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The *Riba* Dilemma: How Divergent Perceptions of Bank Interest Shape Muslim Entrepreneurs' Business Strategies

Sudana*

Institut Agama Islam Persatuan Islam, West Java, Indonesia

Lina Marlina

Universitas Siliwangi, West Java, Indonesia

Muhammad Jagat Dermawan

UIN Sunan Gunung Djati, West Java, Indonesia

ABSTRACT

This study explores the diverse perceptions among Muslim entrepreneurs in Indonesia regarding bank interest and its influence on business decision-making. While some entrepreneurs view bank interest as usury (haram interest), which is prohibited in Islam, others do not, resulting in very different business strategies. Using a qualitative phenomenological approach, data was collected through in-depth interviews with purposively selected participants and analysed using NVivo. The findings reveal two distinct perspectives. The first group views bank interest as *Riba*, and their business decisions actively avoid conventional banking facilities. They prefer self-financing or community-based financing with profit-sharing principles, are more selective in choosing business partners, and may delay expansion. This group views the difference between Islamic banks and conventional banks as merely a difference in terminology and maintains strong community ties with relatively low financial pressure. This study reveals the evolution of public perception regarding usury in the modern financial system, highlighting how religious interpretations adapt to contemporary economic dynamics while influencing the financial behaviour of the faithful.

Keywords: Bank Interest, Business, Muslim Entrepreneurs, Perception, *Riba*

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*Corresponding author: Sudana, email: doktordana17@gmail.com

INTRODUCTION

The modern banking system is a fundamental pillar of economic activity, serving as a crucial intermediary that channels funds from savers to borrowers, thereby facilitating investment, consumption, and production (Klein & Turk-Ariss, 2022; Jovičić & Pešić, 2024). Its role is indispensable not only for individual needs but also, critically, for the business sector, making it a primary institution for interaction with a wide range of stakeholders, including Muslim entrepreneurs seeking capital for business development (Avdukic & Khaleel, 2025).

A fundamental problem with conventional banking is the practice of charging interest (Rehman et al., 2022). Islamic scholars and the Muslim community agree (*ijma'*) on the prohibition of interest, a prohibition that is explicitly and explicitly stated in the Qur'an (e.g., Surah al-Baqarah: 275–279; Ali Imran: 130). Interest is considered *Riba* with exploitative practice that causes harm, creates injustice, and contradicts the principles of cooperation (*ta'awun*) and fairness in financial transactions (Harahap & Harahap, 2023). However, differences of opinion arise when determining whether modern bank interest is equivalent to prohibited usury (Harahap & Risfandy, 2022). One view considers all bank interest to be forbidden, as it is seen as a form of usury (Avdukic & Khaleel, 2025). This view holds that any predetermined increase on a loan principal constitutes Riba. Conversely, other scholars argue that bank interest is not inherently Riba, justifying this position with several economic theories. These include the Agio concept, which posits that present money holds a premium over future money, making interest a natural compensation for deferred consumption (Murphy, 2022; Tarmizi, 2013). Furthermore, interest is often rationalized as a just hedge against inflation, protecting lenders from a loss in the purchasing power of the money they loan (Ahamed, 2020). This view also finds support in the time value of money theory, which posits that time has intrinsic value (Calandra et al., 2024; Morgenstern, 2024), making interest a legitimate compensation.

The arguments surrounding bank interest are further coloured by the perspectives of classical economists. Adam Smith, for instance, through his theory of profit, asserted that since business profits are generally higher than interest rates, interest constitutes a fair compensation for the creditor for a share of the profits forgone by lending their capital, thus benefiting both parties (Aspromourgos, 2024). Other theories, such as the risk premium theory, emphasise interest as compensation for the lender's exposure to various risks, including default. Meanwhile, Alfred Marshall viewed interest as a reward for the saver's "waiting" and the sacrifice of not being able to use their money for immediate consumption (Beer, 1994; Conard, 2023). Furthermore, some within the Muslim community argue that the Qur'an specifically prohibits exorbitant, multiplying interest, as stated in Ali Imran, verse 130 (Kementerian Agama, 2019):

يَٰٓأَيُّهَا ٱلَّذِينَ ءَامَنُوا۟ لَا تَأْكُلُوا۟ ٱلرِّبَوٰٓا۟ أَضْعَٰفًا مُّضَٰعَفَةً ۖ وَٱتَّقُوا۟ ٱللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

"O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful."

