

## PROBLEMS OF MURABAHAH FINANCING IN BANKING PRODUCTS

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### Abstract

*This study aims to discuss the problems of murabahah financing in the Muslim business world that intersects with the world of Islamic banking. Key informants in this study were employees and customers of the Islamic People's Economic Bank (BPRS) Sariharjo Village, Ngaglik District, Sleman, Special Region of Yogyakarta. The analysis was carried out using descriptive qualitative and deductive inference. The results of the study indicate that in the world of Islamic banking, murabahah is one of the most widely used types of contracts. However, the financing mechanism that uses murabahah practices is not always profitable and has safe risks for the parties, including risks from sharia, legal and operational aspects. One thing that always arises in the construction of murabahah financing is the suspicion of real profit information in sales transactions in financial reports for banks. Another problem is that the application period for the payment period with the profits obtained is not balanced. The conclusion in this study is that the clash between the conceptualization of murabahah financing and its implementation with various problems provides a constructive solution for improving one of the products to provide easy financing for Muslim micro businesses that provide mutual benefits.*

**Keywords:** Financing; Murabahah; Islamic Banking Products

### INTRODUCTION

The presence and development of sharia-based banks is part of the competition in the banking world which is accompanied by the affirmation based on the provisions of the Government of the Republic of Indonesia that Indonesia adheres to two banking systems, namely conventional banking and sharia banking.(Fonseka and Farooque, 2024). Data from the Financial Services Authority (OJK) recorded that the assets of the Islamic banking industry rose 11.1% annually (yoy) to IDR 868.99 trillion as of December 2023. This figure is a combination of assets of general banks and Islamic business units (UUS) which shows the increasing strength of Islamic banks in Indonesia, based on CNBC Indonesia data from 2024 PT Bank Syariah Indonesia Tbk (BRIS). The bank resulting from the merger of three subsidiaries of state-owned banks had assets of IDR 319.85 trillion as of September 2023. Then Bank Muamalat which had IDR 66.2 trillion. The bank's assets are expected to increase to a level of more than IDR 100 trillion in line with the planned merger with BTN Syariah which as of September 2023 had assets of IDR 48.41 trillion. CIMB Niaga Syariah which had assets of IDR 61.46 trillion. Then in 5th place is Maybank Syariah with total assets of IDR 42.1 trillion.(Risalah & Noor, 2023).

This development is due to the superiority of the Islamic banking system which lies in a system based on profit sharing and risk sharing.(Towse and Fenwick, 2024)A standard profit and loss sharing system between parties involved in a transaction or investment as a differentiator from interest in conventional banks.(N. Wang and Siu, 2024)As an intermediary institution that acts as an intermediary between savers and depositors with the addition of the word "Islam", "interest-free banking" has developed, namely "interest-free banking" is a concept that indicates a number of banking instruments or operations that are

free from interest.(Li et al., 2024).

Islamic banking offers certain advantages and characteristics compared to conventional banking. The element of morality is an important factor in all Islamic banking activities, this can encourage the creation of business ethics and high integrity from the owners and managers. Islamic financing products are divided into four categories that are distinguished based on the purpose of their use, namely: (1) Financing with the principle of buying and selling, (2) Financing with the principle of rent, (3) Financing with the principle of profit sharing, (4) Financing with complementary contracts. The presence of the Islamic financing model is here to meet a person's needs that cannot be met alone, such as through the mudharabah mechanism where one party provides capital (rabb al-mal) and the other party runs the business (mudarib). Profits from the business are divided according to the agreed ratio, while losses are only borne by the capital provider (rabb al-mal), unless the loss is caused by the negligence of the party running the business.(Moller and Halinen, 2022).There is also a musyarakah scheme, namely both parties, namely investors (A) and entrepreneurs (B) deposit capital and share profits and losses according to the proportion of capital deposited. For example, if the capital deposited is 60:40, then the profits and losses are divided according to that proportion.(Cao et al., 2024)Meanwhile, a risk sharing scheme is a scheme in which the risk of an economic activity is shared among the parties involved so that balance and fairness are created in risk sharing, so that no party bears too great a risk.(Cantoni and Yuchtman, 2021).

Previous research has proven the strong sense of solidarity and fair cooperation in the program as written by (Syibly, 2017) who explained the values of justice in Islamic finance, while Sujian Suretno provided an explanation of musyarakah which is simple and easy to implement, because this capital mixing cooperation is only carried out by individuals or corporations with corporations but requires togetherness and a sense of solidarity when in contact with financial institutions in managing customer funds. There is also financing with a murabahah scheme, namely the sale and purchase of goods at the original price with additional profits agreed between the bank as the seller and the customer as the buyer.

