Cash on Delivery (COD) Transactions in Trade in the Digital Era: An Islamic Business Ethics and Fiqh Muamalah Perspective

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Abstract:

Digital trade, such as online buying and selling, has transformed conventional transaction patterns and given rise to new payment methods such as Cash on Delivery (COD). This article is motivated by the rapid growth of e-commerce in Indonesia and the emergence of ethical and legal problems surrounding COD practices, such as unilateral cancellation by buyers. Accordingly, this article aims to analyze COD from the perspective of Islamic business ethics and fiqh muamalah, covering Islamic ethical views, a review of the classical schools of law (Hanafi, Maliki, Shafi'i, and Hanbali) and contemporary scholars, as well as its practical implications. This research employs a qualitative library-research method, using document analysis, comparison, and content analysis of primary, secondary, and tertiary legal materials. The findings show that COD has the potential to violate the principles of honesty, sharia compliance, and fairness if not properly managed. From the perspective of fiqh muamalah, the majority of scholars of the four schools permit COD as long as it fulfills the pillars and conditions of the salam or istisna' contract, with the exception of the Shafi'i school, whose scholars hold differing views owing to differences in the COD transaction scheme applied. Meanwhile, contemporary scholars further specify the type of contract applicable to COD. The study also identifies three concrete recommendations—constituting the practical implications of this research—intended as a practical guide for business actors and for the formulation of sharia-compliant COD regulation.

Keywords: *Cash on Delivery; Islamic business ethics; fiqh muamalah; e-commerce*

Introduction

The development of human trade has undergone a very long evolution, beginning with the barter system in classical times, followed by the use of money as a medium of exchange, up to today's digital era marked by the emergence of *e-commerce* and *marketplace* platforms. History records that barter had a fundamental weakness—namely, the lack of a double coincidence of wants—which gave rise to the innovation of money as a medium of exchange.[1] Entering the twenty-first century, the digital revolution has fundamentally transformed the way people transact. Online buying and selling has become a global phenomenon, including in Indonesia, which ranks as the largest e-commerce market in Southeast Asia by transaction value.[2]

[1]N. G. Mankiw, Principles of Economics, 8th ed. (Boston: Cengage Learning, 2018), 45.
[2]Ministry of Communication and Informatics (Kominfo) of the Republic of Indonesia, "Laporan E-Commerce Indonesia," press release, 12 April 2021, accessed 18 July 2026, https://kominfo.go.id.

In e-commerce practice, various payment methods have developed, such as bank transfer, credit cards, e-wallets, "buy now, pay later" (paylater), and Cash on Delivery (COD). COD is a payment system in which payment is made after the goods reach the buyer. This method has become popular because it is considered capable of reducing the risk of fraud and increasing consumer trust in online transactions. Several studies show that COD is one of the most favored payment methods in Indonesian e-commerce transactions because it provides consumers with a sense of security.[3]

As the most favored method, COD has become the most popular payment method in online transactions. COD can be divided into two types based on the presence or absence of an intermediary: first, COD with an intermediary, as applied by Shopee, Tokopedia, Bukalapak, and Lazada, in which the courier or platform acts as a third party that collects payment; second, COD without an intermediary, namely a direct transaction between buyer and seller agreed upon through social media or instant-messaging applications (WhatsApp, Telegram) without involving a platform as guarantor.

COD practices in the digital era give rise to various modern problems that require legal certainty from an Islamic-law perspective, such as unilateral cancellation by the buyer (cancel before delivery), non-conformity of goods, and identity fraud. This article is therefore important in addressing these problems through two approaches: Islamic business ethics (akhlak al-tijarah) and fiqh muamalah, from the perspectives of both the classical schools (Hanafi, Maliki, Shafi'i, and Hanbali) and contemporary scholarship.

In the classical fiqh muamalah literature, electronic transactions were of course not yet explicitly known. Nevertheless, the general principles found in the Qur'an, the Sunnah, ijmak (consensus), qiyas (analogical reasoning), al-qawa'id al-fiqhiyyah (legal maxims), and al-qawa'id al-usuliyyah (principles of jurisprudence) can be used as a foundation for analyzing various forms of modern transactions, including COD. A study of COD transactions from the perspective of Islamic business ethics and fiqh muamalah is therefore important for addressing the challenges of contemporary digital economic development.