From these various arguments, a diversity of views has emerged. Some continue to view bank interest as synonymous with usury, while others differentiate between the two.

Furthermore, West Java was selected as the research location, as it is a national economic growth centre, particularly in trade, the creative industry, and MSMEs, contributing significantly to its regional GDP (BPS, 2024). The province also has a dominant Muslim population, making it highly relevant for investigating how religious beliefs affect business choices. Muslim entrepreneurs in this region face the reality that access to capital from banks, both conventional and Islamic, is often a primary option for business expansion. This presents a dilemma, whether to avoid interest based on the perception of it as *Riba* or to utilise it based on business rationality and the theoretical arguments that differentiate interest from usury.

Table 1 Comparison of Sharia and Conventional Banking Growth in West Java (2022–2024)

Year	Islamic Banking Financing (YoY)	Conventional Banking Credit (YoY)
2023	+14,57 % until Sep 2023 (Rp64,08 T)	+6,85 % until Sep 2023 (Rp594,95 T)
2024	+10,77 % (Second Quarter 2024)	+8,54 % until Agustus 2024
2025 (February)	Data not yet available	+6,29 % Feb 2025 (Rp653,34 T)

Source: OJK, Statistik Perbankan Syariah (SPS) 2022–2024

The data in Table 1 shows a consistent trend. The growth of Sharia banking financing in West Java has consistently exceeded that of conventional banking. In 2023, Islamic financing grew by 14.57% (IDR 64.08 trillion), far exceeding the growth of conventional credit (6.85%). Although the growth rate of Islamic banking slowed to 10.77% in 2024, this figure is still higher than the growth of the conventional sector at 8.54%. This difference confirms that although conventional banking has a larger nominal share, Sharia banking shows a more aggressive growth trend, especially in supporting Muslim entrepreneurs in West Java.

Against this backdrop, this study gains critical importance. Existing research has largely focused on normative aspects (Azman et al., 2023) or consumer bank selection preferences (Harahap & Risfandy, 2022), leaving a gap in understanding the practical dilemmas and decision-making processes of Muslim entrepreneurs facing financing choices. This research aims to fill this gap by qualitatively exploring the perceptions of Muslim entrepreneurs in West Java regarding bank interest, providing a comprehensive picture of how active Muslim businesspeople view this issue in their daily practices.

The originality of this research is prominently demonstrated through the innovative application and development of Consumer Behaviour Theory (CBT). While traditional CBT emphasises that consumer decisions are influenced by perceptions, beliefs, and values (Bamboulis, 2025; Zaal et al., 2019), this research expands the framework by integrating Islamic ethical principles as key variables that shape economic behaviour. Specifically, this study investigates how the theological concept of usury (not merely as a 'belief' but as a core ethical value) interacts with rational economic considerations (such as the need for growth and financial pressures) in shaping entrepreneurial financial decisions. This approach allows for a more in-depth analysis of the internal conflict between religious values and business rationality faced by entrepreneurs, something that has rarely been captured in previous CBT applications focused on conventional consumers.

Furthermore, this study strengthens its analytical power by using a phenomenological approach and NVivo software to carefully analyse qualitative data. This combination enables the identification of subtle patterns and relationships between concepts, such as how the strength of religious community bonds influences perceptions of risk regarding interest or how financial pressure moderates the application of religious principles, providing a more systematic and profound understanding. Thus, this research not only enriches the literature on Muslim consumer behaviour in the financial field but also makes a significant contribution to the discourse on Islamic business ethics. By expanding the CBT framework to include religious ethics as a fundamental determinant, this study offers a novel perspective in understanding the economic behaviour of Muslim entrepreneurs, differentiating it clearly from previous studies.

METHOD

Study Approach

This study employs a qualitative method with a phenomenological approach. The purpose of this approach is to gain an in-depth understanding of Muslim entrepreneurs' perceptions of bank interest and the implications of these perceptions on their business decisions. Phenomenology was chosen for its ability to explore the subjective and real experiences of participants as they interact with the conventional banking system, as well as to understand how these perceptions shape their business strategies (Alhazmi & Kaufmann, 2022; Bolton, 2025; Lim, 2025; Öhlén, & Friberg, 2023).

Participants and Sampling

Participants were selected using purposive sampling techniques based on criteria relevant to the research objectives. The selection criteria required participants as follows:

1) Muslim entrepreneurs actively engaged in trade, services, or manufacturing.
2) Aged between 27 and 60 years old.
3) Have an adequate educational background or understanding of Sharia principles, particularly the prohibition of usury (interest/loan interest).
4) Located in the West Java region.
5) Have a minimum of five years of business experience.