Murabahah scheme is one form of financing product for Islamic financial institutions based on DSN-MUI Fatwa No. 04/DSN-MUI/IV/2000 concerning Murabahah, namely financing with the principle of buying and selling. Selling an item by emphasizing the purchase price to the buyer and the buyer pays more as profit. Murabahah (al-bai bi tsaman ajil) is a transaction of buying and selling goods plus a margin agreed upon by the parties. Of the many products developed by Islamic Banks, Murabahah still dominates the financing offered by Islamic banking. Murabahah is a sale and purchase agreement for goods by stating the acquisition price and profit (margin) agreed upon by the seller and buyer.(Xu et al., 2024).

The amount of financing with the murabahah scheme in various Islamic financial institutions has increased every year, and is the largest financing indicator compared to other sources of financing such as musyarakah, mudarabah, salam receivables, istishna receivables and other financing. Based on data from the Financial Services Authority (OJK), the total financing value of all types of contracts from Islamic banks and Islamic business units in Indonesia reached IDR 470 trillion in August 2022, growing 18.51% in a year (Ahdiyat, 2023) with the portion of financing with the murabahah contract currently contributing the most to the total financing of Indonesian Islamic Banking, which is around 60%. The dominance of the murabahah scheme financing shows that this financing has many advantages for Islamic banks. Some of the advantages are buyer certainty, where Islamic banks will not buy an item unless there is already a buyer. Certainty of profit, where Islamic banks can ensure

profit on an item they sell. Third, murabahah financing is easier to implement today (Fayyad, 2023).

The murabahah financing pattern consists of three parties, namely the customer as the buyer, the bank as the seller and the supplier as the provider of goods with a cash and installment payment system. (Y. Wang et al., 2024) Jainudin, et al., (2022) in their research stated that murabahah financing as a financing model for every citizen that applies to Islamic banks has the advantage of a profit-sharing system. The profits obtained are based on the provisions of the parties. Furthermore, in the Financial Accounting Standards for Murabahah Transactions (PSAK 102) as stated by Andrian Anwar L Nata (2023); Yuli Dwi Yusrani Anugrah and Mahfuddhotul Laila (2020) that new financing banks carry out murabahah contracts when there is an order from a customer and murabahah receivables are received at the acquisition cost of murabahah assets plus a previously determined margin. Murabahah assets that are damaged before being given to customers will not affect the value of the assets or there will be no decrease in value.

These advantages have disadvantages where one of the things that always appears in murabahah is that the seller must disclose the profit or excess taken from the sale and purchase transaction. In murabahah, the buyer will know the amount of profit that the seller will take from the goods, but one of the problems that may occur in the murabahah contract is the aspect of the application of the payment period. The profit obtained by Islamic Banks is obtained from payments made by customers. The longer the payment period, the greater the margin that the bank will obtain, and vice versa, the shorter the payment period, the smaller the margin obtained. On the other hand, the murabahah contract is a contract with the principle of sale and purchase so that the terms and conditions must also be in accordance with the sale and purchase in Islamic law. The sale and purchase contract in Islam can be interpreted as the transfer of ownership rights (ownership rights) with compensation (with payment) that can be given (halal) and one of the pillars and conditions of sale and purchase is the condition that requires the object to be in the hands of the seller. In Islamic law, ownership rights are interpreted as a sharia (legal) relationship between a person and an object that has legal consequences and for that person the authority and right to use the object and for other people the authority is closed. In a murabahah financing contract, the bank's ownership of goods is obtained from an agreement/contract that results in the transfer of ownership rights (sale and purchase). (Shanmugam and Dhingra, 2023).

Various problems arise in connection with murabahah financing in banking products, including murabahah can be trapped in a tawarruq contract so that there is no real transfer of ownership from the bank to the customer, profit-based non-cash financing mark up is considered a concept of time value that is contrary to sharia values and rescheduling or transfer to customers who are unable to pay Murabahah is considered a form of usury because of the imposition of additional costs as compensation for additional time.

Based on the background, this study focuses on the case of murabahah financing at the Sharia People's Financing Bank (BPRS) Number: 8854/MBA/11/2010 from the aspect of the payment period and the problems that occur in Islamic banking. This study aims to determine the problems in the case of the murabahah financing period at BPRS and what can happen to Islamic banking in the implementation of murabahah financing.

## **METHOD**

### **Types of research**

This study uses qualitative research with a document study approach that arises from

concerns over the problem of murabahah financing, assessing that the use of murabahah contracts has various risks, namely: financing risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk, compliance risk, yield risk, and investment risk. All of them are explored more deeply into real-world problems with a document study approach that refers to information collected from existing sources, such as books, references, research journals, the internet.

