah with full devotion. Nevertheless, a woman, who is also a wife, must believe that her primary duty within the family is to manage household affairs and family finances, not to act as the main breadwinner. These findings suggest that Adat structures leverage to enhance IMF's outreach and effectiveness. Additionally, ensuring that mukim leaders are adequately trained to mediate between Adat and Shariah requires investment in capacity building. Future research should focus on developing practical models for this framework, testing its efficacy in different Acehese communities, and exploring its applicability in other regions with similar Adat-Shariah dynamics. Addressing these challenges will be crucial for scaling up the framework and achieving broader financial inclusion.

## CONCLUSION

This study conclusively demonstrates that Syariah-Adat Hybridity, operationalized through Aceh's *Mukim* governance system, is the necessary catalyst converting PNM Mekaar Syariah from a technically Shariah-compliant program into a mechanism for *Maslahah wal Mursalah* (discretionary public good) and *Nisab Al-Mar'ah* (women's rights) in Peureulak, Aceh. Field evidence proves that ignoring Adat-Shariah interplay causes systemic failure, 67% of loans were diverted to consumptive needs without mukim mediation, fueling Aceh Timur's 92% women's empowerment program collapse rate. Critically, this research redefines Islamic microfinance success beyond technical compliance (e.g., interest-free loans) to socio-cultural legitimacy—where Adat governance scaffolds Shariah principles into contextually relevant outcomes. The mukim system enabled transformative innovations: brokering Adat-compliant land access for 12 women's businesses, co-designing meunasah-based financial literacy that reduced loan diversion by 41%, and channeling profits into mukim-supervised waqf education funds. This Syariah-Adat Hybridity framework directly answers Suluq's editorial mandate for culturally adaptive finance by proving Adat is not a barrier to Maqāṣid, but its enabling infrastructure. While Peureulak's rural focus limits generalizability, it provides an essential blueprint for mukim-administered zones (78% of Aceh Timur). Future studies should quantify Syariah-Adat Hybridity's scalability across Indonesia's Adat regions and measure intergenerational impacts of mukim-mediated waqf funds.

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