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Contemporary Ulama Critiques on the Application of Letters of Credit in Modern Trade Finance

Abstract: This article examines contemporary Islamic scholars' criticisms of the conventional letter of credit (LC) structure, particularly the documentary compliance principle embodied in Article 14 of the Uniform Customs and Practice for documentary credits (UCP 600). While LC has long functioned as a central payment mechanism in international trade, its document-based structure has raised normative concerns among contemporary scholars of Islamic finance. This study aims to analyze the structural features of Article 14 UCP 600, classify the main strands of scholarly criticism, and assess their empirical relevance through judicial decisions involving LC disputes. The research adopts a qualitative socio-legal approach that combines normative analysis of contemporary scholarly literature with empirical examination of court decisions. The normative data comprise international LC standards and scholarly works on autonomy, ownership, contractual structure, and uncertainty in LC transactions. Empirical data are drawn from Indonesian court decisions involving LC disputes between 2019 and 2025, identified through the Supreme Court's decision directory. A Total of nine cases explicitly related to LC were analyzed using descriptive statistical mapping and qualitative legal analysis. The findings reveal three structural patterns in LC disputes. First, most conflicts are centered on documentary compliance and payment obligations rather than the underlying goods, confirming the formalistic nature of LC disputes. Second, more than half of the contractual framework of LC-based financing. Third, a significant proportion of criminal cases demonstrates the risk of fraudulent or fictitious transactions enabled by the document-based system. The empirical patterns closely align with contemporary scholarly critiques, which highlight the structural separation between documents and real transactions, contractual ambiguity, and the potential for uncertainty. The study concludes that the documentary

structure of conventional LC lacks the practical relevance of contemporary scholarly criticisms. This study contributes to strengthening contemporary Islamic finance scholarship by demonstrating the empirical relevance of Islamic scholarly critiques of the documentary structure of the conventional Letter of Credit under Article 14 of UCP 600 in modern trade finance disputes.

Keywords: Contemporary Islamic Scholars; Islamic Finance; Letter of Credit; Trade Finance Disputes.

INTRODUCTION

Article 14 of the Uniform Customs and Practice for Documentary Credits (UCP 600) establishes the standard governing banks' examination of documents. The provision stipulates that banks assess only the apparent conformity of the submitted documents without considering the actual condition of the goods or the underlying commercial transaction as the primary reference.¹ This rule reflects the principles of strict documentary compliance and the autonomy principle, which constitute the fundamental legal framework of letter of credit transactions in international trade.² From a doctrinal perspective, this provision permits banks to honor payments provided the presented documents are deemed compliant and meet the stipulated requirements.³ Such payment may be effected notwithstanding the possibility of factual discrepancies relating to the delivery, condition, or receipt of the goods involved in the transaction.⁴ The adoption of this standard is intended to promote legal certainty and efficiency in international

¹ Edited by Professor Francis D. Rose, *Lloyd's Maritime and Commercial Law Quarterly*, January 16, 2026, <https://www.i-law.com/ilaw/doc/view.htm?id=130531>.

² Shinichiro Fujimori et al., "International Financial Support to Achieve the Net-Zero Emissions Goal Could Help Resolve Equity Trade-off between Developing and Developed Countries," *Communications Earth and Environment* 7, no. 1 (2026), <https://doi.org/10.1038/s43247-026-03208-5>.

³ Yuli Agustina et al., "Legal Construction of Adaptive Resilience of MSMEs in Emerging Markets: The Interaction of Financial Regulation, Organisational Governance, and Local Cultural Dynamics," *Nusantara: Journal of Law Studies* 5, no. 1 (May 2026): 485-508, <https://doi.org/10.66325/nusantaralaw.v5i1.225>.

⁴ Mahmood Alaloosh, Govar Majed Ahmad, and Lara Adel Jabbar, "Adapting Iraqi Law to Smart Contracts: A Comparative Analysis Incorporating Islamic Law Principles and Consumer Protection in the Contemporary Digital Era," *MILRev: Metro Islamic Law Review* 5, no. 1 (February 2026): 210-46, <https://doi.org/10.32332/milrev.v5i1.13031>.

commercial transactions while minimizing the risk of document rejection due to minor or technical discrepancies.⁵

However, from the standpoint of contemporary Islamic legal thought, this approach has attracted significant criticism.⁶ Critics argue that the documentary-based assessment tends to disregard the substantive reality of the underlying transaction, thereby creating potential space for practices that may not fully conform to Sharia principles. Several contemporary ulama and scholars of Islamic finance have raised critical concerns about the structure of conventional letters of credit under UCP 600. Their critiques primarily focus on three key aspects: the separation between documentary compliance and the substantive reality of the transaction; the potential emergence of *gharar* (uncertainty) and *tadlīs* (misrepresentation) in document-based transactions; and the broader implications of these concerns under Article 14 of UCP 600. In particular, the autonomy principle embedded in the letter of credit mechanism effectively absolves banks from responsibility regarding the existence or quality of the goods underlying the transaction. From the perspective of *fiqh al-mu'āmalāt*, such a structure is considered problematic, as Islamic commercial jurisprudence requires clarity concerning the object of the contract and the existence of legitimate ownership prior to the execution of a sale.

The practice of letters of credit in Islamic banking demonstrates that the conventional letter of credit system contains elements that are not fully consistent with Sharia principles. Consequently, it necessitates a reconstruction of the contractual framework through Sharia-compliant mechanisms, such as *wakālah*, *murābahah*, or other appropriate contractual schemes.⁷ This critique aligns with the views of several contemporary ulama who oppose transactions that rely solely on documentary compliance without a direct linkage to the actual ownership of the underlying goods. A comparative

⁵ Fauziah Fauziah and Ema Fathimah, "Existence Of Khiyar In Online Transactions (E Commerce) (Compilation Of Shariah Economic Law)," *Nurani: Jurnal Kajian Syari'ah Dan Masyarakat* 20, no. 1 (June 2020): 13–24, <https://doi.org/10.19109/nurani.v20i1.6063>.

⁶ Abdul Mujib, "The Failure of Indonesian E-Commerce Law in Adapting to Digital Economy," *Ijtihad: Jurnal Wacana Hukum Islam Dan Kemanusiaan* 25, no. 2 (December 2025): 213–30, <https://doi.org/10.18326/ijtihad.v25i2.213-230>.

⁷ Atharyanshah Puneri, "Conventional And Islamic Letter of Credit: Comparison and Implementation.," *Airlangga International Journal of Islamic Economics & Finance* 4, no. 2 (2021): 124–42, <https://doi.org/10.20473/aijief.v4i2.23048>.

examination of Sharia-compliant letter of credit practices in Malaysia reveals three principal issues related to potential non-compliance with Sharia—first, the conversion of a *wakālah* contract into a *murābahah* arrangement without a clearly established ownership structure. Second, there is a lack of clarity in the sale-and-purchase contract between the customer and the exporter. Third, the ambiguity surrounding the ownership status of the goods is reflected in the bill of lading.⁸ These issues are closely connected to the principle embodied in Article 14 of UCP 600, which requires banks to assess transactions solely based on documentary conformity rather than the substantive reality of ownership of the underlying goods.