### **Key Informant**

The main data source of this study is the employees and customers of the Sharia People's Financing Bank (BPRS) in Sariharjo Village, Ngaglik District, Sleman, Special Region of Yogyakarta. Based on this, the number of employees and customers of the Sharia People's Financing Bank (BPRS) who are used as key informants is 5 people, namely employees and customers related to financing using the murabahah contract.

### **Data source**

Secondary data is a data source that refers to information collected from existing sources, such as books, references, research journals, the internet, and others. The legal materials used include, First, Primary Legal Materials consisting of Law of the Republic of Indonesia Number 21 of 2008 concerning Sharia Banking, Fatwa DSN-MUI No. 04/DSN-MUI/IV/2000 concerning Murabahah, and BPRS Financing Agreement Number: 8854/MBA/11/2010; Second, Secondary Legal Materials, in the form of research results, and scientific works from experts related to the murabahah contract and its problems in sharia banking practices; Third, Tertiary Legal Materials, in the form of legal dictionaries and legal encyclopedias.

### **Data collection technique**

Data collection techniques are methods used by researchers to collect research data from data sources. Data collection in this paper is documentation by collecting data through books on opinions, theories, postulates or laws related to research problems.

### **Data Analysis Techniques**

The data analysis technique in this study uses qualitative descriptive analysis which includes three steps, namely, data reduction, data display (data presentation), conclusion draw/verification (drawing conclusions). Data testing is carried out by increasing persistence, member check, extended reflection, and triangulation.

## **RESULTS AND DISCUSSION**

### **Research result**

Financing based on Article 1 number 25 of the Republic of Indonesia Law Number 21 of 2008 concerning Sharia Banking, is the procurement of funds or bills that can be equated with it in the form of profit sharing transactions in the form of mudarabah and musyarakah contracts, hire purchase in the form of ijarah contracts or hire purchase in the form of ijarah vomdiyyah bittamlik contracts, sale and purchase in the form of murabahah, salam and istisna receivables, lending and borrowing in the form of qarada contracts, and giro contracts. Receivables, and leasing services in the form of ijarah for multi-service transactions. Sharia financing is stated in the form of an agreement or contract so that it becomes the basis for financing. According to Article 1 Paragraph (13) of the Republic of

Indonesia Law No. 21 of 2008 concerning Sharia Banking, an agreement is an agreement between a Sharia Bank or Sharia Business Unit and another party that contains the rights & obligations of the parties based on sharia provisions. In Islam, an agreement is an agreement that arises because of the binding relationship between the parties in establishing cooperation or transactions.(Kosmopoulou & Nedelescu, 2022).

The case in this study is the Sharia People's Economic Bank (BPRS) which has agreed to provide financing with a murabahah contract to customers to buy land with a principal price of Rp. 125,000,000. The profit of the land price in installments, - Rp. 37,600,000. Furthermore, the installment price of the land is set at Rp. 162,600,000. This financing is provided for a period of 63 (sixty three) months with a grace period of 3 (three) months since the signing of this financing contract. Furthermore, to guarantee the repayment of the financing facility, the customer promises, agrees, declares and guarantees to the Bank in the form of a plot of land including what grows and stands on it. Land Ownership Certificate No. 7546 Sariharjo Village Measurement Letter dated 10.11.2005 No. 04354/2005 covering an area of 150 m2 with an estimated temporary auction price of Rp. 120,000,000.

Based on the agreement, the collateral object becomes the property of the Bank, but remains in the control of the customer as a debtor and its use is in accordance with its nature and designation. The customer is obliged to maintain the collateral object as well as possible and take all necessary actions for the maintenance and repair of the collateral object at the customer's own expense and responsibility and pay taxes and other costs related to it. If the collateral is damaged or can no longer be used, the customer is obliged to replace the damaged part.

When viewed from the BPRS financing agreement Number: 8854/MBA/11/2010, murabahah financing is one of the financing contracts carried out at Sharia Bank, where this product is an implementation of the sale and purchase contract that is generally practiced. Murabahah in practice can be done with an order contract or without an order contract. In other words, the bank makes a purchase of goods after an order contract from the customer. In this category, usually the order contract made by the customer is binding and does not bind the customer to repurchase the goods ordered. However, the reality in the field is very unlikely to cancel the goods that have been ordered. In this murabahah order practice, the bank can ask for *hāmīsy gādiyah* (deposit money) during the *ijab-kabul*. This is only to show the seriousness of the buyer. In the payment process, the murabahah contract can be done in cash or in installments.

