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Concept and Implementation of Murabahah Agreements in The Sharia Banking Sector in Indonesia Perspective of Contemporary Ulama

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Abstract

Many scholars have expressed various criticisms regarding the dominance of murabahah in sharia banking products, with many even calling Sharia banks "murabahah banks". Apart from that, the practice of murabahah in sharia banking has also undergone various modifications; some are even considered to deviate from the basic concept of murabahah in classical muamalat jurisprudence. This article will examine various examples and contexts as well as reasons for changes to the murabahah system in classical jurisprudence as applied in sharia banking practice. Apart from explaining the use of the murabahah system, it also explains the murabahah financing model in the sharia banking sector. Regarding the legal position or practical rules of *murâbahah li al-âmir bi al-syir*, according to current scholars, there are many differences of opinion. Some allow it, and some prohibit it. This research uses a literature review method from various publications or research articles. The results of library research are believed to have the ability to provide answers to problems that exist in society because library research is a synthesis of previous research that has been discussed by other researchers.

1. Introduction

As a financial intermediary institution, Islamic banks have primary activities in the form of collecting funds from the people through savings in the form of current accounts, savings, and deposits, which use the principles of wadî'ah yad al-dhamânah (deposit) and murâbahah (profit-sharing investment). then distribute these funds back to the general public in various forms of financing schemes, such as buying and selling/*albay'* schemes (*murâbahah, salam*, and *istishnâ*), rental (*ijârah*), and profit sharing (musyârakah and mudhârabah), and complementary products, namely fee-based services such as *hiwâlah* (transfer of accounts receivable), *rahn* (pawn), *qardh* (receivables), *wakâlah* (representative, agency), and *kafâlah* (bank guarantee).

Sharia financing products are divided into four categories that are differentiated based on their intended use, namely: (1) financing using the sale and purchase principle; (2) financing using the rental principle. (3) Financing using the principle of profit sharing; and (4) Financing using a complementary agreement.

Murabahah (DSN Fatwa No. 04/DSN MUI/IV/2000) means financing with the principle of sale and purchase. Selling an item by confirming the purchase price to the buyer, and then the buyer paying for it using a price that is more profitable. Murabahah (al-bai bi tsaman ajil) is a sale and purchase transaction of goods plus a margin agreed by the parties [1].

Among the various sharia banking products mentioned above, murabahah buying and selling products in sharia banking currently dominate compared to other sharia banking products. *Murabahah* is a sale and purchase agreement for goods stating the acquisition price and profit (margin) agreed upon by the seller and buyer [2]. Based on data from Bank Indonesia at the end of 2010, the amount of sharia banking financing that uses the *murabahah* scheme In April 2016, financing *murabahah* ranged from Rp. 117,375 billion, or 58.13% of the total sharia banking financing in Indonesia of 203 billion. This picture provides an indication that murabahah contracts dominate in sharia banking compared to other contracts.

Various criticisms have been raised by researchers regarding the dominance of *murâbahah* in sharia banking products, with quite a few of them even calling sharia banks "murâbahah banks". Apart from that, the practice of murâbahah in sharia banking has also undergone various modifications, some of which are even considered to deviate from the basic concept of murâbahah in classical muamalat jurisprudence. This article will review various examples and backgrounds as well as motives for changes in murabahah schemes in classical jurisprudence when they are put into practice in sharia banking, in addition to explaining the use of murabahah schemes for various financing models in sharia banking.

The concept of *murâbahah* in Muamalah Fiqh in classical fiqh terms is a particular form of buying and selling when the seller states the cost of purchasing goods (al-tsaman alawwal) and the desired level of profit [3]. The cost of purchasing goods can include the price of the goods and the costs incurred to obtain the goods [4]. Meanwhile, the profit level can be in the form of a certain percentage of the acquisition cost [5]. Payment made by the buyer can be made in cash (*naqdan*) or at a later date in the form of installments (*taqshîth*) or in the form of a lump sum (lumpsum/*mu'ajjal*) according to the agreement of the parties entering into the contract (al-'âqidayn) [6].

Murâbahah falls into the categories of buying and selling muthlaq and buying and selling amânah. It is considered muthlaq buying and selling because the objects of the contract are goods ('ayn) and money (dayn).

"According to jurists, in terms of the object of exchange (badalayn), whether in the form of goods ('ayn) or money (dayn), buying and selling are divided into four types. First, barter buying and selling (al-muqâydhah), namely buying and selling where the object of exchange is goods ('ayn) for goods ('ayn), such as buying and selling clothes for rice. Second, there is absolute buying and selling, namely buying and selling, which is generally practiced today, where the object of exchange is between goods ('ayn) and price/money (dayn). Third, buying and selling currency (al-sharf), namely buying and selling where the object of exchange is money (dayn) for money (dayn), such as rupiah for rupiah or rupiah for dollars. Fourth, buying and selling orders (al-salam), namely buying and selling where the object of exchange is receivables for goods that are still receivables (dayn) and money or goods that are available at the time of the contract ('ayn). [8].