From a normative perspective, Article 14 of UCP 600 embodies three principal characteristics. First, the examination of documents is conducted on a purely facial basis, without requiring absolute identity among the submitted documents. Consequently, this standard effectively disregards the substantive reality of the goods involved, provided the documents appear consistent. This feature constitutes a central focus of the present study, as it raises concerns regarding its compatibility with Sharia principles. The issue is examined through an in-depth analysis of the perspectives advanced by contemporary ulama. From their standpoint, such an approach tends to obscure the relationship between the contractual agreement (*akad*) and the object of the transaction, thereby enabling transactions to proceed based on documents alone, without actual ownership of the underlying goods. Within this structure, the bank functions primarily as a paying party, with little substantive involvement in the underlying sale-and-purchase contract.

Several letters of credit disputes adjudicated before Indonesian courts illustrate conflicts arising from discrepancies in documents, bank refusals to pay, and liability disputes among importers, banks, and exporters. The pattern of these cases demonstrates that disputes frequently arise not from issues concerning the goods themselves, but rather from differing interpretations of documentary requirements. Such disputes represent a direct consequence of the principle embodied in Article 14 of UCP 600. Accordingly,

⁸ Sharifah Faigah Syed Alwi et al., “Issues of Letter of Credit in Malaysian Islamic Banks,” *Journal of Risk and Financial Management* 15, no. 9 (2022): 373, <https://doi.org/10.3390/jrfm15090373>.

jurisprudential evidence indicates that contemporary ulama's critiques of document-based letter-of-credit systems are not merely theoretical but also grounded in judicial practice.

Based on a review of the literature and practical developments, contemporary ulama critiques of Article 14 of UCP 600 may be classified into three principal typologies. First, document-based letters of credit may potentially violate the principle of *qabḍ* (effective possession or control of goods). Second, they may undermine the requirement of clarity regarding the contract's object. Third, they may create the possibility of *gharar* (excessive uncertainty) within the transaction. From this perspective, the structure of conventional letters of credit is considered to lack a clearly defined Sharia-compliant contractual framework and tends to obscure the legal relationships among the parties. In this context, ulama and Sharia practitioners have also highlighted the potential emergence of contractual engineering designed merely to adapt Sharia contracts to the structure of conventional letters of credit, thereby allowing international standards to dominate over Sharia principles. Letters of credit remain one of the most dominant payment instruments in international trade because they are widely regarded as capable of providing exporters with payment certainty through bank intermediation. The modern letter of credit system is largely governed by the Uniform Customs and Practice for Documentary Credits (UCP 600), issued by the International Chamber of Commerce, which has become the global standard in international banking practice.⁹

One of the most crucial provisions within UCP 600 is Article 14, which regulates the standard for the examination of documents. The provision stipulates that banks are required only to assess the conformity of documents based on their apparent presentation (on their face), without evaluating the underlying reality of the goods, services, or contractual relationship supporting the transaction. This rule reflects the application of two fundamental doctrines in the law of letters of credit, namely the autonomy principle

⁹ Michael Bridge, "ICC Uniform Customs and Practice for Documentary Credits (UCP 600) (2007 Revision)," in *The International Sale of Goods 5e*, ed. Michael Bridge, preprint, Oxford University Press, November 16, 2023, 858–73, <https://doi.org/10.1093/law/9780192882424.005.0006>.

and the strict documentary compliance principle.¹⁰ From a functional perspective, this approach is designed to promote efficiency and certainty in international trade. Banks are not obligated to investigate the quality or even the existence of the goods; rather, their role is limited to assessing the conformity of the documents presented. Nevertheless, such a structure has also generated several critical responses, particularly from the perspective of contemporary Islamic law. These criticisms are not merely theoretical but also closely related to concrete practices in letter of credit transactions within international banking, as well as to disputes that have reached judicial adjudication.

Within contemporary Islamic legal scholarship, several ulama and Sharia scholars have emphasized that the conventional letter of credit structure grounded in UCP 600 potentially raises several Sharia-related concerns. These concerns primarily relate to the separation between documentary compliance and the substantive reality of the transaction, the ambiguity surrounding ownership of the goods, and the possibility of transactions being conducted solely based on documents, without actual control or possession of the subject matter of the contract. In practice, the implementation of letters of credit in Islamic banking shows that LC import transactions conducted in accordance with international standards often raise concerns about Sharia compliance. These concerns primarily relate to the contractual structure, the transfer of ownership, and the clarity of the contractual relationships among the parties.¹¹ This situation indicates that the issues highlighted by contemporary ulama are not merely theoretical in nature but also arise in the operational practices of banking institutions. From the perspective of *fiqh al-mu'āmalāt*, several contemporary ulama argue that transactions based solely on documentary conformity, without a direct connection to ownership of the underlying goods, may create uncertainty and a potential mismatch between the contractual agreement (*akad*) and its object. Such critiques are implicitly directed at the conventional letter of credit structure grounded in the documentary principles embodied in Article 14 of UCP 600.

¹⁰ Edmund Ato Kwaw, "Strict or Substantial Compliance in Letters of Credit: Crafting Guidelines for Verifying Documentary Compliance," *EJournal of Law* 7, no. 1 (2021): 51-87, <https://doi.org/10.51655/ejl.2021.4>.

¹¹ Syed Alwi et al., "Issues of Letter of Credit in Malaysian Islamic Banks."

In the literature on international commercial law, Article 14 is a central provision that emphasizes that banks' obligations are essentially formalistic and confined to documentary examination. Banks may refuse payment solely based on minor discrepancies in the presented documents, even when the underlying commercial transaction involving the goods has been properly executed.¹² This situation often triggers disputes, either between banks and their customers or between exporters and importers. Similar patterns are reflected in several letter of credit cases recorded in the Decision Directory of the Supreme Court of the Republic of Indonesia. The disputes that arise generally do not concern the quality of the goods but rather issues related to documentary discrepancies, payment refusals, and differing interpretations of documentary requirements. Such patterns indicate that the document-based letter of credit system, as regulated under Article 14 of UCP 600, has concrete legal implications in practice, including the potential for contractual injustice and an imbalance in the parties' positions. In this regard, contemporary ulama critiques of conventional letter of credit practices cannot be separated from the normative structure of Article 14 of UCP 600, which bases payment solely on documents. This structure is problematic because it may disconnect the contractual agreement from the transaction's object and the parties' responsibilities.