Based on the source of funds used in murabahah financing in practice, murabahah financing can be broadly divided into three groups, namely: 1) Murabahah financing based on Unrestricted Investment Account; 2) Murabahah financing based on Restricted Investment Account funds; and 3) Murabahah financing funded by Bank capital. In this study, in the group of murabahah financing funded by Bank capital(Kurniawan & Yudhanti, 2023).

In the risk management process, this contract has similar risk characteristics to interest-based contracts. Financing with a long repayment period, for example over 10 years, has the potential to reduce the level of profit for the bank. The determination of this period is because if there is a decline or slowdown in economic conditions, Islamic banks cannot increase the financing margin as conventional banks do using the floating concept. The transaction price agreement cannot be changed or added.(Alghamdi et al., 2024)Long-term financing that is not accompanied by compensation can result in bad faith from customers to delay payments (moral hazard) (Zhu et al., 2024).

The determination of the financing period is due to the price aspect. The selling price must be reasonable and efficient. The determination of the price in the murabahah contract does not use interest rates as a reference. Although the determination of a high margin is in anticipation of increasing interest rates in the market. However, this has an impact on high inflation, so that the determination of the price is based on the buying and selling mechanism carried out by the Prophet. In determining the price, the Prophet did it transparently by explaining the purchase price, costs incurred, and the desired profit.(Huang & Huang, 2024)As Abdul Manan stated in his book *Islamic Economics: Theory and Practice*, it is necessary to be careful in determining the profit in murabahah transactions so that there is no sale at a price that exceeds the initial cost. Excessive profits make it usury which is prohibited in Islam.(Uluyol, 2024).

Afzalurrahman in "Muhammad as a Trader" stated that Rasulullah's trading success lay in his honest and fair attitude in conducting trade relations with customers. Profits in buying and selling are calculated based on the cost of purchasing goods, anticipated risks and profits. The advantage, as stated by Wahbah Az-Zuhaili in his book *Islamic Fiqh Wa Adillatuhu*, in order not to fall into usury is no more than one third or one fifth.(Zhao et al., 2023)Profit is profit outside of costs or capital incurred such as taxes, employee wages, shipping costs, and other costs. The principle of profit in Islam based on the Qur'an emphasizes the element of pleasure and pleasure, avoiding elements of ba'Til (garar and tadlis), and ribā. Yusuf QarDAwi in his book *Min Hadyi ul-Islam I 'aknul al-mu'asirruh*, is of the opinion that there is no text that stipulates a profit limit, whether it is one-fold or two-fold, the matter of profit is left to the discretion of the trader by prioritizing the values of justice and morality as long as the transaction is carried out in a halal manner.(Martin and Thomas, 2022).

Based on this, the subject of this research is within a rational time period so that there are signs that the estimation of the time period is not too long, which will have implications for usury that may occur by looking at the financial condition of the customer as the applicant for financing.

1. Buy land with a basic price of Rp. 125,000,000.
2. The profit margin based on bank calculations is Rp. 37,600,000.
3. Set the land price in installments of Rp. 162,600,000 for 60 months.
4. Then the customer pays every month: Rp. 2,710,000 for 60 months.
5. Contract payments are due on the 24th of each month. If late, an administrative fine of Rp 500,000 will be imposed.
6. Customers as the party making the payment will experience financial ups and downs that are very likely to result in late payments as stated in the contract. As a result, customers are required to pay the late payment as stipulated at Rp 500,000.
7. If it is assumed that during 60 months the customer experiences a delay in monthly installment payments 35 times, then the value of the delay is  $\text{IDR } 500,000 \times 35 = \text{IDR } 17,500,000$ .
8. Then until the final payment deadline the customer paid  $\text{Rp. } 162,600,000 + \text{Rp. } 17,500,000 = \text{Rp. } 180,100,000$ . Far from the agreement in the contract due to the customer's financial condition.
9. If it is more than 60 months, the increase in funds due to customer financing will increase and will multiply profits.

Based on this, Wahbah Az-Zuhaili's opinion regarding taking profits is no more than one third or one fifth and the payment period is no more than three years because if it is

longer, it will result in usury because the calculation uses profit calculations, not profit sharing as is used as the basis for the calculation.