Meanwhile, it is included in the amanah buying and selling category because, in the transaction process, the seller is required to honestly convey the acquisition price (*al-tsaman alawwal*) and the profit taken at the time of the contract [9].

"Buying and selling in terms of whether or not there is a requirement to state the acquisition price (*al-tsaman al-awal*) is divided into four. First, *murabahah* buying and selling, namely buying and selling by withdrawing a certain profit from the original purchase price of the goods, where the buyer knows the amount of profit he is taking. Second, *tawliyah* buying and selling, namely buying and selling without taking a profit from the original purchase price of the goods, where the buyer knows the amount of capital for purchasing the goods. Third, al-wadhî'ah buying and selling, namely buying and selling at a selling price lower than the original purchase price of the goods, where the buyer knows the amount of capital for purchasing the goods. Fourth, al-musâwamah buying and selling, namely buying and selling at a selling price according to the agreement between both parties, where the seller usually hides the amount of capital for purchasing the goods. [10]

The ulama have agreed (*ijma'*) on the permissibility of *murâbahah* contracts, but the Koran never exclusively or explicitly discusses murabahah, even though it contains a number of references to buying, selling, and trading. Likewise, it seems that there is not a single hadith that specifically reveals murabahah. Therefore, even though Imam Mâlik and Imam Syâfi'î allow buying and selling murabahah, neither of them strengthens their opinion using a single hadith [11]. Meanwhile, the legal basis on which the ability to buy and sell murabahah is relied upon in contemporary muamalat fiqh books is more global in nature because it concerns buying and selling or trade in general [12]. However, according to al-Kasan's opinion, murabahah buying and selling has been passed down from generation to generation throughout time, and no one denies it. Apart from that, the existence of the murabahah buying and selling model is really needed by the community because there are some of them who, when they want to buy goods, do not know the quality, so they need help from those who know, and then the party who is asked for help buys the desired goods and sells them with the obligation to state the purchase price. (purchase price) of goods with added profit (*ribh*) [13].

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Being part of buying and selling, murabahah has pillars and conditions that are no different from buying and selling (albay') in general. However, there are several special provisions that are conditions for the validity of a murabahah sale and purchase, namely:

First, there is clear information regarding the amount of initial capital (acquisition or purchase price). The buyer must know everything at the time of the contract, and this is one of the conditions for a valid murabahah.

Second, there is a need to explain the profit (*ribh*) taken by the seller because profit is part of the price (*tsaman*). Meanwhile, the need to know the type of goods is a condition for valid buying and selling in general.

Third, murabahah buying and selling must be carried out on goods that are already owned or whose ownership rights are already in the hands of the seller. meaning that the profit and risk of the goods rest with the seller as a consequence of ownership arising from a legal contract.

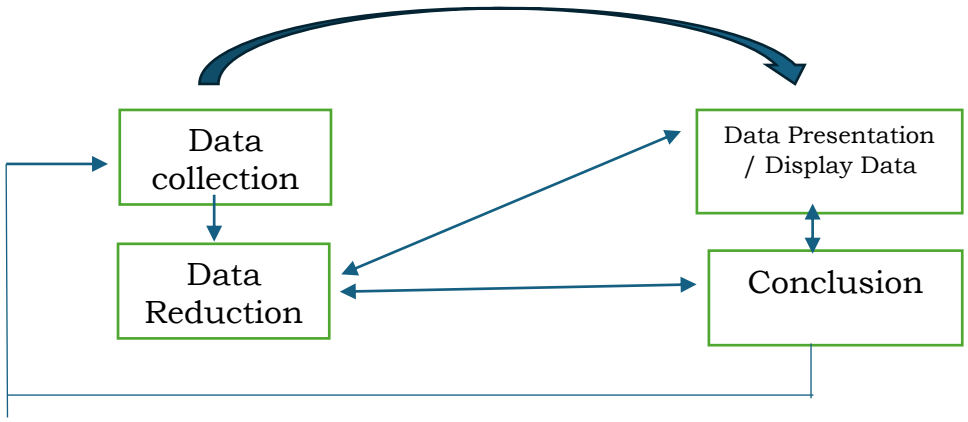
Fourth, the first transaction (between the seller and the first buyer) must be legal; if it is not legal, then murâbahah buying and selling is not permitted (between the first buyer, who is the second seller, and the murâbahah buyer), because murâbahah is buying and selling at the first price with additional profit.

Fifth, the contract carried out must avoid the practice of usury, both in the first contract (between the seller in a murabahah as a buyer and the seller of goods) and in the second contract between the seller and the buyer in a murabahah contract.

2. Methods

This research uses a literature study method sourced from various literature or research articles. It is believed that the results of library research are able to provide answers to problems that exist in society because library research is a summary of previous research that has been discussed by other researchers.