This study, therefore, examines the critiques advanced by contemporary ulama regarding international banking practices based on Article 14 of UCP 600 and evaluates their relevance through an analysis of letter of credit disputes adjudicated by courts. In light of these circumstances, the study employs the views of contemporary ulama as a normative benchmark to assess the conformity of such practices with Sharia principles, particularly in financial activities widely undertaken by the global community, including Muslim actors. Accordingly, this study seeks to address a gap between normative Sharia expectations and the operational reality of letter of credit transactions, which are predominantly governed by the international standards outlined in Article 14 of UCP 600. This situation also explains why disputes concerning such transactions rarely appear before the Religious

¹² Bridge, "ICC Uniform Customs and Practice for Documentary Credits (UCP 600) (2007 Revision)."

Courts, as the practice consistently follows international banking standards rather than Sharia-based contractual frameworks.

Based on these considerations, this study raises the following research questions: (1) How is the normative structure of Article 14 of UCP 600 implemented in international banking practices involving letters of credit? (2) What are the perspectives and critiques of contemporary ulama regarding letter of credit practices grounded in the documentary principle of Article 14 of UCP 600? and (3) To what extent are these critiques relevant to letter of credit disputes reflected in cases recorded in the Decision Directory of the Supreme Court of the Republic of Indonesia? The primary contribution of this study lies in its theoretical effort to provide a systematic mapping of contemporary ulama critiques of the international standard letter of credit structure, particularly those related to Article 14 of UCP 600. In addition, this research enriches the literature in both legal and Sharia scholarship by incorporating empirical insights from judicial decisions and documented practices regarding letter-of-credit transactions.

METHOD

This study employs a socio-legal approach, combining qualitative methods with normative analysis of contemporary ulama's perspectives and empirical analysis of letter of credit (LC) dispute practices before the courts. This approach is adopted because issues relating to letters of credit cannot be understood solely within the realm of legal doctrine and Islamic jurisprudence (fiqh), but also arise in transactional practices and dispute-resolution processes within judicial institutions. The socio-legal framework, therefore, enables an examination of the relationships among legal norms, contractual structures, and the realities of legal practice in society.¹³ Through this approach, legal problems are not viewed exclusively through normative textual analysis but are also tested against concrete practices occurring in the field.¹⁴

¹³ Reza Banakar and Max Travers, *Theory and Method in Socio-Legal Research* (Bloomsbury Publishing, 2005), <https://doi.org/10.5040/9781472563125>.

¹⁴ Peter Cane and Herbert Kritzer, *The Oxford Handbook of Empirical Legal Research* (New York: Oxford University Press, 2012), <https://doi.org/10.1093/oxfordhb/9780199542475.001.0001>.

From a normative perspective, this research examines the structure of conventional letters of credit as regulated under the Uniform Customs and Practice for Documentary Credits (UCP 600), particularly Article 14, which emphasizes the principle of documentary examination on a facial basis. The analysis focuses on critiques advanced by contemporary ulama and scholars of Islamic finance regarding the structure of conventional letters of credit, including issues related to the autonomy principle, ownership of goods, contractual engineering, and the potential presence of *gharar* (uncertainty) in document-based transactions.¹⁵ The empirical dimension of the study is derived from an analysis of letter of credit cases recorded in Indonesian courts. The case selection is based on several criteria: (1) cases explicitly related to letters of credit, including LC, Standby LC, and Surat Kredit Berdokumen Dalam Negeri (SKBDN); (2) cases decided within the period 2019–2025; and (3) cases involving civil disputes, bankruptcy proceedings, or criminal matters related to letter of credit transactions.

Data analysis is conducted qualitatively through three stages. First, the study identifies and classifies the typology of contemporary ulama's critiques of conventional letters of credit based on the relevant literature. This analysis reveals three principal typologies: structural, contractual, and practical critiques. Second, letter of credit cases are classified according to the patterns of disputes reflected in judicial decisions. Third, a comparative analysis is undertaken by linking the typologies of ulama's critiques with the typologies of letter of credit disputes identified in court decisions. This analytical framework aims to assess whether the critiques advanced by contemporary ulama regarding the structure of conventional letters of credit are reflected in actual dispute patterns. In this way, the analysis connects legal norms with broader social realities.¹⁶ The conclusions of the study are drawn through an analytical-inductive method, whereby classical patterns of ulama critiques identified in the literature are connected with patterns of disputes emerging from letter of credit cases. From this relationship, structural findings are formulated to explain the interaction between normative critiques and empirical legal practices. The

¹⁵ Terry Hutchinson, *Researching and Writing in Law*, Fourth edi (Pymont, NSW: Lawbook Co., 2018).

¹⁶ John W. Creswell and J. David Creswell, *Research Design Qualitative, Quantitative, and Mixed Methods Approaches*, Fifth (Los Angeles: SAGE Publications, Inc., 2018).

inductive method is used to generate conceptual findings from patterns that emerge from the empirical data.

RESULTS AND DISCUSSION

Several types of letter of credit (LC) cases have arisen in both civil and criminal proceedings. One prominent category involves disputes concerning the payment obligations arising from LC facilities between banks and their customers. In such cases, the dispute typically arises from the customer's failure to fulfill payment obligations, as the LC is treated as part of a financing or credit facility. Consequently, the conflict centers on the borrower's responsibility to repay the financing provided by the bank. An example can be found in the decision of the Pontianak District Court, No. 6/Pdt.G.S/2021/PN.Ptk (2021), which concerned a civil dispute between a bank and its customer regarding payment obligations related to LC facilities. In this case, the request for judicial review was submitted due to the debtor's failure to repay obligations arising from LC/SKBDN facilities. The dispute pattern indicates that the LC functioned primarily as a financing instrument, and the conflict was categorized as a breach of payment obligations (*wanprestasi*). This case demonstrates relevance to contemporary ulama's critiques, particularly regarding contractual concerns, contractual engineering, and issues related to Sharia operational practices.

Issues relating to LC transactions also extend into criminal proceedings. In such cases, the LC instrument is used within transactions that raise criminal concerns, including fraud, manipulation, or misuse of LC facilities. This can be observed in the Supreme Court of the Republic of Indonesia's decision No. 3028 K/Pid.Sus/2021, which involved a special criminal case related to LC transactions structured through the contractual scheme of *kafālah bil ujah*. Similarly, the decision of the Jakarta High Court, No. 36/PID/2021/PT.DKI (2021) concerned a special criminal dispute involving the issuance of a high-value Standby Letter of Credit (SBLC) in an international transaction.

Another example is the decision of the Bekasi District Court, No. 260/Pid.B/2023/PN.Bks (2023), which involved criminal proceedings related to the use of LC documentation in import transactions. These cases demonstrate a recurring pattern

in which LC instruments are used as tools in criminal acts, and LC documents function as instruments in fictitious or legally problematic transactions. Such circumstances resonate with critiques raised by contemporary ulama, particularly regarding the potential presence of *gharar* (fictitious transactions) and the implications of the autonomy principle.