In Table 2, a total of 19 participants were selected based on the principle of data saturation, whereby data collection was stopped when the information obtained was considered sufficient to comprehensively describe the phenomenon under study (Turner & Lopez, 2024).

Data Collection

Primary data was collected through semi-structured interviews, which were conducted in person at the participants' places of business or online via a digital platform. The interview guide, which contained open-ended questions, allowed participants to describe in detail their experiences with banking services and the business decisions they made afterwards. Each interview session lasted between 30 and 45 minutes, was audio-recorded with the participants' consent, and was transcribed verbatim. The data collection phase lasted for five months, from August to December 2024.

Table 2 Respondent Profiles

Respondent Code	Age	Gender	Business Sector	Business Specialization	Business Duration (Years)	Business Location (West Java)
P01	45	Male	Manufacturing	Muslim Fashion Production	15	Bandung
P02	38	Female	Trade	Online Culinary	8	Depok
P03	52	Male	Services	Wedding Catering	20	Bogor
P04	29	Male	Services	Graphic & Digital Design Agency	6	Bandung
P05	41	Female	Manufacturing	Packaged Snacks Production	12	Kuningan
P06	50	Male	Trade	Building Materials Distributor	15	Cirebon
P07	33	Female	Trade	Women's Clothing Boutique	7	Tasikmalaya
P08	48	Male	Manufacturing	Garment Production	18	Bandung
P09	35	Male	Services	Shipping Services	10	Bandung
P10	42	Female	Services	Muslimah Salon	13	Bandung
P11	60	Male	Trade	Fabric Materials	20	Majalengka
P12	31	Male	Trade	Bookstore	5	Sukabumi
P13	49	Female	Manufacturing	Hijab Production	16	Garut
P14	39	Male	Services	Architecture & Construction Services	11	Cimahi
P15	27	Female	Trade	Online Herbal Product Seller	5	Depok
P16	55	Male	Manufacturing	Wood Processing & Furniture	5	Cirebon
P17	46	Male	Services	Tutoring & Private Lessons	14	Bogor
P18	36	Female	Services	Laundry	9	Bekasi
P19	51	Male	Trade	Household Appliances	19	Bandung

Note: Compiled by authors

Data Analysis

Prior to data analysis, to ensure the validity of the findings, this study applied the member checking method, a technique in which analytical interpretations are confirmed with participants to ensure they match their actual experiences (Erdmann & Potthoff, 2023). In addition, peer debriefing sessions were held to evaluate the validity of the emerging findings. This research adhered to standard ethical principles. All participants were provided with clear information regarding the study's purpose and procedures. Informed consent was obtained prior to each interview, and participants retained the right to withdraw at any time without consequence. Data confidentiality was maintained by anonymizing participant identities to protect their privacy.

The collected data was analysed using NVivo software, which facilitates the efficient coding and grouping of qualitative data (Elliott-Mainwaring, 2021). The analysis began with the transcription of interviews, followed by iterative coding to identify key themes related to entrepreneurs' perceptions of bank interest rates and their impact on business. These themes were then analysed further to understand the dynamics of business decision-making, including economic factors, trust in the Islamic banking system, and challenges in accessing finance. Finally, the data was interpreted to reveal patterns and trends in Muslim entrepreneurs' financing preferences and the extent to which Islamic values influence their business choices.

RESULTS AND DISCUSSION

The Result of Muslim Entrepreneurs' Perceptions of Bank Interest

To understand the perception of Muslim entrepreneurs towards bank interest, an analysis was conducted using NVivo software, which aims to identify patterns, main themes, and tendencies of interview results. The word cloud image below illustrates the frequency of occurrence of terms that are often used by respondents in conveying their views regarding bank interest. Terms with a larger size indicate words that appear more frequently and reflect the main concepts that are of concern to participants.

