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The Role of Sharia Audit in Improving the Quality of MSME Financing in the Culinary Sector in Pekanbaru

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Abstract

This study aims to analyze the role of Sharia audit in improving the quality of financing for Micro, Small, and Medium Enterprises (MSMEs) in the culinary sector at Islamic banks in Pekanbaru through a literature review approach. The research employs a qualitative method using library research techniques, with data obtained from scientific journals, books, and other relevant publications. The results show that Sharia audit has a strategic role in ensuring compliance with Islamic principles (*sharia compliance*), improving the quality of financing management, and minimizing the risk of non-performing financing (NPF), particularly in the culinary MSME sector, which has dynamic business characteristics and rapid capital turnover. In addition, Sharia audit contributes to enhancing transparency, accountability, and public trust in Islamic banks. However, the implementation of Sharia audit still faces several challenges, including limited auditor competence, the absence of standardized audit frameworks, and the suboptimal utilization of digital technology. Furthermore, the characteristics of culinary MSMEs, such as simple financial records and fluctuating income, create additional challenges in the audit process. Therefore, strengthening efforts are required through improving the quality of human resources, developing regulatory frameworks, and integrating technology into the audit process. This study is expected to contribute to the development of more effective Sharia audit practices and support sustainable improvements in the quality of MSME financing, particularly in the culinary sector.

Keywords: Sharia audit, MSME financing, culinary sector, Islamic banking, financing quality, sharia compliance.

INTRODUCTION

The development of the Islamic banking industry in Indonesia has shown an increasing trend along with the growing public awareness of financial systems based on Islamic principles. In this context, Islamic banks not only function as financial intermediary institutions but also as instruments for promoting inclusive and equitable economic growth. One of the main sectors receiving financing attention is Micro, Small, and Medium Enterprises (MSMEs), which have long been recognized as the backbone of the national economy (Yusuf et al., 2023).

In Pekanbaru City, MSMEs have experienced rapid growth, particularly in the culinary sector, such as food stalls, coffee shops, snack businesses, and home-based culinary enterprises. The culinary sector possesses unique characteristics, including rapid business turnover, high working capital requirements, and relatively intense competition. These conditions make culinary MSME actors highly dependent on sustainable financing support, including from Islamic banks, to improve business capacity and competitiveness.

Islamic banks, through various financing schemes such as *murabahah*, *mudharabah*, and *musyarakah*, strive to provide more inclusive access to capital for MSME actors, including those in the culinary sector. Such financing has been proven to positively influence the improvement of production capacity and MSME performance (Fadhillah, 2026). Nevertheless, in practice, the quality of financing provided still faces various challenges, both in terms of financing risks and compliance with Islamic principles.

The quality of financing in Islamic banking is not only measured by the smoothness of payment performance but also by the extent to which the financing complies with Islamic principles (*sharia compliance*). Inconsistencies in contract implementation, practices involving elements of *riba*, *gharar*, or unclear contractual agreements may reduce financing quality and damage public trust in Islamic banks (Surury & Ainulyaqin, 2022). This issue becomes increasingly important in financing culinary MSMEs, which operate in highly dynamic business environments and often face limitations in financial record-keeping.

Therefore, a supervisory mechanism is required to ensure that all financing processes are conducted in accordance with Sharia provisions. In this regard, Sharia audit plays an important role as an instrument of control and evaluation over Islamic banking operations. Sharia audit is a systematic process used to assess the compliance of financial institutions with Islamic principles, covering aspects of contracts, operational procedures, and transaction implementation (Surury & Ainulyaqin, 2022). Through Sharia auditing, potential irregularities in financing can be detected at an early stage, thereby maintaining financing quality.

Furthermore, the effectiveness of Sharia audit is influenced by several factors, such as auditor competence, independence, and the availability of clear audit standards. Auditors who possess a deep understanding of *fiqh muamalah* and modern banking practices are more capable of identifying potential risks in financing, particularly in the culinary MSME sector. On the other hand, limited auditor competence may weaken the supervisory function and ultimately reduce financing quality (Firmansyah & Muhammad, 2024).