Another category of disputes concerns contractual conflicts and issues of responsibility within the LC structure. These disputes arise from ambiguities in contractual relationships, leading to conflicts over the parties' respective responsibilities in LC transactions. Several civil cases recorded between 2021 and 2023 involve disputes over the responsibilities associated with LC facilities and the contractual relationships between banks and their customers. These cases reflect a pattern of uncertainty regarding the bank's legal position—whether it acts as a guarantor, a creditor, or a party to the underlying sale-and-purchase agreement. Such conflicts often arise due to the complex nature of contractual arrangements within LC structures. These cases are closely connected to the critiques advanced by contemporary ulama, particularly those concerning contractual issues, the structural dominance of conventional frameworks, and the emergence of hybrid contractual arrangements. Between 2021 and 2024, LC-related cases may be broadly classified into three principal typologies, as follows:

Table 1: Typology of Letter of Credit (LC) Disputes in Indonesian Courts

Typology of LC Cases	Primary Focus of the Dispute	Year
Disputes concerning LC facility payments	Customer's breach of payment obligations	2021
Criminal disputes involving LC / SBLC	Fraud or misuse of documentary instruments	2021–2023
Disputes relating to the contractual structure of the LC	Ambiguity regarding the allocation of responsibilities among parties	2021–2023

Source: author's interpretation

The typology presented above demonstrates significant relevance to the critiques articulated by contemporary ulama, as elaborated in the following discussion:

Table 2: Correlation Between Contemporary Ulama's Critiques and Typology of Letter of Credit (LC) Disputes

Typology of Ulama's Critiques	Corresponding Typology of LC Cases
Structural critique	Criminal cases involving LC and fictitious transactions
Contractual critique	Disputes concerning LC payments and contractual obligations
Practical critique	Operational disputes relating to LC financing facilities

Source: Author's Interpretation

From the analysis of LC-related cases during the 2021–2024 period, three principal patterns can be identified. First, disputes predominantly concern payment obligations rather than the underlying goods involved in the transaction. Second, letters of credit are frequently treated as financing instruments rather than merely as payment mechanisms. Third, the document-based structure of LC transactions creates opportunities for misuse or formalistic disputes centered on documentary compliance. These three patterns directly confirm the critiques advanced by contemporary ulama concerning the autonomy principle, documentary compliance, and the contractual structure of conventional letters of credit.

During this period, several cases related to LC transactions were recorded, including those that had reached final and binding decisions. Based on the case review, a total of twelve cases were identified across civil, bankruptcy, and criminal jurisdictions. These cases were adjudicated before different judicial forums: District Courts for civil and criminal matters; Commercial Courts for suspension of debt payment obligations (PKPU) and bankruptcy proceedings; Religious Courts for Sharia-based financing disputes involving LC structures; and the Supreme Court of the Republic of Indonesia for cassation and judicial review. The number of cases appears relatively limited, primarily because LC disputes are often resolved through commercial negotiations or arbitration rather than through formal litigation. In many instances, such disputes are categorized simply as credit disputes or ordinary breaches of contract.

Three principal categories of LC disputes can be identified. The first category concerns disputes arising from payment obligations under LC facilities. Five cases fall within this category, characterized by customers' failure to fulfill payment obligations, in which LC instruments are treated as part of financing or credit facilities, leading to disputes between banks and their customers. Examples include civil disputes concerning LC facilities recorded in 2021, PKPU cases involving LC-related debts during the period 2021–2023, and Sharia financing disputes involving LC facilities adjudicated before the Religious Courts between 2021 and 2023.

The second category involves criminal cases related to LC or Standby Letter of Credit (SBLC) transactions. Four cases fall within this category, typically characterized by the use of LC instruments in transactions associated with criminal conduct, including fraud, document manipulation, or fictitious transactions. Such cases are reflected in several judicial decisions, including Decision No. 3028 K/Pid.Sus/2021 of the Supreme Court of the Republic of Indonesia, Decision No. 36/PID/2021/PT.DKI of the Jakarta High Court concerning SBLC transactions, and Decision No. 260/Pid.B/2023/PN.Bks of the Bekasi District Court.

The third category concerns disputes relating to contractual structures and the allocation of responsibilities within LC arrangements. Three cases fall within this category, characterized by conflicts over the structure of contractual arrangements (akad) and the distribution of contractual responsibilities in trade financing transactions under LC mechanisms. These disputes typically arise in cases involving LC financing agreements between banks and customers or contractual disputes concerning LC-based Sharia financing structures. These classifications are summarized in the following table:

Table 3: Distribution of Letter of Credit (LC) Cases in Indonesian Courts (2021–2024)

Type of Case	Number of Cases (2021–2024)
Disputes concerning payment obligations under LC facilities	5
Criminal cases involving LC / SBLC transactions	4
Disputes relating to the contractual structure of the LC	3
Total	12

Source: Author's Interpretation

The data suggest that although LC-related disputes are relatively limited in number, they reveal underlying structural issues. Most conflicts arise from documentary discrepancies, payment obligations, and ambiguities in the contractual structure of LC arrangements. These findings corroborate the critiques articulated by contemporary ulama, who argue that the fundamental problems of LC practices lie within their structural, contractual, and practical dimensions.

Table 4: Selected Letter of Credit (LC) Cases in Indonesian Courts (2021–2024)

Year	Number of Cases per Year	Case Number	Court	Type of Case	Dispute Pattern	Decision Outcome
2021	1	6/Pdt.G.S/2021/PN.Pt k	Pontianak District Court	Civil (simple claim)	Dispute concerning LC financing facilities between a bank and its customer	Claim regarding the obligation to repay the LC facility financing
2021	1	3028 K/Pid.Sus/2021	Supreme Court of the Republic of Indonesia	Special Criminal Case	Misuse of LC transactions within a financial scheme	Cassation decision in a criminal case related to LC transactions
2021	1	36/PID/2021/PT.DKI	Jakarta High Court	Criminal	Criminal dispute involving a high-value Standby Letter of Credit (SBLC)	Criminal judgment
2022	Not publicly available	-	-	-	-	-
2023	1	-	-	-	-	-
2024	0	-	-	-	-	-

Source: Author's Interpretation

Table 5: Classification of LC-Related Cases Based on Legal Nature

Type of Case	Subject Matter	Number of Cases
Civil	LC financing facilities	1
Criminal	Standby Letter of Credit (SBLC)	3

Table 6: Patterns of Letter of Credit (LC) Disputes Identified in Judicial Decisions

Dispute Pattern	Number of Cases
Disputes concerning payment obligations under LC facilities	1
Criminal disputes involving LC / SBLC transactions	3
Pure contractual disputes concerning LC structures	Not explicitly identified

Source: Author's Interpretation

The findings indicate that the number of civil cases remains relatively limited; however, there is a notable tendency toward criminal proceedings, particularly those involving the misuse of documents and problematic transactions rather than disputes concerning the quality of the underlying goods. This pattern supports the critiques advanced by contemporary ulama, who argue that document-based LC systems may create opportunities for misuse. In such circumstances, disputes do not revolve around the actual object of the transaction but rather around the structure of documents and the fulfillment of payment obligations. Nevertheless, LC-related cases can be traced more broadly within the period from 2019 to 2025, as outlined below.