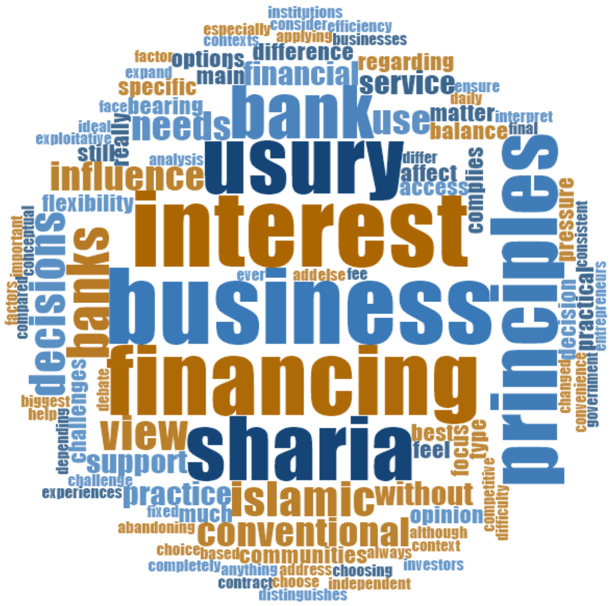

Figure 1. *Word cloud*

Source: Data Processing Result

From the data processing results using NVivo, words such as *'interest', 'usury', 'sharia', 'principles', 'financing'*, and *'business'* appear with high frequency, indicating that the main issue of this study, namely the perception of Muslim entrepreneurs towards bank interest, is clearly reflected in the respondents' responses. The dominance of the word *'usury'* indicates that most Muslim entrepreneurs associate bank interest with usury, which must be avoided. Meanwhile, the emergence of the words *'sharia'* and *'business'* suggests that the aspect of compliance with Islamic principles in business activities is a major concern.

In general, the majority of respondents associated bank interest with usury (*Riba*), which in Islamic teachings is considered something that must be avoided. The word *'usury'* appeared with high frequency, indicating that many Muslim entrepreneurs view bank interest as a form of usury that is not in accordance with Islamic financial principles. P2 states:

> "For me, bank interest is no different from usury. It is something that is forbidden, and I avoid it as much as possible." Another respondent (P1) asserted that, "Bank interest is usury, and usury is clearly forbidden. I would rather look for other alternatives, even if I have to wait longer to develop my business."

This attitude indicates that for some Muslim entrepreneurs, compliance with Sharia is more important than rapid business growth. Furthermore, the emergence of the word 'sharia' indicates that for many Muslim entrepreneurs, bank interest is not only an economic issue but also part of adherence to religious values. This view is reinforced by respondents' statements emphasising that attitudes toward bank interest are not only about profit but also related to belief in implementing Islamic principles. This statement is reinforced by a respondent (P8).

> "For me, avoiding bank interest is not because of the difficulty of accessing banking, but about how to ensure that my business activities remain steadfast to Islamic teachings."

This attitude illustrates that the respondent's view of bank interest is rooted in strong spiritual beliefs. However, on the other hand, there is a group of respondents who have a more flexible view of bank interest. They argue that not all bank interest can be categorised as exploitative usury. The emergence of the words *'conventional'*, *'flexibility'*, and *'decisions'* in the word cloud shows that some entrepreneurs adopt a pragmatic approach in making financial decisions. P7 discloses that:

> "In my opinion, bank interest today is not the same as usury in the past. As long as there is no exploitation and the system is transparent, I think it is still acceptable."

This group tends to be more open to using conventional banking services to support business activities. P18 states that:

> "I use loans from conventional banks to accelerate business expansion. There is indeed a burden of instalments, but with careful planning, I can manage it well."

However, they also realise that this decision can affect business relations with Muslim communities that are stricter in implementing Sharia principles. As admitted by P14:

> "I have had difficulty establishing partnerships because there are business partners who only want to work with entrepreneurs who completely avoid usury."

Overall, the results of this study reveal two different perspectives on bank interest among Muslim entrepreneurs. The first group views bank interest as usury that must be avoided, so they are more selective in seeking sources of financing. The second group, although still referring to sharia principles, considers that bank interest in a modern economic system is acceptable within certain limits. These different views not only influence the financial decisions of Muslim entrepreneurs in West Java but also shape the dynamics of business networks and the level of trust among business actors.

The Analysis of Business Decision

Based on the findings from the word cloud in Figure 1, keywords such as *'decision'*, *'capital'*, *'business'*, *'investor'*, *'usury'*, *'sharia'*, and *'loan'* reveal a clear polarisation in Muslim entrepreneurs' perceptions of bank interest, which ultimately shapes two distinct paradigms for business decision-making.