In this research, the data analysis technique refers to the data analysis theory from Sugiyono (2015), which includes data collection, data reduction, data presentation, and drawing conclusions according to the study discussed [14]. The data analysis flow can be illustrated as follows:



This research is based on the realization that the current educational world is enveloped by various issues. This situation is further complicated by the teaching methods that have not fully accommodated the potential of multicultural and multireligious diversity, which sets Indonesia apart from other countries in the world. In this regard, the approach of multicultural and multireligious counselling becomes the basis for fostering a moderate religious attitude in Indonesia. The main foundation of this writing is a literature study, examining concepts that have been extensively studied by previous authors. The literature study was conducted through the exploration of relevant references, particularly focusing on multicultural and multireligious counselling.

The analytical descriptive technique is employed in this study, highlighting the potential of cultural and religious diversity as a reference point for building a moderate attitude. As such, this writing is expected to provide a theoretical proposition through the method of multicultural and multireligious counselling, capable of nurturing openness among students. In other words, students can learn to appreciate differences with a tolerant attitude and remain open to followers of other religions.

3. Findings and Discussion

3.1 Murâbahah in Today's Sharia Financial Institutions

The description of the discourse on buying and selling murâbahah above is the concept and practice of murâbahah, which are widely outlined in various classical literatures, where the commodity or goods that are the object of murâbahah are available and owned by the seller at the time the negotiation or sale and purchase agreement takes place. Then he sells the goods to the buyer by explaining the purchase price and the profits that will be obtained. Therefore, it can be said that this practice is an ordinary buying and selling transaction. The advantage lies in the buyer's knowledge of the initial purchase price, thus requiring the seller to be honest in explaining the actual initial price [15].

In practice in contemporary (current) Sharia financial institutions, including sharia banking, the form of murâbahah in classical jurisprudence has undergone several modifications. Murâbahah, which is practiced in Sharia Financial Institutions, is known as murâbahah li al-âmir bi alsyirâ', namely a buying and selling transaction where a customer comes to the bank to buy an item with certain criteria, and he promises to buy the commodity or goods in a murâbahah manner, namely according to the cost of purchase plus the level of profit agreed upon by both parties, and the customer will make payments in installments (periodic installments) according to their financial capabilities [16].

Regarding the legal position or rules of practice of murâbahah li al-âmir bi al-syir, according to scholars at this time, there are different opinions. There are those who allow it, and there are also those who prohibit or forbid it. Among the scholars who recognize the validity or permissibility of murâbahah li al-âmir bi al-syirâ are Sâmî Hamûd, Yûsuf al-Qaradhâwî, 'Alî Ahmad Salûs, Shâdiq Muhammad Amîn, Ibrâhîm Fadhîl, and others. Their arguments are as follows:

First, the original law in muamalah is that it is permissible unless there are shahîh and sharîh texts that prohibit or forbid it. It is not the same as mahdhah worship; the original law is haram unless there is a text that orders it to be done. Therefore, in muamalah, there is no need to question the arguments that acknowledge validity and halal; what needs to be paid attention to are the arguments that forbid and forbid it. As long as there is no argument that prohibits it, then muamalah transactions are legal and lawful [17]

Second, the generality of the Koran and Hadith shows the halalness of all forms of buying and selling, unless there is a special argument that prohibits it. Yûsuf al-Qaradhâwî said in Surah al-Baqarah verse 275 that Allah permits all forms of buying and selling in general, whether buying and selling muqâyadhah (barter), sharf (buying and selling currency or forex), buying and selling salam, or absolute buying and selling, and the other forms of buying and selling. All types of buying and selling are halal because they fall into the category of buying and selling that is permitted by Allah, and no buying and selling is haram unless there is a text from Allah and His Messenger that prohibits it [18].

Third, there are opinions of fiqh scholars who acknowledge the validity of this contract, including the statement of Imam al-Syâfi'î in the book al-Umm, "And when someone shows a certain item to another person and says, "Buy me this item, and I will give you a certain amount of margin, then the person wants to buy it, then buying and selling is permitted. "However, the person who asked to buy it has the right to khiyâr; if the item is in accordance with his criteria, then he can continue with the sale and purchase agreement and the contract is valid; on the contrary, if it does not match, then he has the right to cancel it" [19]. Based on this statement, it can be concluded that Imam al-Syâfi'î allows murâbahah li al-âmir bi al-syirâ' transactions, provided that the buyer or customer has khiyâr rights, namely the right to continue or cancel the contract. Apart from that, the seller also has the right to khiyâr, so there is no binding promise between the two parties.

Fourth, muamalah transactions are built on the basis of maslahah. Islamic law does not prohibit any form of transaction unless there is an element of injustice in it, such as usury, hoarding (ihtikâr), fraud, etc., or it is indicated that the transaction could cause disputes or hostility between people, such as gharar or speculative in nature. The main problem in muamalah is the element of benefit. If there is a benefit, then it is very possible that the transaction will be permitted. Like the permissibility of an istishnâ contract, even though it is a sale and purchase/bay' al-ma'dûm (an object not present at the time of the contract), because of the need and the maslahah that will result, it does not cause disputes and has become a community habit [20].