In Indonesia, the implementation of Sharia audit still faces several challenges, including the lack of optimal audit standardization, limited human resources, and the absence of fully integrated audit systems supported by digital technology (Amanda & Ramadan, 2025). In addition, the characteristics of culinary MSMEs, which generally maintain simple financial records and experience fluctuating income, also present specific challenges in the auditing process. These conditions require a more adaptive and comprehensive audit approach.

Based on various literature studies, it can be concluded that Sharia audit plays a strategic role in improving the quality of MSME financing in

Islamic banks. Effective auditing not only ensures compliance with Islamic principles but also enhances transparency, accountability, and public trust in Islamic financial institutions (Mustika et al., 2025).

Therefore, this study is important to conduct in order to analyze comprehensively the role of Sharia audit in improving the quality of MSME financing in the culinary sector in Pekanbaru City. By using a literature review approach, this research is expected to provide a comprehensive overview of the relationship between Sharia audit and the quality of financing for culinary MSMEs, as well as identify factors influencing the effectiveness of Sharia audit.

METHOD

This study employs a qualitative approach using the literature review method, which involves examining and analyzing various literature sources relevant to the research topic. This method was chosen because the study aims to comprehensively understand the role of Sharia audit in improving the quality of MSME financing based on findings from previous studies.

A literature review is a research method conducted by collecting, reviewing, and synthesizing various research findings published in scientific journals, books, and other research reports. This approach enables researchers to gain a broader understanding of concepts, theories, and empirical findings related to Sharia audit and MSME financing.

RESULTS AND DISCUSSION

1. The Strategic Role of Sharia Audit in Ensuring the Quality of MSME Financing in the Culinary Sector

Sharia audit plays a very important role in maintaining the quality of financing, particularly for MSMEs in the culinary sector in Pekanbaru City. This role is not limited to a supervisory function but also serves as an evaluation tool to ensure that all financing processes are carried out in accordance with Islamic principles. In this context, financing quality is not only measured from financial aspects such as payment performance but also from the level of compliance with Islamic principles (*sharia compliance*).

Research shows that the existence of Sharia audit within the governance system is able to improve the quality of financing analysis from the initial stage to the post-disbursement evaluation stage (Minaryanti et al., 2026). This is particularly important for culinary MSMEs, which have dynamic business characteristics, such as rapid capital turnover and dependence on daily income.

In addition, Sharia audit functions as an internal control system capable of detecting potential irregularities in financing contracts, such as inconsistencies in the implementation of *murabahah* contracts or profit-sharing mechanisms in *mudharabah* agreements (Firmansyah & Muhammad, 2024). Thus, Sharia audit plays a role in maintaining the integrity and quality of financing provided to culinary business actors.

Furthermore, the level of compliance with Islamic principles is a key indicator in assessing financing quality. Sharia audit serves as the primary instrument in ensuring that all financing activities comply with established standards. Effective auditing is capable of improving *sharia compliance* through a systematic evaluation process of contracts and operational procedures (Serli & Triana, 2025).

On the other hand, the characteristics of culinary MSMEs, which carry relatively high risks such as fluctuating income and simple financial records, make Sharia audit increasingly important. In this regard, Sharia audit plays a role in:

a. ensuring business feasibility prior to financing,
b. monitoring the use of financing funds, and
c. periodically evaluating financing performance.

Analytically, the role of Sharia audit in culinary MSMEs becomes increasingly crucial because this sector has a high level of uncertainty. Unlike the manufacturing or corporate sectors, culinary MSMEs are highly dependent on daily market conditions, consumer preferences, and external factors such as raw material prices. These conditions increase financing risk potential, making Sharia audit function not only as a supervisory mechanism but also as a risk mitigation tool.

In addition, the limited financial record-keeping practices of culinary MSMEs often result in incomplete information. In this situation, Sharia audit serves as a verification mechanism to ensure that the data used in financing analysis remains reliable. Therefore, Sharia audit contributes to improving the quality of financing decisions made by Islamic banks.

