

RELEVANCE OF ISLAMIC BANKING IN INDONESIA TO THE MUAMALAH SYSTEM OF THE PROPHET AND THE CALIPH

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ABSTRACT

The emergence of Islamic banks in Indonesia today is increasingly mushrooming. This emergence is inseparable from the role of the number of Muslim populations in Indonesia who want an Islamic economic and banking system that is far from usury. The Islamic banking system has been exemplified by the Prophet Muhammad and his companions in the past. His companions have become the basis or foundation for establishing Islamic banks. However, in reality, in Indonesia, the relevance of the Islamic banking system is less attractive. This research is descriptive qualitative research, using the library research method. This study aims to examine the practice of Islamic banking as exemplified at the time of the Prophet Muhammad SAW and to see the relevance and development of Islamic banking practices in Indonesia. This study concludes that the model of banking services, products, and activities exemplified by the Prophet is still used in the Islamic banking system in Indonesia. However, many Islamic bank practices deviate and are not by Sharia rules.

Keywords: Banking; Syariah; Indonesia; Rasulullah

INTRODUCTION

The word Bank is a word that is no longer foreign to the lives of Indonesian citizens because the economic life in Indonesia is more or less supported by the growing and developing banking system. The state has involved the banking system in almost all payment systems in the daily lives of Indonesian citizens, whether it is in the form of small or large transactions, in any case. The bank acts as the main guard in the capital and savings and loan system that involves business actors in Indonesia, even in the capital.

A bank is a financial institution used to store funds or money belonging to private individuals or individuals, institutions, business entities, organizations (Simatupang, 2019). The Dutch first introduced the banking system in Indonesia in 1828, which was used to facilitate the trading system of agricultural products and spices from the archipelago to outside the archipelago, which is currently called the export trade (Meirisa et al., 2021). In attracting customers, banks in Indonesia must compete to issue superior products such as low credit interest, high deposit interest, cashback system, demand deposits, and time deposits (Simatupang, 2019).

Two types of banking are developing in Indonesia today: the conventional banking system and Islamic banking (Kasmir, 2013). Conventional Banks work with a profit-seeking system through conventional principles by setting interest on savings and loan products and other bank services, such as administrative fees on ATM transactions. The bank applies a fee system that is taken from the customer. In comparison, the Sharia system implements an Islamic banking system based on Sharia law by implementing a profit-sharing system, namely financing from all transactions in the form of buying and selling, equity participation, pure leases, as well as the transfer of ownership of goods rented from the bank to other parties.

Indonesia is a country with the most significant number of Muslims globally, with a population of 204 million (Aziz & Susetyo, 2019) of the total population in Indonesia, 271,349,889 people (Chrysnaputra & Pangestoeti, 2021). With

the development of communication and information technology, people are increasingly literate and literate. This condition impacts the intellectual maturity of the community and affects spiritual maturity. So, in the practice of everyday life, people begin to apply religious aspects into the practices that are carried out every day, including in the economic and banking aspects.

Along with the increasing tendency of the public to switch to Islamic banks, Islamic banking systems are experiencing rapid growth in Indonesia. This movement fulfills the thirst of the Indonesian people for religious banking services, far from usury, and by Islamic law and guidance. However, the question is, is the Islamic banking system implemented in Indonesia following Sharia law as taught by the Prophet Muhammad? Then how exactly is the banking system carried out by the Prophet Muhammad in his era?

This study discusses the banking system exemplified by Rasulullah SAW when he entered into a trade agreement with Siti Khadijah. Wherein the trade agreement Siti Khadijah acted as the owner of capital, and Rasulullah was the person who ran the business capital and used it for trading capital. Then the trade profits were divided in half, partly for Siti Khadijah, the owner of the capital, partly for the Prophet himself as the person who runs the business capital (Maimory, 2019). Then the system was adopted by the banking system in Indonesia as the basis for establishing a Sharia banking system. This study tries to see the relevance of the trading system in the development of Islamic banking in Indonesia.

LITERATURE REVIEW

Syariah/ Islamic Banking System

Islamic bank is a business entity included in the scope of Islamic Financial Institutions (LKS). The definition of LKS, according to the National Sharia Council, is a financial institution that issues sharia financial products and has an active license as a sharia financial institution. This definition emphasizes that two elements must be met by an LKS, namely, the element of conformity with Islamic Sharia and the legality of operations as a financial institution (Maimory, 2019).

Islamic Bank is a financial institution whose primary business is providing financing and other services in payment traffic and money circulation whose operations are adjusted to Islamic sharia principles (Suhendro, 2018).

Islamic banking is banking based on sharia principles. Based on economic democracy and the principle of prudence, it must contain the values of justice, togetherness, equity, and benefit. In contrast to the Banking Law, the regulation concerning this principle emphasizes the phrase based on “sharia principles” (Warka & Hariyanto, 2016).