Fifth, the opinion that allows this form of murabahah is intended to ease the problems of human life. Islamic Sharia came to simplify human affairs and lighten the burden they bear. There are many words of Allah that state this, including "Allah will give you relief" (Q.s. al-Nisâ' [4]: 28) and "Allah desires ease for you and does not desire hardship for you. (Q.s. al-Baqarah [2]: 185). Human life today is more complex, so they need convenience. But the meaning of convenience here is to maintain the benefit and livelihood of many people, as intended to be realized by the syara'.

The ulama at this time who forbade and forbade the practice of murâbahah li al-âmir bi alsyirâ' included: Muhammad Sulaymân al-Asyqar, Bakr ibn 'Abd Allâh Abû Zayd, Rafîq al-Mishrî, and others. The following are arguments that strengthen their opinion [21].

First, murabahah transactions at Sharia financial institutions or Sharia banks are not actually intended to carry out buying and selling but are just hîlah or tricks to justify usury. They say that the real aim and purpose of murabahah transactions is to obtain cash because customers come to Sharia financial institutions or Sharia banks to obtain cash. Meanwhile, the LKS/Syariah bank did not actually buy the goods but instead wanted to sell them to customers in installments, so it can be interpreted that the LKS/Syariah bank did not actually buy the goods.

Second, there is not a single person from the previous ulama (salaf) who allows murabahah; some even declare murabahah forbidden. *Third,* murabahah transactions include buying and selling înah, which is prohibited. Buying and selling 'înah is a usurious loan that is engineered with the practice of buying and selling. *Fourth,* murabahah transactions include bay'atân and bay'ah. Rasulullah SAW has prohibited the form of buying and selling bay'atân fi bay'ah in a hadith narrated by Imam Ahmad, al-Nasa'i, and al-Tirmidzî. To find out whether a murabahah transaction includes bay'atân fi bay'ah, it is necessary to know the purpose of the contract model. According to Imam al-Syâfi'î, bay'atân fi bay'ah means that a seller says, "I sell this item to you for Rp. 100,000,- in due course and Rp. 50,000,- in cash; please choose which one, and contract buying and selling takes place without a definite choice and is binding on one of the parties (Yûsuf al-Qaradhâwî, 1995).

Fifth, sharia banks, when carrying out murâbahah transactions, sell goods that they do not or do not own (bay' al-ma'dûm) [22]. Where the sharia bank and the customer promise to carry out murâbahah transactions. To realize this agreement, they make a promise transaction: the bank promises to sell goods, and the customer promises to buy goods. The customer's obligation to purchase because the agreement turns into an actual transaction, even though the goods do not yet exist. This form is contrary to the general rules of Sharia, which prohibit buying and selling goods that are not owned.

Sixth, when carrying out murabahah transactions, Islamic banks require transactions to be made with just a promise. If the promise does not become a necessity, then there is no problem with the murabahah transaction. However, if the promise to buy becomes a necessity, then many scholars reject it because the basis for having to buy is not contained in the general rules of the Shari'a and it is not permissible to oblige transactions with mere promises [23].

Based on the differences between the scholars above, Muhammad Taqi Usmani admitted that initially murabahah was not a form of financing but only a tool to avoid "bank interest" and was also not an ideal instrument for developing the real goals of Islamic economics. The murabahah instrument is only used as a transition step in the process of economic Islamization [24]. Meanwhile, to avoid the practice of murâbahah, which will be trapped in the practices of *hilah, bay' 'înah, bay'atân fi bay'ah, and bay' al-ma'dûm*, contemporary scholars require the practice of buying and selling murâbahah in LKS as follows: 1) Murâbahah buying and selling is not a loan given with interest but a sale and purchase of goods (in relation to the sale and purchase of commodities, if the bank has provided financing with a murâbahah contract, then the financing funds may not be used to pay for commodities that have been purchased, pay electricity bills, or pay employee salaries) at a deferred price, including a profit margin above mutually agreed acquisition costs. In this regard, if the deferred price is higher than the cash price, then before the parties separate, the choice of price must be agreed upon in order to avoid *bay'atân fi bay'ah*; 2) The provider of financing, in this case a bank or other LKS, must have purchased the commodity or goods and stored them under their control or purchased them through a third person as their agent before selling them to their customer. If this is not the case, then there will be *bay' al-ma'dûm* (buying and selling something that does not yet exist). However, if purchasing directly from the supplier is impractical, it is permissible for the finance provider to use the customer as an agent or representative by using a wakalah contract to purchase the required commodities on behalf of the finance provider. In cases like this, as long as the goods have not been purchased by the customer as an agent, no commodity or goods sale and purchase agreement may be entered into between the customer and the financing provider. Even if the customer has purchased the commodity, the risk of damage or loss of the goods still rests with the financing provider until a sale and purchase agreement is concluded between the two parties. Commodity purchases may not come from the customer himself (the customer's commodities) with a buy-back agreement because this type of agreement falls into the *bay''inah* category, which is prohibited by most scholars [25].