Recently, a considerable number of studies on COD have been conducted, whether quantitative or qualitative, field-based or library-based. Survey-based quantitative research has been widely used to measure the effect of COD on purchasing decisions. Laura examined the effect of price and Cash on Delivery service on purchasing decisions with customer satisfaction as a moderating variable, using a questionnaire survey of 139 respondents analyzed with Partial Least Squares (PLS), and found that COD service has a positive and significant effect on purchasing decisions, while customer satisfaction had the highest T-statistic and P-value among

[3]Z. Huda, "Analisis Akad dalam Transaksi Cash on Delivery (COD) Menurut Perspektif Fiqh Muamalah," Tashfir Terateks: Jurnal Ekonomi dan Bisnis Syariah 3, no. 1 (2024): 1–19; and R. Handoko, M. Sari, and A. Yusuf, "Consumer Trust in COD Transactions," Journal of E-Commerce Studies 15, no. 2 (2022): 77–95; Hamka et al., "Sistem pembayaran Cash on Delivery (COD) dalam belanja online perspektif fiqh muamalah," Jurnal Al-Ahkam: Jurnal Hukum Pidana Islam 6, no. 1 (2023): 44–59.

the other variables.[4] This study confirms that COD is not merely a payment method but also a strategic instrument that influences consumer trust and loyalty in online transactions.

At the international level, the issue of switching from COD to electronic payment has also been examined empirically. Purwandari et al. studied the factors influencing switching intention from cash on delivery to e-payment services in C2C e-commerce transactions, highlighting the perspectives of the COVID-19 pandemic, transaction characteristics, and technology.[5] This field-based research, built on empirical model testing, complements domestic findings with a broader perspective on the dynamics of payment-method transition in the Southeast Asian region, particularly Indonesia.

From the perspective of Islamic economics, several researchers have examined the legality and benefit (maslahah) of the COD system. Sahrullah, for instance, used a qualitative field-research method with a normative maqashid-sharia approach to clarify the legal status of COD, given that the principle of maslahah in the concept of muamalah is often overlooked amid the problems arising in society due to this payment system.[6] In a similar vein, Ahmad, Roziq, and Abidin analyzed the COD payment method through the expedition services of PT Pos Indonesia Jember by reviewing DSN-MUI Fatwa No. 113/DSN-MUI/IX/2017 on wakalah bi al-ujrah contracts.[7] Both studies demonstrate that a qualitative field approach is able to reveal the ethical and religious dimensions of COD practice that quantitative approaches fail to capture.

Meanwhile, library research or normative legal research has been widely used to highlight regulatory aspects of COD. Kirana and Ayunda examined the COD shopping system from the perspective of consumer-protection law and electronic transactions through normative legal research using a statutory approach, drawing on legislation, books, and other library sources, and referring to the Indonesian Civil Code, Law No. 8 of 1999 on Consumer Protection, and Law No. 11 of 2008 on Electronic Information and Transactions.[8] Similarly, Salsabila examined the prospects for prohibiting COD as a payment system in electronic trade using a normative legal research method referring to Government Regulation No. 80 of 2019

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[4]Laura, "Pengaruh Harga dan Layanan Cash on Delivery (COD) Terhadap Keputusan Pembelian dengan Kepuasan Pelanggan Sebagai Moderasi," SEIKO: Journal of Management & Business 5, no. 2 (2022): 1–10.

[5]Budi Purwandari et al., "Factors Affecting Switching Intention from Cash on Delivery to E-Payment Services in C2C E-Commerce Transactions: COVID-19, Transaction, and Technology Perspectives," Emerging Science Journal 6 (2022): 136, https://doi.org/10.28991/esj-2022-SPER-010.

[6]Sahrullah, "Sistem Pembayaran Cash On Delivery (COD) pada E-Commerce Ditinjau dari Maqashid Syariah," Jesya (Jurnal Ekonomi dan Ekonomi Syariah) 6, no. 1 (2023): 972, https://doi.org/10.36778/jesya.v6i1.1048.

[7]Zaki Ilman Ahmad, Ahmad Roziq, and Ana Zahrotun Abidin, "Metode Pembayaran Cash on Delivery (COD) Melalui Jasa Ekspedisi PT. Pos Indonesia Jember Dalam Analisis Fatwa DSN-MUI Nomor 113/DSN-MUI/IX/2017 Tentang Akad Wakalah Bi Al-Ujrah," Jurnal Ilmiah Ekonomi Islam 10, no. 2 (2024): 2214.

[8]Intan Kirana and Rina Ayunda, "Sistem Belanja Cash On Delivery (COD) Dalam Perspektif Hukum Perlindungan Konsumen dan Transaksi Elektronik," Jurnal Surya Kencana Satu: Dinamika Masalah Hukum dan Keadilan 13, no. 1 (2022): 69, https://doi.org/10.32493/jdmhkdmhk.v13i1.20217.

on Trade through Electronic Systems.[9] Both library-based studies show that the absence of specific COD regulation remains a legal gap with the potential to harm both consumers and couriers.

After analyzing these prior studies, it can be concluded that a gap remains that can be filled by further library research on COD. Based on the background above, the research questions addressed in this article are as follows: a) how are Cash on Delivery (COD) transactions in trade in the digital era viewed from the perspective of Islamic business ethics?; b) how are Cash on Delivery (COD) transactions in trade in the digital era viewed from the perspective of fiqh muamalah, both from the classical schools of fiqh (the four madhhabs) and from contemporary fiqh muamalah?; and c) what are the practical implications of examining COD from the cross-madhhab perspective of fiqh muamalah?