Muamalah

The word *Muamalah* comes from Arabic, etymologically the same as the word *Mufa'alah* (to do each other). This word describes an activity by a person or several people to meet their individual needs (Mardani, 2012).

In another sense, muamalah can be seen from two aspects, first in the meaning of language and second in the meaning of terms. According to language, muamalah comes from a joint action, mutual action, and mutual practice. According to the term, the notion of muamalah can be divided into two types: understanding of muamalah in a broad sense and the understanding of muamalah in a narrow sense. In a broad sense, muamalah is Allah's rule (law) to regulate humans concerning worldly affairs in social interaction. In a narrow sense, God's rules must be obeyed that regulate human relations with humans concerning how to obtain and develop property (Suhendi, 2013).

Previous Research

As a reference, the researcher brought an article from (Iqbal, 2021), which discusses the practice of Mudharabah in Islamic banking in Indonesia. This study concludes that the Prophet Muhammad has exemplified the Mudharabah system and has been known by the Arabs for a long time. Islamic law allows this practice of Mudharabah. According to the law of the Qur'an, the practice of Mudharabah is Sunnah or Ijma. Whereas in the Islamic banking system in Indonesia, the practice of Mudharabah

is applied in the provision of facilities or financing, business management is carried out by customers or *mudharib*, and profit-sharing refers to revenue sharing. The profit-sharing system can change according to the agreement made at the beginning of the contract.

The second research is the work of (Maimory, 2019) which discusses the development of Islamic banking from the time of the Prophet. This research shows that the banking system adopted by Islamic banking today has been exemplified in the time of the Prophet Muhammad. It is just that at that time not yet formed institutionally. Along with its growth, the Islamic banking system is increasingly emerging in Indonesia. However, it is not fully supported by the Indonesian government because from a political perspective, and the Islamic banking system tends to have an ideological connotation. The government is doubtful about the willingness of entrepreneurs to put their capital in a joint venture or profit-sharing system as is applied in the Islamic banking system for reasons of concern for the fate of the invested capital.

The thing that distinguishes this research from previous research is that in this research, it is reviewed as a whole and in more depth about Islamic banking practices and tries to find relevance and conformity with the *Muamalah* system in the era of the Prophet and his caliph.

METHODS

This research is qualitative research using the Library Research method. The data collection technique is in the form of documentation using secondary data originating from books, journals, official government websites, which follow the theme of the study of Islamic banking practices at the time of the Prophet and their relevance to the development of Islamic banking in Indonesia.

RESULTS

Banking Practice in the Prophet (PBUH) Era

In general, banks have three roles or functions: receiving money for a deposit, providing loans or money, and making

money transfers (Maimory, 2019). These practices are a form of transaction system carried out in conventional banking, where there is still an exciting system which in Islam is known as Riba. In Sharia law contracts, the interest or usury system is prohibited (Sudanto, 2019). The same forms of transactions have also been carried out since the time of the Prophet, such as sending money, lending money for daily needs, and receiving deposited assets (Karim, 2006). Likewise, the Prophet SAW did this with the profit-sharing system when trading (Susanto, 2008).

It can be seen that various forms of economic activity have the same characteristics as the character of modern banking as it is currently developing throughout the world, especially in Indonesia. To see the series of banking activities practiced at the time of the Prophet Muhammad, please see Table 1

Table 1 Banking Activities Done in Prophet PBUH Era

Note: S: Saving; F: Funding; P: Payment; T: Transfer

Period	Descriptions	Type or Banking Activities			
		Saving	Funding	Payment	Transfer
Nabi Muhammad SAW. 622-632 M	Because of his honesty and trustworthiness, the Prophet was given the title Al-Amin, which means trustworthy, so the people of Mecca trusted him to guard their wealth so that many Meccans entrusted their wealth to him. Until the emigration of Rasulullah SAW, he ordered Sayyidina Ali to return the treasure deposited in full. The Prophet did not use the treasure that was deposited.	√	√	√	
Zubbaid bin Awwam	Please do not accept the deposited property but accept it as a loan so that the entrusted party can use it, but the entrusted party must return it in full.	√	√		
Ibnu Abbas	Ibn Abbas sent money to Kuffah				√
Abdullah bin Zubbair	Sending money to his sister who lives in Iraq				√
The reign of Abu Bakr Ash-Shidiq 632-634 M	During his reign, Abu Bakr Ash-Shidiq founded the Baitul Maal, which used to distribute state assets.	√		√	
Umar bin Khattab 1-644	<ul style="list-style-type: none"> - Build a house to store his treasures. - He used checks to pay his employees and took grain from Baitul Maal. - Provision of working capital with a profit sharing system (Mudharabah), Muzara'ah, Musaqah, Musyarakah. 	√	√	√	√