The financing mechanism using murabahah practices is not always profitable and has a safe risk for banks. In the world of Islamic banking, murabahah is one of the most widely used types of contracts. In general, as previously explained, murabahah is implemented through a mechanism for buying and selling goods with the addition of a margin as a profit to be obtained by the bank. The portion of financing with murabahah contracts currently provides the largest contribution because credit and financing provided by the banking sector in Indonesia is based on the consumer sector such as the procurement of motor vehicles, home purchases and other consumer needs. The results of the study explain that murabahah will have various deviations as seen in the information table below:

**Table 1**  
**Murabahah Deviation**

No	Sharia Issues	Legal Issues	Operational Issues
1	Murabahah can be framed in a tawarruq contract so that there is no real transfer of ownership from the bank to the customer.	Several financing deeds made by notaries do not fulfill the basic terms of the agreement as stipulated in sharia law.	The concept of a bank as a financial intermediary institution means that the bank acts as a direct seller in Murabahah financing.
2	Profit-based non-cash financing mark-ups are considered a time value concept that is contrary to sharia values.	The existence of an accretion clause in the Murabahah contract which can weaken the customer's position, such as a negative covenant	The overall risk of the goods is often transferred to the customer in the wakalah agreement from the Bank.
3	If there is no activity of handing over the Murabahah financing object, then the contract is void as a contract.	The existence of mortgage collateral (APHT) makes the bank's profit margin become usury	Murabahah financing is often equated with debt because sales and purchase transactions are not subject to VAT.
4	If the handover of the Murabahah financing object does not occur, then the contract is void as a contract.	The existence of mortgage collateral (APHT) can increase the bank's profit margin and become usury	Murabahah financing is often equated with debt because sales and purchase transactions are not subject to VAT.
5	Rescheduling or transferring to customers who are unable to pay Murabahah is considered a form of usury because of the additional costs imposed as compensation for the additional time.	There is legal pluralism regarding the collateral aspect.	If the customer terminates the contract by pretending that he cannot fulfill his obligations, this can be categorized as a moral hazard which can be detrimental to the Bank.
6	Providing discounts in the Murabahah contract for customers who make payments earlier than the agreed time if it has been agreed.	Some contracts still regulate dispute resolution in a manner that conflicts with the absolute authority of the Religious Court.	The customer claims that he does not owe the bank, but rather the third party who sent the goods.

Source: Division of Development and Education of Sharia Banking Products, Financial Services Authority, Sharia Banking Murabahah Product Standards, source: Ojk.go.id

## Discussion

The murabahah scheme is one of the financing schemes carried out in Islamic banks, where this product is an implementation of the sale and purchase agreement that is generally practiced. In practice, banks always include additional agreements to facilitate transaction activities, the agreement included in the murabahah financing process is the wakālah agreement. Murabahah itself in practice can be done with or without an order. In other words, the bank makes a purchase of goods after an order from the customer. In this category, usually the order made by the customer is binding and does not bind the customer to repurchase the ordered goods. However, the reality in the field is very unlikely to cancel the goods that have been ordered. In the practice of this murabahah order, the bank can ask for hamish ghadiyah (deposit money) during the ijab-kabul. This is only to show the seriousness of the buyer. In the payment process, the murabahah agreement can be made in cash or in installments.

Based on the source of funds used in murabahah financing in practice, murabahah financing can be broadly divided into three groups, namely 1) Murabahah financing based on Unrestricted Investment Account; 2) Murabahah financing based on Restricted Investment Account funds; and 3) Murabahah financing funded by Bank capital. In this study, in the group of murabahah financing funded by Bank capital (Surya et al., 2021). In terms of financing term, the repayment term should not be more than 3 years because if it is longer, it will cause usury because the calculation uses profit calculation, not profit sharing. In the risk management process, this contract has risk characteristics similar to interest-based contracts. Murabahah financing with a long repayment term, for example more than 10 years, has the potential to reduce the level of profit for the bank.

The determination of the time period is because if there is a decline or slowdown in economic conditions, Islamic banks are not allowed to increase the financing margin as is done by conventional banks using the floating concept. The transaction price agreement cannot be changed or added. (Wijaya & Moro, 2022) Long-term financing that is not accompanied by compensation can result in bad faith from customers to delay payments (moral hazard) (Hüsken et al., 2024) The determination of the financing period is due to the price aspect. The selling price must be reasonable and efficient. The determination of the price in the murabahah contract does not use interest rates as a reference. Although the determination of a high margin is in anticipation of increasing interest rates in the market. However, this has an impact on high inflation, so that the determination of the price is based on the buying and selling mechanism carried out by the Prophet. In determining the price, the Prophet did it transparently by explaining the purchase price, costs incurred, and the desired profit. (Raimbourg & Zimmermann, 2022) Being careful in determining the profit in murabahah transactions can prevent sales at prices that exceed the cost price. Excessive profits make it usury which is forbidden in Islam. (Mardiaton et al., 2024).