In line with the conditions above, the practice of *murâbahah li al-âmir bi al-syirâ'* in Sharia Financial Institutions (LKS) is carried out with the following procedures:

First, the customer and LKS sign a general agreement when LKS promises to sell and the customer promises to buy certain commodities or goods at a certain margin level, which is added to the cost of purchasing the goods. Second, LKS can then appoint the customer as its agent to purchase the commodities the customer needs on behalf of LKS, and an agency agreement with a wakâlah agreement is signed by both parties. Third, the customer purchases commodities on behalf of LKS and takes over control of the goods as an LKS agent. At this stage, commodity risk still lies with LKS. Fourth, the customer informs LKS that he has purchased commodities or goods on behalf of LKS and at the same time makes an offer to purchase these goods from a Sharia financial institution. Fifth, the Sharia financial institution accepts the offer, and the buying and selling process takes place with payment in installments or deferred payments according to the agreement. If the buying and selling

process has taken place, then the ownership and risk of the commodity or goods have passed into the hands of the customer.

The steps above are needed if LKS makes a customer its agent, but if LKS buys commodities or goods directly from a supplier, then an agency agreement like the one above is not needed. In this case, after LKS purchases goods directly from the supplier, the buying and selling process between LKS and the customer can be carried out.

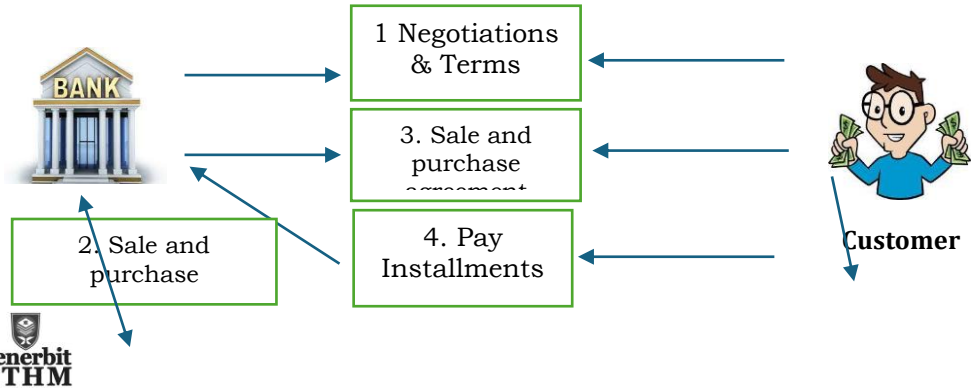
3.2 Murâbahah Application in Sharia Banking in Indonesia

In Indonesia, the application of murâbahah buying and selling in sharia banking is based on the Fatwa Decree of the National Sharia Council (DSN) of the Indonesian Ulema Council (MUI) and Bank Indonesia Regulations (PBI) [26]. According to DSN Fatwa Decree Number 04/DSNMUI/IV/2000, the provisions for murâbahah in sharia banking are as follows: First, the bank and the customer must enter into a murâbahah contract that is free of usury. Second, the goods being traded are not prohibited by Islamic law. Third, the bank finances part or all of the purchase price of goods whose qualifications have been agreed upon. Fourth, the bank purchases goods that the customer expects on behalf of the bank itself, and this purchase must be legal and free of usury. Fifth, the bank must convey all matters relating to the purchase, for example, if the purchase is made on debt. Sixth, the bank then sells the goods to the customer (order) at a selling price equal to the purchase price plus profit. In this regard, the bank must honestly inform customers of the cost of goods and the expected costs. Seventh, the customer pays the agreed price of the goods within a certain agreed-upon time period. Eighth, to prevent misuse or damage to the contract, the bank can enter into a special agreement with the customer. Ninth, if the bank wishes to represent a customer in purchasing goods from a third party, a murabahah sale and purchase agreement must be executed after the goods, in principle, become the property of the bank [27].

In addition, the provisions for the application of murâbahah financing in sharia banking are regulated based on Bank Indonesia Regulation (PBI) number 9/19/PBI/2007 in conjunction with BI Circular Letter No. 10/14/DPbS dated March 17, 2008, as follows: First, the bank acts as the provider of funds in order to purchase goods related to murâbahah transaction activities with the customer as the buyer of the goods. Second, goods are objects of sale and purchase whose quantity, quality, acquisition price, and specifications are clearly known. Third, banks are obliged to explain to customers the characteristics of financing products based on murabahah contracts and the rights and obligations of customers as regulated in Bank Indonesia regulations regarding transparency of bank product information and the use of customer personal data; Fourth, the bank must carry out an analysis of the financing application based on the murabahah contract from the customer, which includes personal aspects in the form of an analysis of character and/or business aspects, including an analysis of business capacity, finance (capital), and/or business prospects (condition); Fifth, banks can finance part or all of the purchase price of goods whose qualifications have been agreed upon. Sixth, the bank must provide funds to realize the provision of goods ordered by customers. Seventh, the agreement on margin is determined only once at the beginning of the financing on a murabahah basis and does not change during the financing period; Eighth, the bank and the customer are required to express their agreement in the form of a written agreement in the form of a financing agreement on the basis of murabahah; and ninth, the period for payment of the price of goods by the customer to the bank is determined based on an agreement between the bank and the customer.