Period	Descriptions	Type or Banking Activities			
		Saving	Funding	Payment	Transfer
Khalifah Utsman bin Affan 644-656 M	Baitul Maal functions as a regulator of income, expenses, and organizer.	√	√	√	√
Khalifah Ali bin Abi Thalib 656-661 M	Baitul Maal functioned as before, namely to channel state wealth.	√		√	
Bani Abbasiyah 750-1258 M	- They are emerging banking activities such as: accepting savings/deposits, financing/loans, and remittances. - They are circulating saq or checks in public as a means of payment in buying and selling transactions.	√	√	√	√

The forms of trade and economic transaction activities carried out at the time of the Prophet have shown that banking transaction practices have been carried out for a long time, even as exemplified by himself. Furthermore, this is still going on until now as the forerunner of establishing the concept of Islamic Banking.

Qardh Loan Transaction

Rasulullah SAW is known as Al-Amin, which means trustworthy (Mukhlas, 2020), so that in his day, people put great trust in him as a deposit of their wealth. In this context, the deposited property may not be used by the person entrusted. Therefore, before his departure to Medina, the Prophet Muhammad asked Sayyidina Ali to return the treasures deposited to their owners (Muhith, 2012). Unlike the Messenger of Allah, his friend, Zubair bin al Awwam, refused to carry out a system of depositing assets so that he was not willing to be entrusted. He prefers to accept the property as a loan in which, with the system of borrowing the property, the person entrusted with the property will take advantage of the property and must return it in one piece (Maftuha et al., 2021).

From the two transactions carried out at the time of the Prophet Muhammad, even by himself and his companions, the

term Qardh emerged. In terms of fiqh, al-qardh gives property to others to be returned without any addition to the property (Budiman, 2013). The word Qardh in terms means handing over the property to someone else to be used, and one day the user is obliged to return it (Yaya et al., 2014). Card transactions are allowed in Islam (Purwadi, 2014). The proof of this Qardh is Surah Al-Baqarah verse 245 (Al Ghany, 2015). Card transactions are currently used for sharia-based economic transactions or Islamic economics. A forum functions as a place for collecting and distributing funds as an embodiment of the moral character of mutual help in Islam to lighten the burden of fellow Muslims (Yaya et al., 2014).

Transfer

The form of sending money was also carried out by other companions of the Prophet Muhammad, namely by Ibn Abbas, who sent money to Kuffah, and Abdullah bin Zubair. They sent money from Mecca to Iraq. In addition, the system of using checks has also been known since the time of the Prophet. This practice is evidenced from the time of Umar bin Khattab when traffic and trade activities between Syria and Yemen were running rapidly. Umar Bin Khattab used a handwritten check system given to his employees to collect grain at Baitul Mal (Haron, 1996).

Bai Al-Istishna Transaction

If translated into Arabic, the word transfer means Al-Hiwalah, which comes from Al-Tahwil, transfer or transfer (K. A. Wahab, 2014). However, Fiqh experts define Hiwalah as a transfer of debt from the debt owner to the party who must pay the debt. So the transfer in question is the transfer of debt (ZA, 2017). In essence, Hiwalah is defined as an agreement made by three parties that contains an agreement to transfer responsibility for payment of debts from the first party to a second party that must be paid by a third party (Mustofa & Sari, 2021). The transaction model is applied to the Islamic banking system in ba'i al- Istishna.

Bai Al-Istishna is a contract of sale and purchase of goods between two parties in which the purchased goods which have

been previously produced or provided by the manufacturer are orders from other parties, and then the goods are sold at a price and method of payment agreed upon by the buyer of the goods and the seller (Sari & Anshori, 2017). So that in this transaction, there are three parties involved, namely the seller, the buyer, and the financing provider, in this case, is the bank. Bai Al-Istishna is a form of receivables coverage carried out by the Islamic Bank to the customer. In Islamic banking, the Al-Istishna contract is applied in financing transactions. Istishna financing is a form of financing transaction or provision of funds by a bank to pay for ordered goods ordered by customers to producers (Puji Lestari, 2014). Ba'i al-istishna is used in project financing or investment financing (Budiman, 2013).

In an Istishna contract, the transaction flow is that the producer receives an order for goods from the buyer. Payment can be made in advance, at the delivery of goods, or deferred for a certain period using the installment payment system (Puji Lestari, 2014). In more detail, the financing scheme in ba'i al-istishna is described in Figure 1 below.