Financing based on Article 1 number 25 of the Republic of Indonesia Law Number 21 of 2008 concerning Islamic Banking, is the procurement of funds or bills that are equated with it in the form of profit sharing transactions in the form of mudharabah, and musyarakah, leasing in the form of ijarah or lease purchase in the form of ijarah muntahiya bittamlik, buying and selling in the form of murabahah, salam and istisna receivables, lending and borrowing in the form of qardh receivables, and leasing in the form of ijarah for multi-service transactions. Islamic financing is stated in the form of an agreement or contract so that it becomes the basis for financing. Thus it can be understood that a financing agreement is an agreement agreed upon by the parties which contains the rights and obligations in carrying



out financing to meet the needs or desires of customers.

Elements of financing, namely: First, trust, namely the bank's belief in the customer that the financing will be paid in the form of goods or services; Second, agreement, namely the agreement of the parties stated in a written agreement containing the rights and obligations of the parties; Third, time period, namely the time for repayment of the financing that has been set; and Fourth, risk, namely the non-payment of financing that has been set by the customer, either intentionally or unintentionally, caused by natural disasters or calamities. In the process, problematic financing often occurs, which in the literature is called the customer's difficulty in fulfilling his obligations to the bank. (Luyten and Tubeuf, 2024) It can also be interpreted as a loan that is difficult to repay due to deliberate factors or external factors beyond the control of the debtor. (Elkhalfi et al., 2024). Non Performing Financing is also known as a financing condition where there is a deviation in the repayment of financing which causes a delay in repayment. (Saengchote, 2024). also interpreted as financing that has been distributed by the bank, and the customer cannot make payments or pay in installments according to the agreement signed by the bank and the customer. (Abedin and friends, 2023) Thus it can be understood that financing is the provision of funds from the financier to the party in need.

In terms of language, murabahah comes from the word *ar-ribh* which means profit in trade. According to the term *fuqaha'* murabahah is selling goods at the initial price (purchase price) with an additional known profit. (Miao, 2022) Al-Marghinani defines murabahah as the sale of goods at the purchase price plus a predetermined profit. (Lee and friends, 2024), while Ibn Qudamah and the Hanbali *fuqaha'* are of the opinion that murabahah is buying and selling at the basic price plus a known profit, so knowledge of the basic price is a requirement for that. Therefore, the seller will say, "My cost price in this transaction is this amount or the purchase price of my item is 100 and I sell it to you at this cost price plus a profit of 10". Ibn Hazm, who said that murabahah is an invalid sale and purchase because it requires an explanation of the stated profit, is not found in the texts, whereas what is found in the texts is a sale and purchase without the condition of stating the profit. However, this is permissible (murabahah) if in a country there is no buying and selling, except by clearly stating the basic price and additional profits. (Huang & Huang, 2024).

Legal Basis of Murabahah in the Qur'an (QS. An-Nisaa': 29), QS. al-Baqarah [2] 257 and QS. An-nisa [4]: 29. Furthermore, Suhaib ar Rumi ra narrated that the Messenger of Allah said: "Three things in which there are blessings: buying and selling with an agreement, *muqaradah* (*mudharabah*), and mixing wheat with flour for household needs, not for sale" (HR. Ibn Majah from Suhaib). "Indeed, buying and selling must be based on mutual consent" (HR. Al-Baihaqi and Ibn Majah). Then from the Fatwa of the National Sharia Council Number 04 DSN-MUI/IV/2000 dated April 1, 2000 concerning murabahah, which contains: 1) General Provisions: a. The bank and the customer are required to enter into a murabahah contract that is free from usury. b. The goods being traded are not prohibited by Islamic law. c. The bank finances part or all of the purchase price of the goods whose qualifications have been agreed upon. d. The bank purchases the goods needed by the customer on behalf of the customer. e. The bank purchases the goods needed by the customer on behalf of the bank. The bank purchases the goods needed by the customer on behalf of the bank itself and this purchase must be valid and free from usury. f. The bank must convey all matters relating to the purchase, for example if the purchase is made on credit. g. The bank then sells the goods to the customer (customer). The bank then sells the goods to the customer (customer) at a selling price equal to the purchase price plus profit.