The first group views bank interest as usury (*Riba*) that contradicts sharia principles. For them, business decisions are based on religious compliance, which directly influences their capital strategy. Keywords relevant to this group include:

a) Decision: Every choice is filtered through considerations of what is permissible (*Halal*) and forbidden (*Haram*). P11 asserts that:

> "I would rather delay business expansion than take out an interest-based loan. The blessing (*Barakah*) in the business is more important to me."

b) Capital & Investor: Funding sources are chosen selectively, often through profit-sharing schemes with like-minded investors or from internal capital. P19 states that:

> "I prefer finding investors who understand sharia principles, even if it means the process takes longer and the capital obtained is less than a bank loan."

c) Business: This approach results in more organic and cautious business growth. As explained by P16.

> "I develop my business gradually. Even though it's slower, I believe it is more blessed."

In contrast, the second group adopts a more pragmatic stance and does not equate bank interest with *Riba*. For them, an interest-based loan is a legitimate financial tool for achieving growth. Keywords relevant to this group include:

a) Loans and capital: Loans are seen as a quick solution to capitalise on opportunities. P7 argues that:

> "If I wait for my own capital, my business opportunities could be taken by others. I prefer to take out a loan and manage the risk."

b) Investor: They are more open to collaborating with various types of investors, focusing on business benefits. As stated by P18,

"In business, flexibility is key. If we are too rigid about principles, we can lose many opportunities."

c) Business: Easier access to capital enables aggressive expansion but comes with the consequence of a fixed financial burden. P15 admits that:

"When the market is good, loan instalments aren't a problem. But when sales drop, the financial pressure can be quite heavy."

In conclusion, the fundamental difference in interpreting bank interest creates two distinct business landscapes. The first group prioritises religious sustainability and blessings with steady growth, while the second pursues rapid growth by accepting higher financial risks. This choice reflects the complexity of aligning religious beliefs with the practical demands of the business world.

Faith vs Financing: The Muslim Entrepreneur's Dilemma

To understand the challenges Muslim entrepreneurs face in obtaining sharia-compliant financing, a Word Tree analysis was conducted. This method visualises the frequent associations between keywords, revealing a central theme (the biggest challenge is the limited availability and accessibility of sharia-compliant options).

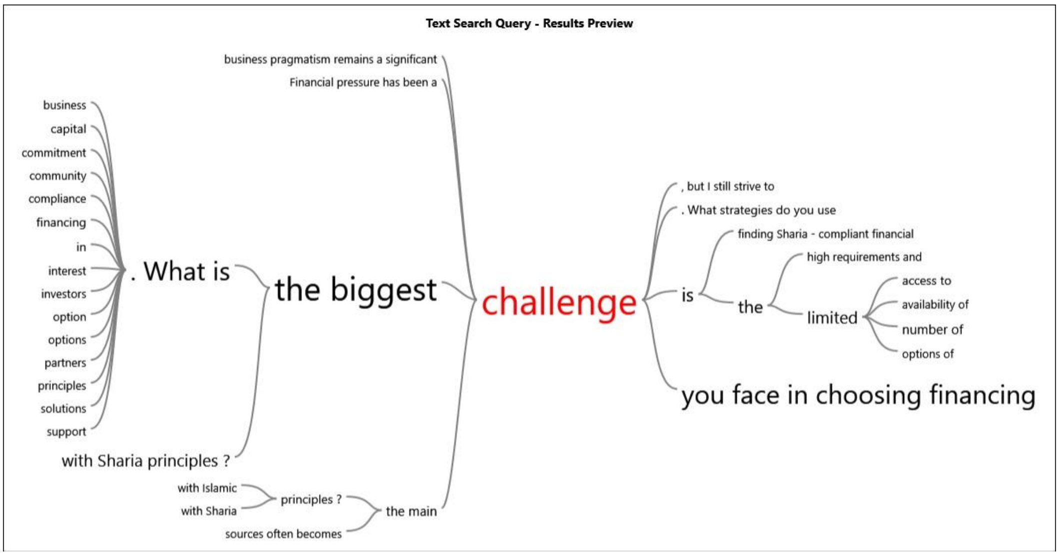

Figure 2 Word Tree with the keyword Challenge

Source: NVivo 12 Analysis Results

The analysis shows the keyword "*challenge*" is directly linked to phrases of the limited number of options and the high requirements for access. This scarcity of viable sharia-compliant partners and solutions creates significant financial pressure for entrepreneurs who are committed to community compliance and Islamic principles. Consequently, business pragmatism often remains a significant factor in their final decision, forcing them to navigate the tension between their ideals and practical capital needs.