On the basis of regulations relating to murâbahah, whether sourced from the DSN Fatwa or PBI, sharia banking carries out murâbahah financing. However, in practice, there is no uniformity in the application of murabahah financing due to several factors. There are several types of murabahah application in sharia banking practices, all of which can be divided into three large categories [28], namely:

First, the first type of application of murâbahah is the type consistent with muamalah fiqh. In this type, the bank first buys the goods that the customer will buy after a previous agreement. After the goods are purchased on behalf of the bank, they are then sold to the customer at the purchase price plus a profit margin according to the agreement. Purchases can be made in cash, either in the form of installments or all at once at a certain time. In general, customers pay on a deferred basis. For more details on the application of the first type of murabahah, you can see the following picture flow [29]:



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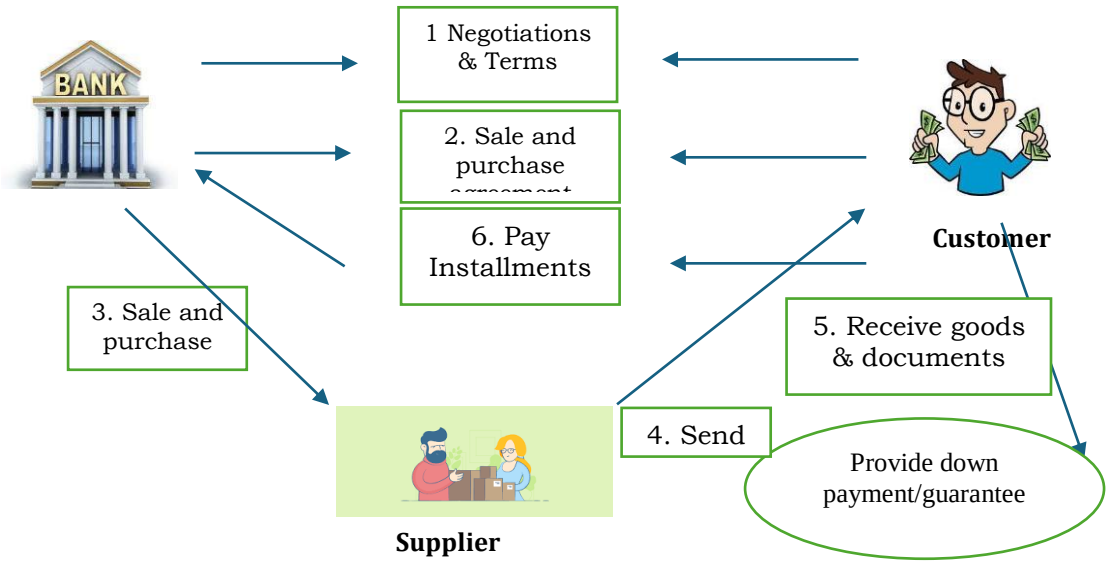
Supplier

Provide down payment/guarantee

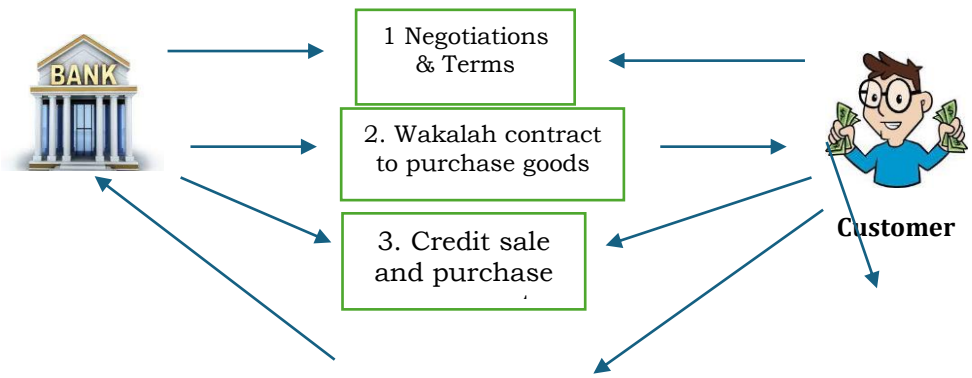
Second, the second type is similar to the first type, but ownership transfers directly from the supplier to the customer, while the payment is made by the bank directly to the first seller or supplier. The customer, as the final buyer, receives the goods after previously entering into a murabahah agreement with the bank. Purchases can be made in cash, in the form of installments, or all at once at a certain time. In general, customers pay on a deferred basis. This transaction is closer to the original murabahah but is vulnerable from a legal aspect.