Literature Review

The Law of Online Buying and Selling in Contemporary Scholarly Fatwas

Several international fatwa institutions have issued rulings on online buying and selling. Majma' al-Buhuts al-Islamiyyah al-Azhar, in its fatwa, states that online buying and selling is permissible (ja'iz) as long as it fulfills the pillars and conditions of sale—namely the presence of a seller, a buyer, goods, a price, and sighah (offer and acceptance)—and does not contain elements of gharar (excessive uncertainty), riba (usury), or tadlis (fraud). Meanwhile, Majma' al-Fiqh al-Islami al-Dauli (the International Islamic Fiqh Academy) adds that a contract in e-commerce is considered valid if there is a clear indication (qarinah) from digital custom ('urf), such as clicking "buy now" or "checkout."

Institution	Main Reference	Core Content
International Islamic Fiqh Academy	Resolution No. 52 (3/6) of 1990	Basis for the validity of contracts concluded through all means of communication (including online transactions and COD)
Majma' al-Buhuth al-Islamiyyah, Al-Azhar	A fatwa issued in response to a public inquiry dated 11 November 2017	Adopts the general legal maxim that muamalah is originally permissible, provided the terms are clear and free from gharar
DSN-MUI Indonesia	Fatwa No. 144/DSN-MUI/XII/2021	Specific guidelines for online buying and selling transactions in the Indonesian context

Table 1: International Islamic Fatwa Institutions on the Law of Online Buying and Selling

International Islamic Fiqh Academy

This is one of the largest fatwa institutions, as its membership comprises all countries with Muslim-majority populations. Its complete core text reads as follows: The Council of the International Islamic Fiqh Academy, affiliated with the Organization of Islamic Cooperation (OIC), convened its Sixth Session in Jeddah, Saudi Arabia,

[9]Salsabila, "Prospek Pelarangan Cash On Delivery (COD) Sebagai Sistem Pembayaran Dalam Perdagangan Secara Elektronik," JISIP (Jurnal Ilmu Sosial dan Pendidikan) 7, no. 2 (2023): 1.

and after examining the papers submitted on the manner of concluding contracts through modern means of communication, and observing the rapid development of these means and the practice of their use in transactions, resolved:[10]

1. A contract concluded between two parties who are not physically present in the same place but who communicate simultaneously (such as by telephone, video call, and the like) is legally equivalent to a contract concluded directly in a single sitting (majlis); the fulfillment of offer and acceptance suffices, without any requirement of physical presence in one place;

2. If communication is not simultaneous (such as by letter, delayed messages, or messages sent through an application that are not answered immediately), the ruling is equivalent to a contract concluded through correspondence or an intermediary. The contract takes effect when the statement of acceptance reaches the party who made the offer, according to prevailing custom;

3. An offer limited in time binds the offeror for the period specified and may not be withdrawn without a legally justified reason;

4. All of the foregoing applies as long as the pillars and conditions of the contract are fulfilled, the identities of the parties are clear, the goods and price are specified in detail, and the transaction is free from ambiguity (gharar), fraud, and anything prohibited by sharia. This ruling covers all forms of communication media existing today or emerging in the future, and forms the basis for the validity of long-distance sale and purchase, including online buying and selling and the COD system.

Majma' al-Buhuth al-Islamiyyah – Al-Azhar, Cairo

Unlike most fatwa institutions, there is no fatwa number for the entry titled "Fatawa al-Mu'amalat al-Mu'ashirah." Only the topic and date of the fatwa are recorded, as published by Al-Azhar's Electronic Fatwa Center: dated 11 November 2017, "What Is the Ruling on Buying and Selling via the Internet." The response published on the institution's website reads as follows:[11]

The original ruling for all forms of muamalah is permissibility, except for what is explicitly declared unlawful by sharia. Al-Suyuthi, in al-Ashbah wa al-Naza'ir, states: "The original ruling for everything is permissibility, until there is evidence indicating its prohibition." Therefore, if a transaction conducted via the internet is carried out in a manner consistent with sharia and does not contain elements of ambiguity, ignorance, or fraud, then it is lawfully permissible, with no impediment whatsoever. This is consistent with the needs of people today, given that every era brings new matters that require adaptation. It is now widely known that the internet has penetrated every aspect of life, and buying and selling is one of the activities most frequently carried out through this medium. One form of transaction referred to here is network marketing, most forms of which depend on the internet. In this regard, various fiqh councils have issued fatwas declaring such network marketing impermissible, because it contains elements of ambiguity, ignorance, gambling, and

[10]International Islamic Fiqh Academy, Keputusan No. 52 (3/6) Tahun 1990, accessed 18 July 2026, https://iifa-aifi.org/en/32402.html.
[11]Majma' al-Buhuts al-Islamiyyah al-Azhar, "Fatwa tentang Jual Beli Online," 11 November 2017, accessed 18 July 2026, https://www.azhar.eg/details-multi-portal/ArtMID/3500/ArticleID/19775/.

the acquisition of wealth without lawful right. An example of a permissible transaction is a sale based on the exchange of goods and the transfer of rights, using any of the forms of delivery commonly used today, such as the transfer of funds to a bank account, and so forth.