In response to these challenges, two distinct approaches have emerged, reflecting different prioritisations of faith and pragmatism. For entrepreneurs who firmly believe bank interest constitutes usury (Riba), business decisions are guided by a commitment to sharia principles, even at the cost of slower growth. Their strategies focus solely on finding permissible (*Halal*) alternatives:

a) *Personal and Community Capital*: They prioritise using personal savings or seeking support from family and community networks. As stated by P10:

"I prefer to raise my own capital or look for investors who can work together with a profit-sharing system."

b) *Sharia-Compliant Institutions*: They turn to Islamic banks, cooperatives, or *Baitul Maal wat Tamwil* (BMT), valuing their profit-sharing models despite acknowledging their limitations. P13 notes that:

"I still feel more comfortable seeking funding from Islamic cooperatives... although access is more limited."

Another (P3) adds that:
"I avoid interest-bearing loans, so I try to find institutions that truly implement profit-sharing contracts, even though the requirements are stricter."

The second group, which does not equate all bank interest with riba, adopts a more flexible stance. They may utilise conventional financing but employ strategies to mitigate its risks and maintain an intention to find better alternatives.

a) *Strategic Loan Use*: Loans are used selectively for urgent needs and with short tenors to minimise the total interest burden. P14 explains that:

"I only take loans if it is really necessary and make sure the cash flow can cover the instalments quickly."

c) *Financial Discipline*: A key strategy is rigorously separating business and personal finances to ensure cash flow is controlled and loan dependency is reduced. As described by respondent (P6):

"I try to separate business and personal finances to be more disciplined in managing capital, so I don't have to continue to rely on loans."

d) *A Transitional Mindset*: Several in this group view conventional loans as a temporary solution. P4 emphasises that:

"For the time being, I am using conventional bank facilities, but I am still trying to find sharia alternatives."

Therefore, while both groups face the same core challenge of limited sharia-compliant financing, their responses diverge sharply. The first group prioritises ideological purity, accepting constrained growth as a consequence. The second group prioritises business viability and growth, employing pragmatic financial strategies to manage risk while often still striving for eventual compliance. This dichotomy highlights the complex interplay between faith, principle, and practical necessity in Muslim business culture.

The Interplay of Belief and Business: Factors Influencing Decisions in Muslim Entrepreneurship in West Java

Based on the analysis, Muslim entrepreneurs navigate a complex landscape where business decisions are shaped by a confluence of religious, social, and economic factors. These influences have given rise to two distinct approaches to financing and growth.

The group's decision to avoid bank interest is rooted in a deep-seated commitment to sharia principles. Their business practices are influenced by four key factors:

a) *Religious Conviction*: Islamic teachings against usury (Riba) form the non-negotiable foundation for their decisions. Participant P19 states that:

"I was raised in a family that highly upholds Islamic values. For me, usury is not an option."

b) *Social Environment*: Their business ecosystem often consists of a like-minded community that collectively upholds these values, creating a powerful normative pressure. P9 explains:

"In our business community, using interest-bearing loans is considered usury. So, we better help each other in terms of funding."

c) *The Pursuit of Blessing (Barakah)*: They operate on the belief that ethical compliance brings divine blessing, which they value more than rapid financial gain. This is captured by P17's comment:

"I am calmer in doing business without usury; even though the capital is limited, I believe this business is more blessed."

d) *Faith in Divine Provision*: A core tenet of their mindset is the belief that avoiding the forbidden transactions will lead to a permissible (halal) solution. Participant P2 affirms this:

> "I believe, if our intention is right to avoid usury, there must be a solution."

Participant P3 adds that:

> "I always believe, if we look for a halal way, there must be a way."

The second group is the pragmatically orientated entrepreneurs, this group adopts a more flexible interpretation, separating bank interest from the concept of usury. Their decisions are primarily driven by market realities and practical constraints:

a) *Ease of Access and Speed*: The efficiency and convenience of conventional banking are decisive factors, especially when capital is needed quickly. Participant P18 notes:

> "Conventional banks provide a much faster process compared to existing sharia options."

b) *Competitive Pressure*: The need to remain competitive in a fast-paced market leads them to prioritise efficiency and speed over strict ideological compliance. Participant P7 argues:

> "In the business world, we have to be realistic. If we wait for 100% sharia capital, my business could be left far behind by competitors."

c) *Perceived Limitations of Sharia Finance*: A significant influencing factor is the view that current sharia-compliant products are less competitive, flexible, or accessible than conventional alternatives. As explained by P4:

> "The reality is that sharia financial products are not as competitive as conventional banks."