In this case, the bank must honestly disclose the cost of the goods to the customer along with the costs required. h. The customer pays the price of the goods. The customer pays the agreed price of the goods within a certain agreed period of time. i. To prevent misuse or damage to the contract, the bank can make a special agreement with the customer. j. If the bank wishes to represent the customer to purchase goods from a third party, then the murabahah sale and purchase agreement must be made after the goods in principle become the bank's property; 2) Conditions for murabahah to the customer: a. The customer submits a proposal and makes an agreement to purchase goods or assets to the bank. b. If the bank approves the proposal, the bank must first legally purchase the ordered assets from the merchant. The bank then offers the assets to the customer and the customer must accept (buy) them in accordance with the agreed contract because the contract is legally binding. Furthermore, both parties must make a sale and purchase agreement. c. In this sale and purchase, the bank is allowed to ask the customer to pay a down payment at the time of signing the initial order agreement. d. If at a later date the customer refuses to purchase the goods, then the costs that have arisen must be paid from the down payment that has been deposited.

From these various perspectives, murabahah can be understood as a form of sale and purchase transaction that has been mutually agreed upon by stating the trader's capital and the profit obtained in the sale and purchase transaction. Referring to the dictionary of Islamic Finance and Banking terms published by the Directorate of Islamic Banking, murabahah is the sale and purchase of goods at an additional price from the principal price and has been agreed upon by the bank and the customer. In practice, the bank must notify the principal price and margin.(Cao et al., 2024).

General provisions of the Murabahah contract in Islamic Banks based on DSN-MUI Fatwa No. 04/DSN-MUI/IV/2000 concerning Murabahah, include: First, the Bank and the customer enter into a murabahah contract that is free from usury elements; Second, the goods desired by the customer are not goods that are prohibited based on sharia principles. The goods remain in the name of the bank until payment has been completed by the customer; Third, the Bank finances the goods that are traded either in part or in full based on mutual agreement; Fourth, the Bank transparently informs the customer about the principal price and profit that the bank will obtain; Fifth, the customer pays the price of the goods with the amount and payment period according to mutual agreement; Sixth, in order to avoid misuse of the contract, the bank can make a special agreement with the customer; and Seventh, if the bank represents the customer to make a purchase from a third party, then the murabahah sale and purchase contract is carried out after the goods legally become the bank's property.

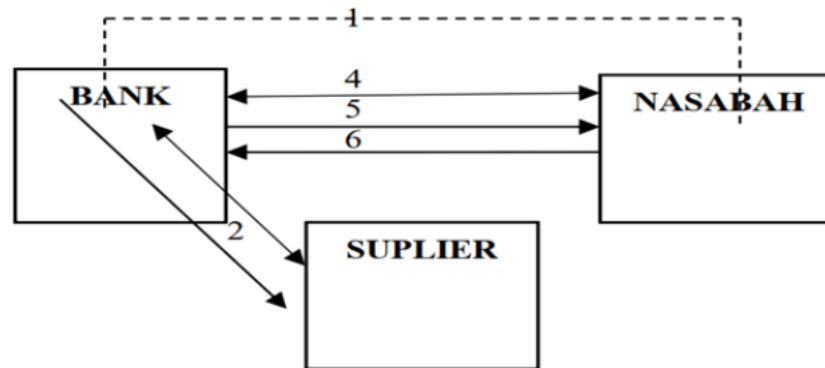
**Figure 1**  
**Murabahah Financing Scheme**



Source: icdx.co.id, 2022

In simple terms, the murabahah scheme can also be seen in the following image.

**Figure 2**  
**Murabahah Financing Scheme**



Both images show sequentially that at the negotiation and requirements stage, the customer comes to the bank to apply for murabahah financing by completing all the requirements and negotiating according to the agreement. Then the bank looks for goods from the supplier and a buying and selling activity occurs. After that the bank makes a transaction with the customer. The customer receives goods and documents from the bank, then ends with the customer fulfilling his payment obligations. In general, the Qur'an only talks about buying and selling (al-bai'). So to determine the source of the law of the murabahah practice, the scholars associate the murabahah practice with buying and selling, as in the word of Allah SWT. in QS. An-Nisā' (4): 29. Imam Syafi'i and Imam Malik are of the opinion that this murabahah practice is permissible. The reason taken by Imam Malik is referring to the practice of the Medina community where the murabahah practice which is equated with buying and selling has been carried out by the Medina community. Meanwhile, other scholars from among the Medina scholars are of the opinion that this murabahah practice is permissible. The Anafiyah school, Marghinani, justifies the validity of murabahah on the grounds that "the conditions that are important for the validity of the sale and purchase in murabahah. In Islamic muamalah law, there are principles that can be formulated, namely that basically all forms of muamalah are permissible, except those determined otherwise by the Qur'an and the Sunnah of the Prophet. Muamalat is carried out voluntarily, without containing any element of coercion. Muamalat is carried out on the basis of considerations of bringing benefits and avoiding harm in the life of society.