Table 7: Letter of Credit (LC) Cases Identified in Indonesian Courts (2019–2025)

Year	Number of Cases	Case Number	Court	Type of Case	Dispute Pattern	Dispute Outcome
2019	1	432/Pdt/2019/PT.DKI	Jakarta High Court	Civil	Dispute concerning payment obligations in international trade transactions using a usance LC	Civil appellate decision concerning payment obligations
2019	1	181/Pdt.G/2019/PN.Smg	Semarang District Court	Civil	International trade contract dispute based	Civil claim adjudicated in 2020

					on LC transactions		
2021	1	6/Pdt.G.S /2021/PN .Ptk	Pontianak District Court	Civil	Dispute concerning payment obligations under LC financing facilities between a bank and its customer	Civil claim concerning repayment obligations	
2021	1	3028 K/Pid.Sus /2021	Supreme Court of the Republic of Indonesia	Special Criminal Case	Misuse of LC transactions within financial scheme	Criminal cassation decision	
2021	1	36/Pid/20 21/PT.DK I	Jakarta High Court	Criminal	Criminal dispute involving Standby Letter of Credit (SBLC)	Criminal appellate decision of	
2021	1	245/Pdt.S us- PKPU/20 21	Commercial Court	Bankruptcy / PKPU	Petition for suspension of debt payment obligations (PKPU) arising from LC/SKBDN facility debt	PKPU petition filed due to LC-related debt	
2023	1	260/Pid.B /2023/PN .Bks	Bekasi District Court	Criminal	Criminal case involving LC documentation in import transactions	First-instance criminal judgment	
2024	1	704/Pid.S us/2024/P N.Jkt.Sel	South Jakarta District Court	Special Criminal Case	Financial crime related to international transactions (indication of LC/SBLC use)	First-instance criminal judgment	

2025	1	-	District Court / Supreme Court (Civil)	Civil Credit Dispute	Dispute concerning credit facilities based on LC structures	Petition rejected in 2025	in
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Source: Author's Interpretation

Table 8: Annual Distribution of Letter of Credit (LC) Cases in Indonesian Courts (2019–2025)

Year	Number of Cases
2019	2
2020	0
2021	4
2022	0
2023	1
2024	1
2025	1

Source: Author's Interpretation

Table 9: Classification of Letter of Credit (LC) Cases Based on Case

Type of Case	Number of Cases
Civil disputes (LC contracts/financing facilities)	4
Bankruptcy / PKPU proceedings related to LC	1
Criminal cases involving LC / SBLC transactions	4
Total	9

Source: Author's Interpretation

Table 10: Patterns of Letter of Credit (LC) Disputes Identified in Indonesian Courts

Dispute Pattern	Number of Cases
Disputes concerning payment obligations under LC financing facilities	3
Disputes concerning international trade contracts based on LC transactions	1
Bankruptcy disputes arising from LC-related debt	1
Criminal disputes involving LC / SBLC transactions	4
Total	9

Source: Author's Interpretation

As a payment instrument in international trade, the letter of credit (LC) is governed by international standards, particularly the Uniform Customs and Practice for

Documentary Credits (UCP 600) issued by the International Chamber of Commerce. This standard affirms that an LC transaction is fundamentally document-based, in which banks are only obligated to examine the conformity of the presented documents, without assessing the actual condition of the goods or the underlying contract.¹⁷ Disputes involving LC that reach the courts are relatively rare compared to the large number of disputes concerning conventional credit or other financing facilities. Nevertheless, the cases that do arise demonstrate structural patterns of disputes, particularly those related to documentation, payment obligations, and the misuse of LC facilities. Based on an examination of cases recorded in the Decision Directory of the Supreme Court of the Republic of Indonesia from 2019 to 2025, nine cases were identified that directly involve LC or Standby Letter of Credit (SBLC) issues across three dispute typologies.

Regarding civil disputes involving LC facilities and contractual arrangements, one case is reflected in Decision Number 181/Pdt.G/2019/PN Semarang, which concerned an international trade contract dispute involving an LC-based payment mechanism. The dispute arose from differing interpretations of payment obligations within the transaction structure.¹⁸ Furthermore, Decision Number 432/Pdt/2019/PT DKI is an appellate civil case concerning payment obligations arising from a trade transaction under a usance LC. This case illustrates a contractual conflict centered on payment obligations rather than on the quality of the goods.¹⁹ Similarly, Decision Number 6/Pdt.G.S/2021/PN Pontianak concerned a dispute between a bank and its customer regarding payment obligations related to an LC facility.²⁰ The dispute arose due to a default in fulfilling payment obligations under the financing facility. These cases demonstrate that LCs function not only as payment instruments but also as part of a credit financing structure that may give rise to contractual disputes.

¹⁷ Sharifah Faigah Syed Alwi, Uzaimah Ibrahim, and Mohd Fuad Sawari, "An Issue on Uniform Customs and Practice for Documentary Credits (UCP) No 600 for Islamic Letter of Credit," *Procedia Economics and Finance* 7 (2013): 126–33.

¹⁸ Semarang District Court Decision No. 181/Pdt.G/2019/PN Smg, Decision Directory of the Supreme Court of the Republic of Indonesia. (2019).

¹⁹ Jakarta High Court Decision No. 432/PDT/2019/PT DKI, Decision Directory of the Supreme Court of the Republic of Indonesia. (2019).

²⁰ Pontianak District Court Decision No. 6/Pdt.G.S/2021/PN Ptk, Decision Directory of the Supreme Court of the Republic of Indonesia. (2021).

LC-related issues also appear in cases of bankruptcy or suspension of debt payment obligations (PKPU), particularly when the debtor cannot repay LC facilities. This is illustrated in Decision Number 245/Pdt.Sus-PKPU/2021/PN Niaga, concerning a PKPU petition filed because the debtor was unable to fulfill obligations arising from LC or SKBDN facilities. This case demonstrates that LC obligations may constitute a source of debt that triggers bankruptcy proceedings.²¹ Such cases indicate that LC does not merely operate as a payment mechanism but also as a financing instrument that may generate credit risk and insolvency disputes. In addition to civil cases, several criminal cases involving LC or SBLC were identified. These cases generally involve document misuse, fictitious transactions, or manipulation of LC facilities—for example, Decision Number 3028 K/Pid.Sus/2021 of the Supreme Court of the Republic of Indonesia concerns a special criminal case involving LC-based transactions within a particular financial scheme.