In several cases, customers claimed that they did not owe money to the bank but to a third party who sent the goods. Even though the customer has signed a murabahah agreement with the bank, this agreement lacks legal force because there is no proof that the customer received money from the bank as proof of the loan or debt. To avoid incidents like that, when the sharia bank and the customer have agreed to carry out a murabahah transaction, the bank will transfer payment for the goods to the customer's account (pass through), which is then debited with the customer's consent to be transferred to the supplier's account.

In this way, there is evidence that funds have been transferred to the customer's account. However, from a sharia perspective, this type of murabahah model still has the potential to violate sharia provisions if the bank, as the first buyer, never acquires the goods (qabdh) in his name but directly in the name of the customer. According to sharia principles, a murabahah sale and purchase agreement must be carried out after the goods, in principle, become the property of the bank. For more details on the implementation of this second type of murâbahah, see the following picture flow:



Third, this type is most widely practiced by Islamic banks. The bank enters into a murabahah agreement with the customer and, at the same time, represents (wakâlah contract) to the customer to purchase the goods themselves. The funds are then credited to the customer's account, and the customer signs a receipt for the money. The receipt of this money is the basis for the bank to avoid claims that the customer does not owe the bank because he did not receive money as a loan. This second type can violate sharia provisions if the bank represents to the customer that it will purchase goods from a third party while the murabahah sale and purchase agreement has been carried out before the goods, in principle, become the property of the bank. For more details on the application of this third type of murâbahah, see the following picture flow:



The various types of murabahah buying and selling practices above are motivated by various motivations. Sometimes, to further simplify the mechanism, the bank does not need to bother purchasing the goods the customer needs but simply appoints or contacts the supplier to provide the goods and sends them directly to the customer at the same time on behalf of the customer (Type II). Or the bank directly gives money to the customer, and then the customer buys the required goods himself by reporting the purchase receipt to the bank (type III). These two methods are often used by sharia banks to avoid being imposed twice on value added tax, which is considered to reduce the competitive value of sharia bank products compared to those of conventional banks, which are exempt from VAT. This happens because in type I murâbahah buying and selling, where the bank will first buy the goods the customer needs on behalf of the bank and then sell them to the customer in murabahah, there will be a transfer of ownership twice, namely from the supplier to the bank and from the bank to the customer.

Through Bank Indonesia Regulation (PBI) number 9/19/PBI/2007 in conjunction with BI Circular Letter no. 10/14/DPbS dated March 17, 2008, which abolished the application of PBI Number 7/46/PBI/2005 concerning Agreements for the Collection and Distribution of Funds for Banks Carrying Out Business Activities Based on Sharia Principles, the implementation of murâbahah financing increasingly places sharia banks as mere intermediary institutions acting as a fund provider, not a murabahah buying and selling agent. This is confirmed in the text of BI Circular Letter No. 10/14/DPbS in point III.3, that "the bank acts as the provider of funds in order to purchase goods related to murâbahah transaction activities with the customer as the buyer of the goods". Judging from the text of this circular letter, it is clear that there is an effort by Bank Indonesia to emphasize that sharia banking transactions based on the principle of murâbahah buying and selling are still financed like other transactions that use *mudhârabah, musyârakah, salam, istishnâ, ijârah, and ijârah mutaniyâ bi al contracts. -tamlîk.*

3.3 Examples of the Use of Murâbahah Financing in Sharia Banking

Murâbahah financing procedures can be used for procurement of goods, working capital, building houses, etc [30]. The following are several examples of the application of murâbahah financing procedures in sharia banking.

First, the procurement of transaction goods is carried out by sharia banks using the principle of murabahah buying and selling, such as the procurement of motorbikes, refrigerators, goods needed for investment in factories, or the like. If a customer wants to have a refrigerator, he can come to a sharia bank and then submit a request for the bank to buy it. After the Islamic bank examines the customer's condition and assesses that he is worthy of obtaining financing for the procurement of a refrigerator, it then purchases the refrigerator and hands it over to the applicant, namely the customer. The price of the refrigerator is IDR 4,000,000, and the bank wants to receive a profit of IDR 800,000. If the installment payments are made over two years, the customer can pay in installments of IDR 200,000 per month. Apart from providing benefits to sharia banks, customers are also burdened with administration fees for which there are no provisions. In practice, these costs become fee-based income for Islamic banks. Other costs that must be borne by the customer are insurance costs, notary fees, and costs to third parties [31].

Second, working capital Providing inventory for working capital can be done using the principle of murabahah buying and selling. However, this transaction is only valid once, not as a single contract with repeated purchases of goods [32]. In fact, providing working capital in the form of money is not very appropriate under the principle of murabahah buying and selling. Working capital financing transactions in the form of goods or money more appropriately use the principle of murâbahah (profit sharing) or musyârakah (capital participation). Because if working capital financing is in the form of money using the murabahah procedure, then this transaction is the same as consumer finance in conventional banks, which contains interest. Transactions in consumer finance use borrowing and borrowing money, and in murabahah use buying and selling transactions.