In general terms, every transaction that fulfills the valid conditions of sale and is free from ignorance, ambiguity, and fraud is undoubtedly permissible. Conversely, a transaction that contravenes the valid conditions of sale established by the noble sharia is not permissible. It should be emphasized that this response is general in nature, and that every transaction has its own specific ruling depending on its circumstances. If doubt arises, or if something new appears in a transaction, one is obliged to ask and refer to scholars in order to obtain a correct explanation of the ruling according to sharia.

Fatwa of the National Sharia Board – Indonesian Council of Ulama (DSN-MUI)

DSN-MUI is a state-affiliated national fatwa institution whose membership includes scholars from various fiqh schools and Islamic mass organizations, such as Nahdlatul Ulama (NU), Muhammadiyah, al-Irsyad, the Islamic Ummah Union (PUI), and the Islamic Union (Persis), among others. Below are two DSN-MUI fatwas addressing the law of online buying and selling, both issued in 2021—thus more recent than the two earlier fatwas issued in 1990 and 2017.

Fatwa No.	Year	Title	Core Content & Reference
144/DSN-MUI/XII/2021	2021	Marketplace Based on Sharia Principles	Regulates the roles of the platform provider, sellers, buyers, and delivery services; the conditions for the validity of electronic transactions; and the prohibition of fraud, ambiguity, and non-sharia-compliant practices, among others.
146/DSN-MUI/XII/2021	2021	Online Stores Based on Sharia Principles	Specific guidelines for buying and selling through online stores; regulates the right of khiyar (option), payment methods including COD, and the responsibilities of the parties.

Table 2: DSN-MUI Fatwas on Online Buying and Selling

Types of Sale and Purchase in Islam

Fiqh scholars classify sale and purchase, based on the timing of payment and delivery of goods, into several types:[12]

Type of Sale	Definition	Legal Ruling	Main Characteristics
Bai' Naqd / Cash Sale	A sale in which payment and delivery of goods occur simultaneously when the contract is concluded	Valid and preferred; agreed upon by all schools	Immediate, cash; goods and money change hands simultaneously

[12]W. Zuhaili, Al-Fiqh al-Islami wa Adillatuhu, vol. 5 (Damascus: Dar al-Fikr, 2002), 3412; M. A. Al-Sarakhsi, Al-Mabsut (Beirut: Dar al-Ma'rifah, 1997), 145.

Type of Sale	Definition	Legal Ruling	Main Characteristics
Bai' Mu'ajjal / Deferred-Payment Sale	A sale in which delivery of goods is immediate, but payment is deferred to a specified future time	Valid; permissible provided the payment period is clearly specified and agreed	Goods received first; payment made later
Bai' Taqsith / Installment Sale	A deferred-payment sale in which payment is made in installments over a specified period	Valid; the price may exceed the cash price provided this is agreed at the outset	Payment in installments; ownership transfers after the contract
Bai' Salam	A sale in which full payment is made in advance, with the goods delivered at a later date	Valid, provided the specification, quantity, and time of delivery are very clearly stated	Money paid first; goods delivered afterward
Bai' Istishna'	A sale in which full payment may be made in advance, midway, at the end, or even in installments, but the goods are delivered later	Valid, provided the specification, quantity, and time of delivery are very clearly stated	Payment made flexibly; goods delivered afterward
Bai' Gha'ib / Sale of Unseen Goods	A sale in which the buyer does not see the goods at the time of contract, it being sufficient to know their characteristics and features	Valid according to the majority of scholars, provided the description of the goods is accurate	The basis of the transaction is description and trust
Bai' al-Dain bi al-Dain / al-Kali bi al-Kali	A sale in which the delivery of both the goods and the payment are deferred, according to the agreement	Invalid, in the fiqh of the four schools and of contemporary scholars	Both counter-values (money and goods) are deferred; there is no cash delivery at the time of the contract — the reason for its prohibition, based on the Prophet's ﷺ prohibition of trading debt for debt
COD / Bai' at-Taslim ma'a ad-Daf'	The contract is agreed at the outset; the goods are delivered, and payment is made upon delivery	Valid, if the conditions are fulfilled and the right of khiyar exists	Combines elements of bai' mu'ajjal and bai' ghaib

Table 3: Types of Sale and Purchase Based on the Timing of Payment and Delivery of Goods