Meanwhile, Decision Number 36/PID/2021/PT DKI represents an appellate criminal case concerning the issuance of a high-value Standby Letter of Credit (SBLC) in an international transaction.²² Decision Number 260/Pid.B/2023/PN Bekasi concerns a criminal case involving the use of LC documents in an import transaction, specifically the misuse of documents within the LC structure.²³ Likewise, Decision Number 704/Pid.Sus/2024/PN Jakarta Selatan concerns a financial crime case involving international transactions using financial documentation, including LCs or similar instruments. These disputes involve issues such as payment obligations, document manipulation, and contractual structure.²⁴ Collectively, these cases demonstrate that the document-based nature of the LC system may create opportunities for misuse, particularly when the documents presented do not reflect the actual transaction.

²¹ Commercial Court Decision No. 245/Pdt.Sus-PKPU/2021/PN Niaga, Decision Directory of the Supreme Court of the Republic of Indonesia. (2021).

²² Jakarta High Court Decision No. 36/PID/2021/PT DKI, Decision Directory of the Supreme Court of the Republic of Indonesia (2021).

²³ Bekasi District Court Decision No. 260/Pid.B/2023/PN Bks, Decision Directory of the Supreme Court of the Republic of Indonesia. (2023).

²⁴ South Jakarta District Court Decision No. 704/Pid.Sus/2024/PN Jkt.Sel, Decision Directory of the Supreme Court of the Republic of Indonesia (2024).

These findings reveal a general pattern of LC disputes in judicial practice. First, payment disputes concerning LC facilities frequently arise between banks and their customers. Second, bankruptcy disputes arise from LC-related debt obligations. Third, criminal disputes arise from the misuse of LC documentation. Of the nine identified cases, four are civil, one is a bankruptcy case, and four are criminal. This distribution indicates that LC disputes resolved through judicial mechanisms in Indonesia predominantly concern payment obligations, document misuse, and contractual structures, rather than the quality or existence of the goods forming the subject of the transaction. Such a pattern is consistent with the principles established in the Uniform Customs and Practice for Documentary Credits (UCP 600), which make documentary compliance the primary basis for payment in international trade transactions. Based on the legal facts of each letter of credit (LC) case between 2019 and 2025 recorded in the Decision Directory of the Supreme Court of the Republic of Indonesia, LC or SBLC is explicitly mentioned as part of the core dispute. Methodologically, these facts are derived from the principal issues identified in each judicial decision, as outlined below:

Table 11: Legal Facts of Letter of Credit (LC) Cases (2019–2025)

Year	Case Number	Court	Case Type	Key Legal Facts	Legal Issues	Judgment Outcome
2019	181/Pdt.G/2019/PN Smg	Semarang District Court	Civil	Dispute over an international trade contract using the LC payment mechanism for import transactions between the parties	Payment obligations under the LC contract and the responsibilities of the parties	Judgment rendered concerning contractual payment obligations
2019	432/Pdt/2019/PT DKI	Jakarta High Court	Civil (Appeal)	Payment dispute in a trade transaction under a usance LC scheme; one party refused	Payment obligations according to the LC structure	Appellate decision upheld the payment obligations

				to fulfill payment obligations		
2021	6/Pdt.G.S/2021/PN Ptk	Pontianak District Court	Civil (Simple Claim)	The bank demanded payment under LC-related financing facilities; the customer was found in default.	Customer's responsibility for LC financing facilities	Judgment concerning payment obligations under the facility
2021	245/Pdt.Sus - PKPU/2021	Commercial Court	PKPU / Bankruptcy	Debtor unable to settle obligations arising from the LC/SKBDN facility, leading to PKPU petition	LC debt as the basis for filing a PKPU petition	PKPU petition examined as LC-related debt
2021	3028 K/Pid.Sus/2021	Supreme Court	Special Criminal (Cassation)	LC-based financial transaction used in an unlawful scheme	Misuse of LC transactions in a financial scheme	Criminal cassation decision related to LC
2021	36/PID/2021/PT DKI	Jakarta High Court	Criminal (Appeal)	Issuance of a high-value Standby LC in an international transaction resulting in a criminal case	Issuance of SBLC involving criminal elements	Criminal appellate decision
2023	260/Pid.B/2023/PN Bks	Bekasi District Court	Criminal	LC documents used in an import transaction with criminal violations	Misuse of LC documents in an import transaction	First instance criminal judgment

2024	704/Pid.Sus /2024/PN Jkt Sel	South Jakarta District Court	Special Criminal	International financial case involving transactional documents, including LC/SBLC	Criminal liability related to an SBLC-based transaction	First instance criminal judgment
2025	Civil credit LC decision	District Court / Supreme Court	Civil	Credit dispute based on LC facility; debtor refused to fulfill payment obligations.	Payment obligations arising from the LC facility	Petition rejected by the Court

Source: Author's Interpretation

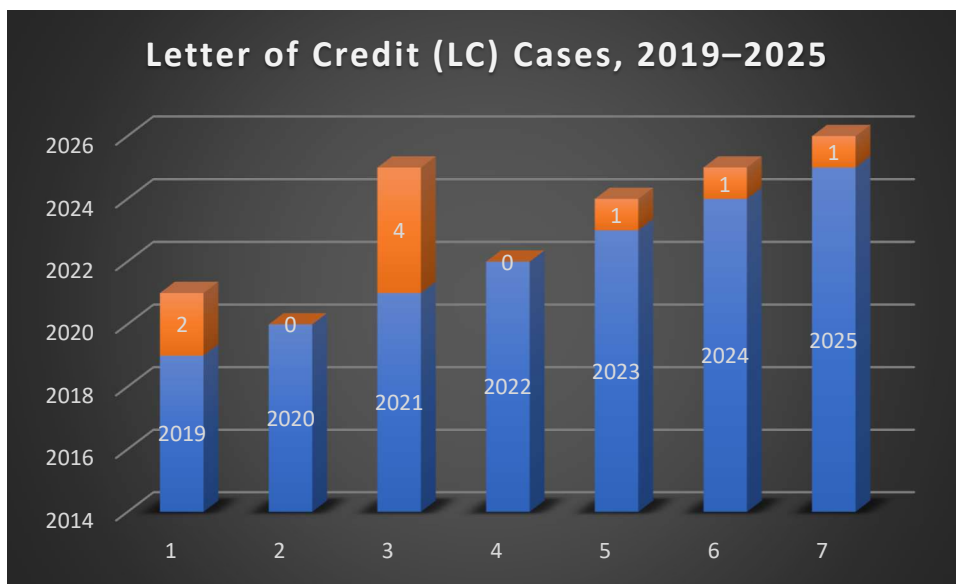
Table 12: Case Patterns Based on Legal Facts