Third, home renovation (procurement of home renovation materials) Procurement of home renovation materials can use the murabahah buying and selling procedure. Goods that are bought and sold mean all forms of goods needed for house renovation, such as red bricks, roof tiles, paint, wood, and so on. Transactions in this financing are only valid once; not one contract is carried out repeatedly.

An example of a murâbahah financing calculation means the following: Mr. After being evaluated by the sharia bank, if the business is feasible and the application is approved, the sharia bank will appoint Mr. A as a representative of the sharia bank to purchase the goods with funds on his behalf and then sell them back to Mr. A in full at maturity. The estimated selling price of IDR 120,000,000 has been carried out: (1) Negotiation of the selling price between Mr. A and the sharia bank (2) The agreed selling price will not change during the financing period (in this case, 3 months), even if during that period there is devaluation, inflation, or changes in conventional bank interest rates in the market.

3.4 Benefits of Murâbahah Financing

Murâbahah financing schemes offered by sharia banks receive high response and enthusiasm from the public (customers), so murâbahah schemes are the most popular and practiced transactions in sharia banking operations.

This is caused by many factors, including socio-cultural factors, economic growth, which demands rapid success and generates large profits, and murabahah schemes with profit margins, which are an alternative practice to credit transactions using interest, which are usually carried out by conventional banks, so that many customers who usually carry out transactions with conventional banks switch to sharia banks to carry out transactions using the murâbahah scheme.

Apart from that, murabahah transactions provide many benefits to Islamic banks, including profits arising from the difference between the purchase price from the seller and the selling price to the customer, and the murabahah scheme is very simple. This makes it easier to handle administration in sharia banks [33].

Apart from these benefits, transactions using the murabahah scheme also have risks that must be anticipated, including the following [34]: *First,* by default or negligence, the customer deliberately does not pay the installments; *Second*, comparative price fluctuations This happens when the price of an item on the market rises after the bank buys it for a customer. The bank cannot change the buying and selling prices.

Third, customer rejection The goods sent may be rejected by the customer for various reasons. It could be that because it was damaged in transit, the customer didn't want to accept it. Therefore, it is best to be protected with insurance. Another possibility is that the customer feels that the specifications of the goods are different from what he ordered. If the bank has signed a purchase contract with the seller, the goods will become the property of the bank. Thus, the bank has the risk of selling it to another party.

Fourth, sell. Because murabahah buying and selling is a sale and purchase with debt, when the contract is signed, the goods become the property of the customer. Customers are free to do anything with their assets, including selling them. If this happens, the risk of default will be large [35]

4. Conclusion

In practice, in sharia banking, murabahah buying and selling is one of the financing *schemes*, which is more dominant than other financing schemes. There are three models or types of implementation of murabahah buying and selling in banking. First, the type is consistent with muamalat fiqh. In this type, the bank first buys the goods that the customer will buy after a previous agreement. After the goods are purchased on behalf of the bank, they are then sold to the customer at the acquisition price plus a profit margin according to the agreement between the bank and the customer. Second, similar to the first type, but transfers ownership directly from the supplier to the customer, while the payment is made by the bank directly to the first seller or supplier. Third, the bank enters into a murabahah agreement with the customer and, at the same time, represents the customer in purchasing the goods themselves. Of the three types, Type II and Type III are most often used by Islamic banking due to the motivation of procedural effectiveness and efficiency considerations, especially the imposition of value-added tax. Meanwhile, type I is avoided, even though this type is the most ideal in the context of muamalat fiqh.

Murâbahah, which is practiced in sharia banking, is *murâbahah li al-amir bi al-syir'*, meaning a buying and selling transaction in which a customer submits a request to the bank to buy the goods he needs, and he promises to buy the goods in murâbahah, that is, according to the price. The purchase principal is added to the level of profit and other agreed costs, and the customer will make payments in regular installments to the bank at the agreed time. In this case, the bank is required to honestly inform the customer of the cost of goods, the amount of margin, and other costs required.

Regarding the legal position or rules of practice of *murâbahah li al-âmir bi al-syir*, according to scholars at this time, there are different opinions. There are those who allow it, and there are also those who prohibit or forbid it. Among the scholars who recognize the validity or permissibility of murâbahah li al-âmir bi al-syirâ are Sâmî Hamûd, Yûsuf al-Qaradhâwî, 'Alî Ahmad Salûs, Shâdiq Muhammad Amîn, Ibrâhîm Fadhîl, and others. The ulama at this time who forbade and prohibited the practice of murâbahah li al-âmir bi alsyirâ' included: Muhammad Sulaymân al-Asyqar, Bakr ibn 'Abd Allâh Abû Zayd, Rafîq al-Mishrî, and others.

In Indonesia, the application of murâbahah buying and selling in sharia banking is based on the Fatwa Decree of the National Sharia Council (DSN) of the Indonesian Ulema Council (MUI) and Bank Indonesia Regulations (PBI). According to DSN Fatwa Decree Number 04/DSNMUI/IV/2000, murabahah provisions exist in sharia banking. Murâbahah financing procedures can be used for the procurement of goods, working capital, building a house, and so on.

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