Accordingly, COD conceptually resembles bay' al-salam where the buyer pays in advance (at the time the initial contract is concluded), but also resembles bay' al-istisna' where payment is made after the goods are received. This depends heavily on the agreement between the parties. COD can therefore be explicitly mapped into two models: (a) COD without an intermediary, paid in full upon receipt of the goods — meaning COD is analogized to parallel istisna'/salam, depending on the timing of the goods' specification; (b) COD with a platform intermediary, in which a wakalah bil ujrah contract may operate between the seller and the platform, separate from the

underlying sale-and-purchase contract between seller and buyer, which is still analyzed within the framework of salam/istisna'/bai' al-ghaib.[13]

Research Method

This research is normative (qualitative) legal research employing a doctrinal approach — that is, examining library materials or secondary data in the form of norms, rules, and doctrines of Islamic law.[14] The nature of this research is library research (literature review), in which the author examines, compares, and synthesizes literature drawn from classical fiqh texts, contemporary fatwas, and scholarly journal articles. The legal materials used in this research consist of three types. First, primary legal materials: the fiqh texts of the four schools (Al-Mabsuth by Al-Sarakhsi for the Hanafi school; Al-Mudawwanah by Sahnun for the Maliki school; Al-Umm by Al-Syafi'i for the Shafi'i school; and Al-Mughni by Ibn Qudamah for the Hanbali school)[15], the fatwas of the Fiqh Academy, and the fatwas of DSN-MUI. Second, secondary legal materials: contemporary fiqh muamalah textbooks (by Nazih Hammad and Wahbah Al-Zuhayli)[16], and journal articles indexed in Scopus and Sinta 1–3 (2016–2026). Third, tertiary legal materials: dictionaries of fiqh terminology, encyclopedias of Islamic law, and other supporting literature. The technique used to collect legal materials was document analysis — that is, digital searches conducted through Google Scholar, Scopus, DOAJ, and the national library using the keywords "Cash on Delivery," "Islamic business ethics," and "fiqh muamalah e-commerce." Once collected, the legal materials were analyzed using two main methods: the comparative method (comparing the opinions of classical and contemporary schools) and content analysis, used to extract the textual and contextual meaning of fiqh texts and fatwas.

Result and Discussion

COD Transactions from the Perspective of Islamic Business Ethics

Islamic business ethics constitute a set of moral values derived from the Qur'an, the Sunnah, ijmak, and sharia principles that govern the conduct of business actors in economic activity. Unlike conventional business ethics, which tend to be oriented solely toward economic profit, Islamic business ethics place the moral, spiritual, and social dimensions as an integral part of business activity.[17] From an Islamic perspective, business activity is part of worship (al-'ibadah) and a manifestation of humankind's role as vicegerent (khalifah) on earth. All economic activity must therefore be conducted in accordance with sharia principles aimed at achieving benefit (maslahah) and preventing harm (mafsadah).

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[13]The description "a combination of bai' mu'ajjal and bai' ghaib" is a general functional characterization.

[14]P. M. Marzuki, Penelitian Hukum, rev. ed. (Kencana, 2017), 95.

[15]Al-Sarakhsi, Al-Mabsut; Sahnun ibn Sa'id, Al-Mudawwanah al-Kubra (Beirut: Dar al-Kutub al-'Ilmiyyah, 1994); Muhammad bin Idris Al-Syafi'i, Al-Umm (Beirut: Dar al-Ma'rifah, 1990); and Abdullah bin Ahmad Ibn Qudamah, Al-Mughni (Riyadh: Dar 'Alam al-Kutub, 1997).

[16]Nazih Hammad, Al-Mu'amalat al-Maliyyah al-Mu'ashirah fi al-Fiqh al-Islami (Damaskus: Dar al-Qalam, 2008); and Al-Zuhayli, Al-Fiqh al-Islami wa Adillatuh (Damascus: Dar al-Fikr, 2002).

[17]R. I. Beekun, Islamic Business Ethics (Herndon, VA: International Institute of Islamic Thought, 1997), 42.

Islamic business ethics are grounded in the Qur'an, the Sunnah, and the practice of the salaf al-shalih (the pious predecessors). Several key principles of Islamic business ethics relevant to COD are as follows. **First**, the principle of honesty (al-shidq). Allah states in Surah al-'Ankabut [29]:69, "And those who strive for Us — We will surely guide them to Our ways." Honesty is the foundation of Islamic business transactions. The Prophet ﷺ said, "The honest and trustworthy merchant will be with the prophets, the truthful, and the martyrs" (narrated by al-Tirmidhi). In COD transactions, the seller is obliged to be honest about the condition of the goods, their specifications, and the delivery time. Conversely, the buyer is likewise obliged to be honest that he or she will be present at the agreed location and time.[18] Unilateral cancellation (cancel order) without a sharia-justified reason constitutes conduct that violates the principle of honesty and causes loss to the seller (shipping costs). Likewise, the practice of displaying product photographs that differ from the goods actually shipped falls under the category of tadlis (fraud), which is prohibited in Islam. In COD transactions, therefore, the principle of honesty requires the seller to provide accurate information regarding:

1. Product quality
2. Product specifications
3. Product condition
4. Product price
5. Shipping cost
6. Product warranty

Second, the principle of amanah (trustworthiness). Allah SWT states, "Indeed, Allah commands you to render trusts to whom they are due..." (QS. al-Nisa': 58). The Prophet ﷺ said, "Render the trust to the one who entrusted it to you" (narrated by al-Bukhari). In COD with an intermediary (platform), the platform acts as amin (trustee), collecting payment on the seller's behalf. If the platform is negligent, it bears responsibility for the resulting loss. Accordingly, in COD transactions, amanah applies to all parties:

1. The seller is obliged to deliver goods in accordance with the order;
2. The buyer is obliged to make payment after the goods are received as agreed;
3. The courier is obliged to hand over the goods to the correct recipient;
4. The marketplace is obliged to guarantee the security of the transaction.

Third, the principle of justice (al-'adl) and balance. QS. Al-Muthaffifin [83]:1–3 threatens those who cheat in weighing and measuring. In COD, imbalance frequently arises because the buyer holds a stronger bargaining position (able to cancel without risk), while the seller bears the shipping cost and the risk of returned goods. In e-commerce practice, it is often found that buyers refuse goods after the courier arrives, without a justified reason. Such conduct has the potential to harm both the seller and the logistics company, and thus contravenes the principle of justice. Justice in COD transactions therefore requires:

1. The absence of exploitation of either party;

[18]Y. Al-Qaradhawi, Fiqh al-Mu'amalat al-Maliyyah (Dar al-Shuruq, 2019), 78.

2. A balance of rights and obligations;
3. Legal protection for all parties.

Fourth, the principle prohibiting tadlis (fraud). COD without an intermediary is prone to tadlis because the buyer cannot inspect the goods beforehand. If the seller conceals a defect in the goods, this constitutes tadlis, which is prohibited.[19] Tadlis is synonymous with concealment or ambiguity, such that the prohibition of tadlis inherently entails a requirement of transparency (al-wuduh). Transparency is an important principle in digital trade, since the parties do not meet in person; the absence of transparency can give rise to gharar (ambiguity), which is prohibited by sharia. The following information must therefore be disclosed openly:

1. Price of goods;
2. Shipping cost;
3. Delivery time;
4. Return mechanism;
5. COD terms and conditions.

COD Transactions from the Perspective of Fiqh Muamalah

Fiqh muamalah regulates sale and purchase on the condition that its pillars and conditions are fulfilled. COD, as a payment method in online buying and selling, is not explicitly discussed in the classical texts, but can be analogized (qiyas) to certain established contracts.

Views of the Classical Schools (the Four Madhhabs)

According to Hanafi scholars, a sale-and-purchase contract may be concluded in any form that indicates the mutual consent of the parties.[20] They accept the concept of bai' al-mu'athah — a sale that occurs through conduct, without the formal utterance of offer and acceptance. COD transactions are therefore, in principle, valid. The Maliki school is among the most permissive in accepting bai' al-mu'athah. According to Imam Malik, the practice of society ('urf) can serve as a basis for the validity of a contract, provided it does not contravene sharia. COD transactions can accordingly be accepted as a development of modern transactional custom.

Classical Shafi'i scholars were stricter in requiring the sighat (verbal formula) of the contract; however, the majority of later Shafi'i scholars (muta'akhkhirin) accept bai' al-mu'athah (a sale-and-purchase transaction without verbal offer and acceptance) based on the needs of society.[21] Electronic transactions and COD can therefore be justified.

The Hanbali school considers a contract valid if it demonstrates agreement and mutual consent. Ibn Qudamah, in al-Mughni, explains that the purpose of a contract is the attainment of agreement between the parties, not merely a particular verbal formula. COD can therefore be accepted as a valid form of contract. In sum, scholars

[19]A. B. Al-Kasani, Bada'i al-Shana'i fi Tartib al-Shara'i (Beirut: Dar al-Kutub al-'Ilmiyyah, 1986), 192.
[20]A. B. Al-Kasani, Bada'i al-Shana'i fi Tartib al-Shara'i (Beirut: Dar al-Kutub al-'Ilmiyyah, 1986), 134.
[21]Y. S. Al-Nawawi, Al-Majmu' Sharh al-Muhadhdhab (Beirut: Dar al-Fikr, 1996), 267.

of the various schools agree that online buying and selling is, in principle, permissible, as it fulfills the pillar of offer and acceptance — whether through writing or digital conduct — consistent with the legal maxim al-'aqdu bi al-mu'athah ja'iz (a contract concluded through conduct, without a verbal or written offer and acceptance, based on mutual exchange, is permissible).[22] They differ, however, in detailing the specific form of the COD contract:

Madhhab	Underlying Rationale	Conditions of Validity	Legal Opinion on COD
Hanafi	Emphasizes mutual consent and freedom of contract. It suffices for the type of goods to be known; a detailed description of characteristics is not required. The right of khiyar remains applicable upon receipt	Valid even if only the type of goods and the price are stated, without a complete description of characteristics	Permissible — very easy and flexible. COD is valid, as there is an initial agreement and a right of option upon receipt
Maliki	Assesses validity from the description of the goods' characteristics and features. Knowledge of these characteristics is deemed to represent the physical presence of the goods. The right of khiyar ru'yah (option upon inspection) is mandatory	Valid if the characteristics, quality, and features of the goods are described in detail and clearly	Permissible — highly compatible with the COD system, as the buyer has the right to inspect the goods upon arrival
Shafi'i	Very strict in avoiding gharar. The primary condition is that the goods must be known with certainty, preferably seen directly. If not seen, the description must be very detailed, with no possibility of significant discrepancy	Valid if the description is complete, its accuracy verified, and the right of khiyar explicitly agreed	Permissible under strict conditions: a highly accurate description of the goods, a guarantee of conformity, and the right to cancel if the goods do not match
Hanbali / Combined view	Balances caution and necessity, taking a middle path between the Shafi'i and Maliki positions	Valid if the main characteristics of the goods are clear and there is an accepted societal custom	Permissible — accommodates the needs of the times; valid if the specification of goods and the price are clear

Table 4: The Ruling on COD from the Perspective of the Four Fiqh Schools

Views of Contemporary Fiqh Muamalah

Contemporary scholars such as Wahbah Al-Zuhayli[23] and Nazih Hammad[24], together with the specific fatwa of the National Sharia Board–Indonesian Council of Ulama (DSN-MUI) that directly addresses and regulates online trade — namely DSN-MUI Fatwa No. 146/DSN-MUI/XII/2021 on Online Shops Based on Sharia Principles[25] — regulate the general provisions of e-commerce, ranging from the

[22]M. I. Al-Syafi'i, Al-Umm vol. 3 (Dar al-Ma'rifah, 1990), 112.
[23]W. Zuhaili, Al-Fiqh al-Islami wa Adillatuhu, vols. 1–10 (Damascus: Dar al-Fikr, 2002), 3418.
[24]N. Hammad, Al-Mu'amalat al-Maliyyah al-Mu'ashirah fi al-Fiqh al-Islami (Dar al-Qalam, 2008), 207.
[25]National Sharia Board–Indonesian Council of Ulama, Fatwa Nomor 146/DSN-MUI/XII/2021.

clarity of the contract (digital offer and acceptance) and the buyer's right of option if the goods do not conform (khiyar), to the prohibition of digital fraud practices such as false descriptions (tadlis) and fake reviews (ghisysy). In addition to this fatwa, online sale-and-purchase transactions also refer to other relevant foundational muamalah fatwas, such as Fatwa No. 110/DSN-MUI/IX/2017 on Sale and Purchase Contracts and Fatwa No. 05/DSN-MUI/IV/2000 on Salam Sale (sale based on an order/advance-payment system).[26]

As for COD with an intermediary (platform): the contract that occurs is a tawkil contract (delegation of authority) from the seller to the platform to receive payment, together with a wakalah bil ujrah contract (paid agency). The platform may charge an administrative fee, provided it is agreed upon at the outset and is not burdensome. As for COD without an intermediary (direct transaction): the contract is a parallel salam or istisna' contract, on condition that the specification of the goods (color, size, quality) is clearly stated in the digital chat, which is treated as agreed in place of a written contract.

The fatwa of Majma' al-Fiqh al-Islami al-Dauli[27] affirms that a buyer in a COD transaction may not cancel an order after the seller has shipped the goods, unless there is a previously unknown defect, since doing so would constitute akl al-mal bi al-bathil (unlawfully consuming another's wealth). As for cancellation before the goods are shipped, contemporary scholars permit it as long as it does not harm the seller. If the seller has already incurred shipping costs, the buyer is obliged to compensate for those costs, in accordance with the fiqh maxim ghurm bil ghunm (liability accompanies benefit).

It should be noted that the position of the Shafi'iyyah (scholars of the Shafi'i school) on COD depends on the contractual scheme applied. **First**, if COD is analogized to bai' naqdan (classical cash sale), which requires that the goods already exist and be visible at the contract session, then according to the qaul jadid (the new opinion) of Imam Shafi'i, this contract is not valid, because it contains gharar.[28] **Second**, however, if COD is analogized to bai' al-ghaib (sale of unseen goods), on condition that the description of the goods is very detailed and accompanied by the right of khiyar ru'yah upon receipt, the majority of later Shafi'i scholars (muta'akhkhirin) permit it.[29] Table 4 above therefore represents this second scheme, while Table 5 below illustrates the first scheme — that is, the implications of analogizing COD to a classical cash sale.