In murabahah financing, it consists of: First, ba'i or seller, namely the person who owns the merchandise; Second, musytari or buyer, namely the person who buys the goods owned by the seller; Third, mabī' or goods, namely the goods being traded; Fourth, saman or selling price, namely the benchmark in determining the value of the goods; and Fifth, sigat, namely the agreement stated in the contract. The requirements for murabahah financing include: First, the parties making the contract must be legally competent and willing, not under pressure or coercion; Second, the object being traded must be halal, useful, can be handed over to the buyer, become the full property of the parties making the contract, based on desire, and if it is in the form of movable goods, then the goods can be controlled by the buyer after the completion of the contract; Third, the contract must be clear with whom the contract is made, the clarity of the goods must be in accordance with the agreed price, and the goods sold become the property of the orderer without being limited by the time of ownership; and Fourth, the selling price is the basic price plus margin, the selling price cannot

be changed during the contract period, and the payment system and time period are according to mutual agreement.(Sunardi et al., 2023).

Referring to DSN Fatwa No.04/DSN-MUI/IV/2000 dated April 1, 2000 concerning Murabahah, it is stated that murabahah is: "selling an item by confirming the purchase price to the buyer and the buyer pays more as profit". Furthermore, in the Circular Letter of the Financial Services Authority Number 36/SEOJK.03/2015 dated December 21, 2015 concerning Products and Activities of Sharia Banks and Sharia Business Units in Appendix IV page 59, Murabahah financing in Sharia Banks is defined as: "Provision of funds or bills that can be equated with it for the sale and purchase of goods at the cost price plus a margin based on an agreement or contract between the Bank and the customer that requires the customer to pay off the debt/obligation". Various studies can be understood that murabahah financing is the provision of funds for the purchase of an asset by the Bank by confirming the purchase price to the customer and the customer paying more as the agreed margin.

In relation to the problematic murabahah contract in Islamic banking practice, it shows that the financing mechanism using murabahah practices is not always profitable and has a safe risk for the parties. In the world of Islamic banking, murabahah is one of the most widely used types of contracts. In general, as previously explained, murabahah is implemented through a mechanism for buying and selling goods with the addition of a margin as a profit to be obtained by the bank. The portion of financing with murabahah contracts currently provides the largest contribution because credit and financing provided by the banking sector in Indonesia are based on the consumer sector such as the procurement of motor vehicles, purchasing houses and other consumer needs. Based on the results of the study, it can be explained that murabahah has various problems, namely:(Berlian et al., 2023).

1. Sharia aspects include:

- a. Murabahah can turn into a Tawarruq agreement which results in no transfer of ownership from the bank to the customer.
- b. There is an increase in the value of profits based on non-cash financing or time value which is not in accordance with Sharia values.
- c. It can change into a loan agreement for the object if the murabahah financing object is not provided.
- d. Rescheduling or rolling over for customers who are unable to pay is equated with usury because additional fees are charged as compensation for the additional time.
- e. There is a reduction for customers if they pay off the financing before the agreed time period.

2. Legal aspects include:

- a. There is an exoneration clause, namely a clause that contains an exception to responsibility or transfer of responsibility in an agreement that weakens the customer's position, such as a negative agreement (prohibition for customers).
- b. There is a lien (APHT) on the bank's profit margin which can become usury.
- c. There is legal pluralism regarding collateral aspects.

3. Operational aspects include:

- a. Banks that function as funding liaison institutions cannot be direct sellers in murabahah financing.
- b. The non-application of VAT makes murabahah the same as debt and credit.
- c. If a customer lies about being unable to complete a payment or there is a moral hazard, this will be detrimental to the Bank.

- d. There is a claim from the Customer stating that the Customer owes a third party, not the Bank.

This is supported by research conducted by (Yunita, 2018) where the results of his research show that murabahah financing by including a wakalah contract can reduce the substance and shari'a of murabahah. This is because with the inclusion of a wakalah contract in murabahah financing, Ba'i authorizes the purchase of goods to Musytari on behalf of Musytari himself so that in this murabahah financing the Islamic Bank is only a capital provider not a seller / owner of goods. This is contrary to DSN Fatwa Number 04/DSN-MUI/IV/2000 concerning Murabahah.

## CONCLUSION

The development of Islamic banking products raises various issues related to the meaning and values contained therein. As a result, there is a clash between those who understand the basic concept of sharia and those who try to interpret the naming. One of the problems is murabahah financing in Islamic banking. However, on the other hand, the implementation of the offered Islamic banking products is not always profitable. The indicators can be seen in the case of financing contracts such as in this study.

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