2. The Impact of Sharia Audit on the Quality of MSME Financing in the Culinary Sector

In general, Sharia audit has a significant influence on improving the quality of MSME financing, especially in the culinary sector. This impact can be observed through increased compliance with Islamic principles, reduced risk of non-performing financing (NPF), and enhanced transparency and accountability in financing management.

Sharia audit also plays a role in increasing public trust in Islamic banks. This level of trust is particularly important for culinary MSME actors, as it encourages them to utilize Sharia financing to develop their businesses (Yusuf et al., 2023).

In addition, Sharia audit ensures that financing funds are genuinely used for productive business activities that comply with Islamic principles. This positively impacts the improvement of culinary MSME performance, both in terms of production and income.

However, the effectiveness of Sharia audit is still influenced by several factors, such as the quality of human resources, the audit standards applied, and the utilization of technology. Limited auditor competence and the lack of optimal audit digitalization remain major challenges in improving the quality of Sharia audit (Jusri & Maulidha, 2020).

More comprehensively, the impact of Sharia audit is not only internal to banks but also external to MSME actors. From the internal perspective, Sharia audit helps banks reduce the risk of losses caused by problematic financing. Meanwhile, from the external perspective, Sharia audit provides assurance to business actors that the financing system implemented is fair and transparent.

Nevertheless, the effectiveness of Sharia audit continues to be influenced by several factors. Limited auditor competence and the suboptimal use of digital technology remain major obstacles in the audit process (Syaifuddin, 2025). This indicates that improving the quality of Sharia audit depends not only on the system itself but also on the quality of the human resources implementing it.

Moreover, within the context of culinary MSMEs, Sharia audit also faces challenges in the form of highly fluctuating income. This condition makes the assessment of financing performance more complex, thus requiring a more flexible and adaptive audit approach.

Therefore, strategic efforts are needed, such as improving auditor competence, developing integrated audit standards, and utilizing digital technology to enhance the effectiveness of Sharia audit in supporting the quality of culinary MSME financing (Firmansyah & Muhammad, 2024).

3. Integration of Sharia Audit with Good Corporate Governance (GCG)

Sharia audit has a close relationship with the implementation of Good Corporate Governance (GCG) principles in Islamic banking. In this regard, Sharia audit functions as a supervisory mechanism that ensures all bank operational activities are conducted in accordance with the principles of transparency, accountability, and independence.

Research indicates that strengthening Sharia audit within the GCG framework can improve supervisory effectiveness and minimize potential irregularities in financing activities (Amanda & Ramadan, 2025). In the context of culinary MSMEs, this is important to ensure that financing processes are carried out objectively and in accordance with prudential principles.

Furthermore, Sharia audit also plays a role in improving transparency of information provided to customers. This transparency includes clarity regarding contracts, profit margins, and risks associated with financing. Good transparency will increase the trust of culinary MSME actors in Islamic banks (Deswita et al., 2025).

In the digital era, the integration of technology into Sharia audit has become increasingly important. The use of technologies such as financial information systems and financial technology (*fintech*) enables audit processes to be conducted more quickly, accurately, and transparently (Dewi, 2025). This is highly relevant to culinary MSME financing, which involves high daily transaction volumes.

The integration between Sharia audit and GCG has become a key factor in creating a healthy and sustainable Islamic banking system. In the context of culinary MSMEs, the implementation of GCG supported by Sharia audit can strengthen business actors' trust in financial institutions.

In the digital era, the use of technologies such as financial information systems and fintech has also become an essential component in supporting Sharia audit (Dewi, 2025). Technology allows audit processes to be conducted in real time, enabling potential irregularities to be detected more quickly.

However, the implementation of this integration still faces challenges, particularly regarding infrastructure readiness and digital literacy, both on the part of banks and culinary MSME actors. Therefore, synergy among regulations, technology, and human resource capacity building is needed to optimize the role of Sharia audit within the GCG framework.