Fiqh Perspective	Analysis of the COD Transaction	Legal Status	Legal Basis / Argument
Hanafi School	Permits the sale of goods not yet seen (bai' al-ghaib), provided there is khiyar al-ru'yah (the right of option after seeing the goods)	Valid	The buyer has the right to cancel the contract when the goods arrive and are inspected directly

[26]National Sharia Board–Indonesian Council of Ulama, Fatwa Nomor 110/DSN-MUI/IX/2017 tentang Akad Jual Beli (Jakarta: DSN-MUI, 2017); and National Sharia Board–Indonesian Council of Ulama, Fatwa Nomor 05/DSN-MUI/IV/2000 tentang Jual Beli Salam (Jakarta: DSN-MUI, 2000).

[27]Majma' al-Fiqh al-Islami al-Dauli, Qararat al-Majma' fi al-Tijarah al-Iliktiruniyyah (Jeddah: Organization of Islamic Cooperation, 2009).

[28]Y. S. Al-Nawawi, Al-Majmu' Sharh al-Muhadhdhab, vol. 9 (Beirut: Dar al-Fikr, 1996), 269.

[29]Y. S. Al-Nawawi, Al-Majmu' Sharh al-Muhadhdhab, vol. 9 (Beirut: Dar al-Fikr, 1996), 270.

Fiqh Perspective	Analysis of the COD Transaction	Legal Status	Legal Basis / Argument
Maliki School	Permits sale based on description (bai' al-shifati), provided the characteristics are clear and the delivery time is not so long as to risk altering the condition of the goods	Valid	Based on the principle of maslahah mursalah and trade custom ('urf) that does not contravene sharia
Shafi'i School	Under the qaul jadid, it is not valid to sell goods that are not present at the contract session or have not been seen directly by the parties when the contract is concluded	Invalid / Disputed (if analogized as a classical naqdan contract without seeing the goods)	Avoids the element of gharar (ambiguity). If shifted to a salam-contract scheme, however, payment in full in advance is required, which does not match the COD scheme
Hanbali School	Permits the sale of goods not yet seen, provided their specifications are clearly stated (bai' al-shifat). If the goods do not conform, the buyer has the right of cancellation	Valid	The principle of freedom of contract, so long as there is no explicit prohibiting evidence, supported by hadith on the permissibility of khiyar syarat (conditional option)
Contemporary Fiqh (DSN-MUI, Fiqh Academy)	COD is regarded as a form of modern contractual evolution. The courier is considered a representative (wakil) of the seller for delivery, or of the buyer, while the platform serves as guarantor of trust (al-Amin)	Valid, permissible (conditional)	The fiqh maxim that the original ruling in muamalah is permissibility unless there is evidence indicating its prohibition, together with the fulfillment of transparency regarding the object of the contract

Table 5: Analysis of COD from the Perspective of the Classical and Contemporary Fiqh Schools

Conclusions

Based on the research questions and the discussion above, three conclusions can be drawn: **Islamic Business Ethics Perspective:** COD transactions in trade in the digital era are considered permissible as long as they fulfill the principles of Islamic business ethics — namely honesty (seller and buyer do not deceive one another), amanah (the platform or courier is responsible for the money and goods), justice (no party is systematically disadvantaged), and freedom from tadlis and gharar. Ethical violations that frequently occur, such as unilateral cancellation by the buyer without cause, constitute conduct that is morally reprehensible in Islam. **Fiqh Muamalah Perspective:** According to the views of the four classical schools (Hanafi, Maliki, Shafi'i, and Hanbali), there is a divergence of opinion among Shafi'i scholars — some permit COD, others prohibit it — a divergence attributable to differing views on the qiyas scheme used to determine its ruling. If COD is analogized (qiyas) to a salam or istishna' contract, provided the specification of the goods and the time of delivery are clearly stated, it is permissible; but if it is analogized to a sale in which both the goods and the payment are absent (deferred), it is unlawful. Meanwhile, according to contemporary fiqh muamalah, COD with an intermediary (platform) is classified as a wakalah bil ujrah contract, while COD without an intermediary is

classified as a digital salam or istishna' contract, validated by electronic message records in place of a written contract. The fatwas of Majma' al-Fiqh al-Islami al-Dauli and DSN-MUI permit COD on the condition that unilateral cancellation after the goods have been shipped, absent any defect, is unlawful, as it harms the seller. **Practical Implications,** comprising three concrete recommendations: (i) sharia marketplace platforms should explicitly state a khiyar clause (combining khiyar syarat with khiyar ru'yah) in their terms and conditions, so as to be secure and recognized as valid under certain schools — namely the Hanafi and Hanbali schools; (ii) couriers/expedition services should be given clarity regarding their status as representatives (wakil) of the seller, based on DSN-MUI Fatwa No. 144/DSN-MUI/XII/2021; and (iii) regulators (the Ministry of Trade/Financial Services Authority) may consider formulating and disseminating sharia-compliant COD guidelines based on existing fatwas.

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