Pattern of Legal Facts	Number of Cases	Key Characteristics
Default on LC facility payments	3	Customers failed to fulfill payment obligations
LC-based international trade contract disputes	2	Payment obligation conflicts in international trade transactions
Bankruptcy due to LC debt	1	LC was used as the basis for filing a PKPU petition.
LC misuse (criminal)	1	LC is employed in problematic or fictitious transactions

Source: Author's Interpretation

The year 2021 recorded the highest number of cases, totaling four, compared to 2019, 2023, 2024, and 2025. In contrast, neither 2020 nor 2022 involved any pure LC-related cases. On average, this corresponds to approximately 1.3% per year, indicating that LC disputes in Indonesian courts are relatively rare, yet structurally significant and recurring. Of these cases, 44% were civil cases involving LC contracts and facilities, 11% were bankruptcy/PKPU disputes arising from LC transactions, and 44% were criminal cases related to LC/SBLC, reflecting the potential risks of LC misuse. When classified by main typology, 56% of cases involved payment disputes, 33% involved criminal disputes related to LC/SBLC, and 11% involved bankruptcy disputes. Based on statistical findings

from 2019 to 2025, there were only 9 cases over 7 years, averaging 1–2 per year. This demonstrates that while LC disputes are infrequent, they are structurally significant. Disputes primarily centered on LC payments, stemming from LCs being treated as payment facilities and the potential for document misuse. All cases reflected the documentary nature of LCs under UCP 600, which constitutes the central focus of contemporary scholars' critiques—namely, the formalistic treatment of documents, lack of clarity in the underlying transactions, and the potential for disputes arising from contractual errors.



National law does not specifically regulate LC disputes under a dedicated statute; instead, they are governed by general provisions of civil law as outlined in the Indonesian Civil Code (*Kitab Undang-Undang Hukum Perdata - KUHPerdata*), particularly those concerning obligations and breach of contract in Book III. Bankruptcy law is governed by Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations (PKPU), while criminal provisions apply when LCs are used in unlawful transactions.²⁵

The correlation between case typologies and contemporary scholars' critiques is as follows: most civil LC cases relate to defaults on LC facility payments or obligations arising from LC-based debt structures. Examples include decisions such as PN Pontianak No.

²⁵ Peraturan Perundang-Undangan, *Kitab Undang-Undang Hukum Perdata Buku III Tentang Perikatan Undang-Undang Nomor 10 Tahun 1998 Tentang Perubahan Atas Undang-Undang Nomor 7 Tahun 1992 Tentang Perbankan*, 1998.

6/Pdt.G.S/2021, PN Semarang No. 181/Pdt.G/2019, and PT DKI Jakarta No. 432/PDT/2019. These cases demonstrate that conflicts primarily concern payment obligations rather than the underlying goods or the execution of the trade contract.²⁶ Such patterns align with contemporary scholars' contractual critiques, which argue that the conventional LC structure separates legal relationships that should exist among the parties. This structure does not establish a clear contract and often encourages contractual engineering, particularly in Islamic banking practices.²⁷ From the scholars' perspective, the conventional LC framework creates complex legal relationships between the bank, importer, and exporter, rendering contractual responsibilities misaligned with the reality of the transaction.

In criminal disputes and critiques regarding potential *gharar* (uncertainty), as reflected in MA No. 3028 K/Pid.Sus/2021, PT DKI No. 36/PID/2021, PN Bekasi No. 260/Pid.B/2023, and PN Jakarta Selatan No. 704/Pid.Sus/2024, the cases involve document misuse, fictitious transactions, and manipulation of LC facilities.²⁸ This phenomenon corresponds with scholars' critiques of potential *gharar* in LC transactions. The conventional documentary LC system emphasizes document conformity, allowing payments to be executed without verification of the underlying transaction. In fiqh *al-mu'amalat*, this condition creates uncertainty regarding the transaction's object and undermines contractual fairness.²⁹

²⁶ Pontianak District Court Decision No. 6/Pdt.G.S/2021/PN Ptk, Decision Directory of the Supreme Court of the Republic of Indonesia.; Semarang District Court Decision No. 181/Pdt.G/2019/PN Sng, Decision Directory of the Supreme Court of the Republic of Indonesia.; Jakarta High Court Decision No. 432/PDT/2019/PT DKI, Decision Directory of the Supreme Court of the Republic of Indonesia.

²⁷ Muhammad Ayub, *Understanding Islamic Finance* (New Jersey: John Wiley & Sons, 2009).

²⁸ Supreme Court Decision No. 3028 K/Pid.Sus/2021, Decision Directory of the Supreme Court of the Republic of Indonesia; Jakarta High Court Decision No. 36/PID/2021/PT DKI, Decision Directory of the Supreme Court of the Republic of Indonesia; Bekasi District Court Decision No. 260/Pid.B/2023/PN Bks, Decision Directory of the Supreme Court of the Republic of Indonesia.; South Jakarta District Court Decision No. 704/Pid.Sus/2024/PN Jkt.Sel, Decision Directory of the Supreme Court of the Republic of Indonesia.

²⁹ Zamir Iqbal and Abbas Mirakhor, *An Introduction to Islamic Finance: Theory and Practice* (Singapore: John Wiley & Sons (Asia), 2011), <https://doi.org/10.1002/9781118390474>.

Regarding bankruptcy disputes and structural critiques, cases arise from LC-related debt, exemplified by PN Niaga No. 245/Pdt.Sus-PKPU/2021.³⁰ This shows that LCs in practice often function as financing instruments rather than mere payment mechanisms. When payment obligations are not fulfilled, the LC becomes a source of debt that may lead to bankruptcy. Contemporary scholars critique the LC system for relying solely on documentary compliance, separating payment obligations from the actual goods, failing to require real ownership of the transaction object, and elevating document formalities as the basis for financial obligations.³¹ Under this structure, the bank may demand payment even without ownership of the goods, as its obligation is solely based on UCP 600-compliant documents.³² Comparing the case typologies with the typologies of scholarly critique from a structural correlation perspective, the relationship can be summarized as follows:

Table 13: The Relationship between Legal Cases and Scholarly Critiques

Typology of Scholarly Critique	Typology of Empirical Cases
Structural critique	Bankruptcy resulting from LC debt.
Contractual critique	Disputes over LC facility payments
Critique of <i>Gharar</i>	Criminal disputes related to LC/SBLC

Source: Author's Interpretation

The correlation indicates that these critiques are not merely normative but are empirically substantiated by practice in court disputes. Accordingly, based on the primary structural issues identified, it was found that document formalism serves as the main source of disputes—specifically regarding payment obligations, document compliance, or the misuse of LC facilities. These disputes are directly related to the condition and quality of goods under trade contracts or to the substantive object of the transaction. Thus, the document-based LC system has generated formalistic conflicts in line with the principle of document examination stipulated in Article 14 of UCP 600.³³ This finding confirms the scholars' critique that the conventional LC system separates payment from the actual realities of the underlying transaction. The second finding concerns the misalignment of

³⁰ Commercial Court Decision No. 245/Pdt.Sus-PKPU/2021/PN Niaga, Decision Directory of the Supreme Court of the Republic of Indonesia.