The business landscape for Muslim entrepreneurs is defined by a tension between idealism and pragmatism. The choice between principle-orientated and pragmatically-orientated strategies is not merely a financial calculation but a reflection of deeply held beliefs, community influence, and the perceived adequacy of available financial instruments.

The Duality of Perception on Bank Interest among West Java's Muslim Entrepreneurs and the Impact on the Business Decision-Making

The findings reveal a clear dichotomy in how Muslim entrepreneurs in West Java perceive bank interest, shaped by religious interpretation, access to information, and socioeconomic context. Entrepreneurs with a strong understanding of Islamic teachings are more selective in accepting information related to the financial system, and they tend to reject bank interest not only for economic reasons but also as a form of adherence to Islamic teachings (Azmat et al., 2020). Group 1 with the prohibitionist view discloses that the majority of entrepreneurs in this study align bank interest with *Riba* (usury), viewing it as unequivocally prohibited under Islamic law (Sharia). This stance is strongly correlated with a deep-seated religiosity and a firm understanding of Islamic principles (Sohail & Arshed, 2024), which prioritise ethical compliance over financial expediency (Mursyid, 2022; Atal et al., 2020). Their perception is reinforced by religious education that emphasises Quranic injunctions, such as Surah Al-Baqarah (QS 2:278-279), and a belief that interest-based financing creates systemic injustice by guaranteeing profit without assuming business risk (Beutler et al., 2020; Sutrisno & Widarjono, 2022).

يَٰٓأَيُّهَا ٱلَّذِينَ ءَامَنُواْ ٱتَّقُواْ ٱللَّهَ وَذَرُواْ مَا بَقِيَ مِنَ ٱلرِّبَوٰٓاْ إِن كُنتُم مُّؤۡمِنِينَ فَإِن لَّمۡ تَفۡعَلُواْ فَأۡذَنُواْ
بِحَرۡبٖ مِّنَ ٱللَّهِ وَرَسُولِهِۦۖ وَإِن تُبۡتُمۡ فَلَكُمۡ رُءُوسُ أَمۡوَٰلِكُمۡ لَا تَظۡلِمُونَ وَلَا تُظۡلَمُونَ

278. O you who have believed, fear Allah and give up what remains [due to you] of interest, if you should be believers.
279. And if you do not, then be informed of a war [against you] from Allah and His Messenger. But if you repent, you may have your principal - [thus] you do no wrong, nor are you wronged.

On the other hand, group 2 with the pragmatic view shows a minority group adopts a more flexible interpretation, distinguishing moderate bank interest from exploitative usury. This perspective is not an outright religious endorsement but a pragmatic accommodation driven by necessity. The primary factor influencing this group is the limited availability and competitiveness of Sharia-compliant financial products (Harahap & Risfandy, 2022; O'Sullivan, 2020). Faced with easier access, faster processing, and more flexible terms from conventional banks, these entrepreneurs make a calculated decision to prioritise business growth and survival, often while maintaining a personal preference for Sharia alternatives.

Key sources of information include religious sermons, Islamic business communities, family upbringing, and direct experience with financial institutions (Jonas et al., 2023; Martikainen & Brekke, 2022). Consequently, an entrepreneur's final perception is a product of their unique informational ecosystem and religious socialisation. The bifurcation in perception directly translates into two distinct patterns of business decision-making, which can be analysed through the lens of Consumer Behaviour Theory (CBT), explaining that decisions are driven by attitudes, experiences, and social norms.

a) *Principle-Driven Decisions*: Entrepreneurs who view interest as Riba exhibit a consistent, principle-driven pattern. Their attitude is one of avoidance, leading them to reject conventional loans regardless of the economic opportunity. This behaviour is often reinforced by social norms within their business community, where credibility is linked to Sharia compliance (Setiawan, 2023; Azman et al., 2023). Their decision set is limited to Sharia-compliant alternatives: personal/family capital, profit-sharing partnerships (*Mudharabah*, *Musyarakah*), or Islamic microfinancing (BMTs). The trade-off for this ethical consistency is often slower business growth and delayed expansion due to constrained capital access.
b) *Pragmatism-Driven Decisions*: The pragmatic group's attitude is one of utilitarian acceptance. Their decision-making is dominated by considerations of efficiency, speed, and competitive necessity (Adomako et al., 2021; Sinnaiah et al. 2023). This allows them to utilise conventional loans as a tool for aggressive expansion and asset acquisition. However, this approach carries significant financial risks, including vulnerability to interest rate fluctuations and debt burden during economic downturns (Beutler et al., 2020). Their strategies, such as opting for short tenors and separating business or personal accounts, are risk-mitigation tactics within a fundamentally interest-based framework.