Overall, the integration between Sharia audit and GCG is a key factor in improving the quality of financing for culinary MSMEs. With a strong supervisory system, financing can be distributed more effectively, appropriately, and sustainably (Darista et al., 2025).

4. Challenges and Optimization Strategies for Sharia Audit in Culinary MSME Financing

The implementation of Sharia audit in financing culinary MSMEs in Pekanbaru City cannot be separated from various challenges affecting its effectiveness. One of the primary obstacles is the limited competence of Sharia auditors, particularly in comprehensively understanding both *fiqh muamalah* and rapidly evolving modern business practices. This condition causes the audit process to remain less than optimal in identifying potential irregularities in financing activities (Firmansyah & Muhammad, 2024).

In addition, the absence of standardized Sharia audit standards also creates obstacles in audit implementation. Differences in audit approaches and methods among Islamic financial institutions may lead to inconsistencies in assessing financing quality (Amanda & Ramadan, 2025). This condition has the potential to create uncertainty in the application of Islamic principles, particularly in financing culinary MSMEs, which possess diverse business characteristics.

From the MSME perspective, limitations in financial record-keeping also pose significant challenges. Most culinary business actors still use simple or poorly structured bookkeeping systems. This situation makes it difficult for auditors to evaluate the utilization of financing funds and overall business performance.

On the other hand, the development of digital technology has not yet been fully utilized in the Sharia audit process. In fact, technologies such as financial information systems, big data, and financial technology (*fintech*) can help improve efficiency and accuracy in auditing processes (Dewi, 2025). The lack of technological integration causes audits to remain largely manual and less optimal.

The challenges in Sharia audit indicate that improving financing quality depends not only on the audit system itself but also on the readiness of all involved parties, both banks and MSME actors. Therefore, comprehensive strategies are needed to optimize the role of Sharia audit.

In addition, educating culinary MSME actors regarding the importance of financial record-keeping is also an important step in supporting audit effectiveness. With improved bookkeeping practices, financing evaluations can be conducted more accurately and objectively.

Thus, the optimization of Sharia audit should not focus solely on supervisory aspects but also include strengthening systems, human resources, and technology utilization. If implemented sustainably, the quality of financing for culinary MSMEs will continue to improve and provide greater contributions to the regional economy (Arista, N., Nirwana, & Masyhudri, 2025).

CONCLUSION

Based on the results of the study and discussion, it can be concluded that Sharia audit has a highly strategic role in improving the quality of financing for MSMEs in the culinary sector in Pekanbaru City. Sharia audit functions not only as a supervisory mechanism but also as an evaluation tool that ensures all financing processes comply with Islamic principles (*sharia compliance*), thereby maintaining the integrity and quality of financing provided by Islamic banks.

Sharia audit has also been proven to positively impact financing quality, particularly in minimizing the risk of non-performing financing (NPF), improving transparency and accountability, and strengthening public trust in Islamic banks. In the context of culinary MSMEs, which are characterized by dynamic business activities, rapid capital turnover, and limitations in financial record-keeping, the presence of Sharia audit becomes highly important as an instrument of control and risk management.

Furthermore, the integration of Sharia audit with Good Corporate Governance (GCG) principles also strengthens the supervisory system in Islamic banking. The implementation of transparency, accountability, and independence principles supported by Sharia audit is able to improve the effectiveness of culinary MSME financing management in a more optimal and sustainable manner.

However, the implementation of Sharia audit still faces various obstacles, such as limited auditor competence, suboptimal Sharia audit standards, and minimal utilization of digital technology in the auditing process. Therefore, strengthening efforts are required through improving the quality of human resources, developing standardized audit systems, and integrating technology to support the effectiveness of Sharia audit.

Thus, Sharia audit plays a very important role in supporting the improvement of financing quality for culinary MSMEs. Optimizing the role of Sharia audit is expected to encourage more sustainable MSME growth and strengthen the contribution of Islamic banking to the regional economy.

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