³¹ Syed Alwi et al., "Issues of Letter of Credit in Malaysian Islamic Banks."

³² Alwi, Ibrahim, and Sawari, "An Issue on Uniform Customs and Practice for Documentary Credits (UCP) No 600 for Islamic Letter of Credit."

³³ Iqbal and Mirakhor, *An Introduction to Islamic Finance: Theory and Practice*.

contract structures as a source of payment conflicts. More than half of LC cases involve disputes over LC facility payments. Therefore, an LC functions not only as a payment instrument but also as a debt facility. This underpins the scholars' criticism that the conventional LC structure does not establish a clear contractual relationship, requiring contract engineering in practice under Sharia principles, which ultimately generates conflicts of responsibility among parties.³⁴ The third finding reveals that the document-based LC system creates opportunities for transactional misuse that may constitute criminal violations, suggesting that the system can be used for fictitious or manipulative transactions. Contemporary scholars consider such transactions to involve *gharar* (uncertainty), as payments may be made without verification of the actual transaction object³⁵, thereby posing systemic risks to transaction integrity.

Legal conflicts surrounding LCs are rooted not in the transaction object itself but in the obligation structures created by the documents. This condition corroborates contemporary scholars' critiques that conventional LCs separate payment from the reality of transactions, resulting in contracts that lack a direct connection to the underlying object.³⁶ From a fiqh muamalah perspective, financial transactions should clearly link the contract, the object, and the parties' responsibilities. However, the document-based LC structure allows payment obligations to arise without direct association with the goods. In these cases, disputes generally occur between banks and clients concerning payment issues; they do not arise from discrepancies in the goods but from clients failing to meet payment obligations inherent in the LC structure. This aligns with scholars' criticisms that conventional LCs fail to form a clear contract, fragment legal relationships among parties, and create a complex contractual framework.³⁷ In Islamic banking practice, this structure is adapted through hybrid contracts such as *wakālah* and *murabahah* to align conventional LCs with Sharia principles.

³⁴ Syed Alwi et al., "Issues of Letter of Credit in Malaysian Islamic Banks."

³⁵ Bridge, "ICC Uniform Customs and Practice for Documentary Credits (UCP 600) (2007 Revision)."

³⁶ Ayub, *Understanding Islamic Finance*.

³⁷ Iqbal and Mirakhor, *An Introduction to Islamic Finance: Theory and Practice*.

Nevertheless, such contract engineering does not fundamentally alter the underlying document-based LC structure. Consequently, payment conflicts arising in LC cases can be understood as stemming from a contract structure that does not fully reflect the real relationship between the contract and the transaction object. Based on the integration of case statistics and the typology of scholarly critiques, the contractual relationships can thus be formulated as follows:

Table 14: Contractual Relationships: Cases and Typology of Scholarly Critiques

Document-Based LC Structure	Case Manifestation	Scholarly Critique
Autonomy Principle	Payment disputes without issues with the goods	Contractual critique
Documentary Compliance	Disputes centered on documents	Structural critique
Payment without verification of goods	LC-related criminal cases	<i>Gharar</i> critique

Source: Author's Interpretation

The pattern of LC disputes in the courts is not merely a phenomenon of isolated cases but rather a consequence of the LC system's inherent structure. Thus, it can be asserted that LC cases create opportunities for transactional misuse.

CONCLUSION

Based on these three structural findings, policy implications can be drawn for regulators, the banking industry, and the development of Islamic economic law. Specifically, the reform of Sharia-compliant LCs should not rely solely on contract engineering but must also address the underlying system structure. Therefore, regulators and Sharia standard-setting bodies need to formulate Sharia LCs based on contractual structures, ensuring a clear linkage between the contract, the underlying object, and the parties' responsibilities, while reducing dependence on conventional document-based LC structures. Other necessary improvements include strengthening oversight of LC transactions, particularly to verify the substance of trade transactions; enhancing banks' internal monitoring of LC documentation; and integrating Sharia-compliance systems with operational risk management. These measures are crucial to minimizing the potential for fictitious transactions and document manipulation. Disputes over LC facilities indicate a

misalignment between conventional LC structures and Sharia-compliant financing. Consequently, harmonization of LC contracts within Sharia financing is required through clarifying the bank's role within the transaction structure, simplifying complex contracts, and establishing standardized, transparent, and consistent Sharia LC contracts. This approach aims to reduce contractual disputes between banks and clients. Court cases provide valuable insights into the structural problems of LCs. Therefore, regulators and policymakers should leverage LC dispute data to inform regulatory evaluation, integrate jurisprudential analysis into policy formulation, and develop evidence-based regulatory frameworks. Such efforts can enhance the effectiveness of reforms in Islamic economic law.

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AUTHOR CONTRIBUTIONS STATEMENT

Nurhidayati and Asmawi conceived and designed the study. Nurhidayati, Asmawi, and Nur Hidayah developed the research methodology. Data collection was carried out by Nur Hidayah, Satriya Nugraha, and Syariful Anam, while Nurhidayati, Asmawi, and Ahmad Alsharu conducted data analysis and interpretation. Nurhidayati and Nur Hidayah prepared the initial draft of the manuscript. Asmawi, Satriya Nugraha, Syariful Anam, and Ahmad Alsharu critically reviewed and revised the manuscript to enhance its intellectual

content. Asmawi provided overall supervision of the research process, while Satriya Nugraha and Syariful Anam coordinated project administration and research implementation. All authors contributed substantially to the study, reviewed and approved the final version of the manuscript, and agreed to be accountable for all aspects of the work.

CONFLICT OF INTEREST

The authors declare that there are no conflicts of interest regarding the publication of this article. The authors have no financial, professional, institutional, or personal relationships that could have influenced the research process, data interpretation, or the conclusions presented in this study. All authors have conducted the research independently and have approved the final manuscript for publication.

AI USAGE STATEMENT

The authors declare that no artificial intelligence (AI) tools were used in the conception, design, data collection, analysis, interpretation, or writing of this manuscript. All aspects of the research and manuscript preparation were conducted solely by the authors. The authors take full responsibility for the content, accuracy, and originality of the work presented in this article.

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