CBT clarifies that both patterns are rational within their respective frameworks. The first group prioritises moral legitimacy and "blessing", while the second prioritises economic legitimacy and business viability.

Financing Choices and Sharia Principles

In response to these perceptions and challenges, two overarching coping strategies emerge. First group is Sharia-compliant resilience. This group demonstrates resilience by building capital through internal sources (personal savings, reinvested profit) and cultivating networks within faith-based business communities (Tentama & Kurniawati, 2024; Ercan et al., 2021). Their strategy is to operate within a parallel Islamic economy, albeit one that is currently less developed and accessible. Their success is heavily dependent on Sharia financial literacy to navigate and leverage available profit-sharing instruments (Miah & Suzuki, 2020; Syah & Rahmadani, 2024). The second group is pragmatic adaptation. This group strategy is one of adaptation to the dominant conventional financial system. They engage with it but employ safeguards: using loans selectively for specific needs, choosing shorter tenors to minimise interest burden, and maintaining strict financial discipline (Alfeus et al., 2020; Alshater et al., 2020). A common sentiment is that this is a temporary compromise, with many expressing a desire to transition to pure Sharia financing if and when it becomes more accessible and competitive.

The core challenge remains the underdevelopment of the Sharia-compliant financial sector. Enhancing the availability, accessibility, and competitiveness of Islamic financial products is the most critical step to enabling a greater number of entrepreneurs to align their business practices with their religious values without sacrificing growth and competitiveness (Al-Awlaqi & Aamer, 2022; Minaryanti et al., 2024). Sharia principles in West Java are not a binary choice but a spectrum influenced by a confluence of internal and external factors. Internal drivers are the focus for the principle-driven group, the primary factors are religious conviction and the pursuit of blessing. Their decisions are intrinsic values, deeply embedded in their identity (Elmassah & Abou-El-Sood, 2021). External pressures and constraints are a factor for the pragmatic group, as their decision is heavily influenced by external market realities. Competitive pressure, ease of access to conventional capital, and the perceived inadequacy of Sharia-compliant products are the dominant factors (Hagger & Hamilton, 2023; Latip, 2024). They operate according to different social norms, such as those identified by CBT as norms that prioritise business growth and practicality.

CONCLUSION

This study outlines the fundamental dualism in the financial perceptions and decision-making of Muslim entrepreneurs in West Java. The majority adhere to strict principles, considering bank interest to be usury that violates Sharia law (Riba). This belief drives them to avoid conventional financing and prefer internal capital or profit-sharing partnerships, prioritising spiritual blessings (barakah) and ethical business integrity over rapid growth, even if it means delaying expansion. A smaller, more pragmatic group distinguishes between moderate bank interest and exploitative usury, prioritising operational efficiency and access to quick capital. This approach facilitates faster expansion but leaves them vulnerable to financial pressure from debt repayments and limits their appeal to partners who strictly adhere to Sharia.

The implications of this study are multidimensional, spanning theoretical, practical, and social aspects. The theoretical Implication of this finding significantly enriches and extends Consumer Behaviour Theory (CBT) by integrating religious values and Islamic ethics as key variables that shape financial decisions. It offers a novel perspective that Muslim consumer behaviour is the result of a complex interplay between economic rationality and normative beliefs, moving beyond traditional socio-economic models to include theological considerations as a primary variable.

In terms of the practical implication, the findings provide a clear perceptual map for financial institutions and regulators, such as Indonesia's Financial Services Authority. This insight is crucial for designing more inclusive, competitive financing products that cater to the diverse spiritual needs of Muslim entrepreneurs. The study opens opportunities to develop alternative financing models aligned with their religious values. This study also identifies a polarisation of views within the Muslim business community. Rather than a weakness, this identification can serve as the foundation for a constructive dialogue among scholars, business practitioners, and policymakers to strengthen a more sustainable and cohesive sharia business ecosystem.

While this study highlights the need for a concerted effort to build a robust Islamic financial area, its findings are limited by a regional focus and qualitative methodology. To enhance generalisability, future research should employ quantitative or mixed methods on a national scale. This would allow for statistical measurement of perception prevalence and rigorous testing of variables like religiosity, age, and business sector. Further investigation is also needed into the impact of Islamic financial literacy and the long-term performance metrics of different entrepreneurial groups.

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