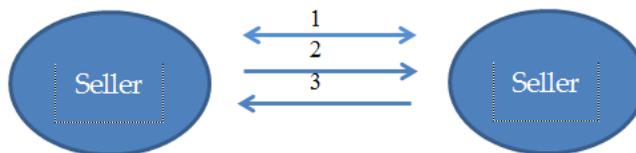


Figure 1 Scheme of Ba'i Al-Istishna

Note:

1. Buyer and seller have an istishna contract
2. The seller orders the goods and buys from the manufacturer
3. The manufacturer delivers the goods
4. The goods are handed over to the buyer
5. Buyer makes payment

Ba'i Al-Salam is a sale and purchase transaction of goods where the payment is made at the beginning, but the delivery of the goods is postponed or carried out at a later time (Yaya et al., 2014). Al-Salam contract is used to finance the purchase of an

item, for example, agricultural products that take a long time to produce. The word Salam comes from the word As-Salaf, which means introduction. In addition, etymologically, Salam means Al-isti'jal, which means hastened (Badriyah, 2013). In the Salam contract, the payment is made at the beginning (Nurhayati, 2015).

Ba'i al-salam is legally permissible based on Surah Al-Baqarah verse 282 which means "*O you who believe that you should write it down if you do not pray in cash for a specified time. Furthermore, let a writer among you write it down correctly.*"

Ibn Abbas explained the law of the Salam contract, which in essence, there must be clarity of time (Saprida, 2016). Bukhari and Muslim narrated that the Messenger of Allah said: "*Whoever wants to buy and sell Salam, it must be done with a certain size, scale and time.*"

Conditions that must be in the Salam contract (Umah et al., 2018), namely payment is made in advance, goods that are traded are debts to the seller, goods are delivered at the agreed time, goods must be apparent in terms of size, scale, quantity, and other characteristics, determined place and time for the handover of goods.

According to Badriyah (2013), the differences between ba'i al-istishna and ba'i al-salam and practices in Islamic financial institutions today are described in Table 2.

Table 2 the differences between ba'i al-istishna and ba'i al-salam

Type of Akad/ Contract	Fiqh Concept	Practices in Islamic financial institutions
<i>Ba'i Al-Salam</i>	<ul style="list-style-type: none"> - Prepaid - Goods delivered in the future 	<ul style="list-style-type: none"> - Banks buy goods from producers according to customer orders - Cash/installment payments

<i>Bai Al-Istishna</i>	<ul style="list-style-type: none"> - Procurement of goods is carried out after there is an order - Payment is made after the goods are finished 	<ul style="list-style-type: none"> - The customer orders from the bank, and the bank buys goods from the producer & sells it to the customer. - The customer orders goods from the producer, the bank pays the producer in cash, and the customer pays the bank on credit.
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From the table above, it can be seen that the reality that occurs in Islamic financial institutions today is different from what is guided by Sharia law. In Islamic banking practice, customers make their purchases from producers, even though the bank should sell goods for goods that have been purchased in advance from producers to customers. In this case, the bank only acts as a medium and does not carry out buying and selling transactions, so Islamic banks act the same as conventional banks. In Islamic banking, banks should carry out buying and selling transactions to financing institutions in ba'i al-istishna and ba'i al-salam transactions.

Mudharabah

Before being appointed as an Apostle, the Prophet Muhammad lived life by trading with his uncle, Abu Talib. Rasulullah SAW started trading after he migrated to Medina. There he managed the government and the economy of the people of Medina (Maftuha et al., 2021). He traded to the land of Syria by bringing merchandise belonging to Siti Khadijah to be sold in Syria. In this trade, Siti Khadijah is the owner of the capital or goods to be traded, while the Messenger of Allah acts as the person who sells the goods. In the trade agreement, the results or profits are divided into two: the owner of capital and part for the seller. This form of trade agreement is called Mudharabah. Mudharabah contract or agreement is an agreement that occurs between the owner of capital and the manager, where the distribution of profits and losses is divided in half based on the initial agreement that

has been agreed upon (Pradesyah, 2021). Mudharabah is a trade agreement between two or more parties to conduct a business. In Islamic banking, the bank as Shahibul Maal provides 100% of capital. At the same time, the customer only acts as a manager of the capital, and the distribution of profits is based on the initial agreement (Sari & Anshori, 2017).

Based on the Sharia Board Fatwa No. 7 of 2000 concerning Mudharabah Financing explains that business activities on capital provided by capital providers and managed by Mudharib have the following provisions:

- a. Business activities are the exclusive right of the manager, there should be no interference from the capital provider, but the capital provider has the right to supervise.
- b. The financier of capital may not hinder the business manager's business in making a profit.
- c. Managers must not violate Sharia law concerning Mudharabah contracts (Yaya et al., 2014).

The legal basis for Mudharabah is the Al-Qur'an Surah Muzamil verse 20, and the Hadith Nami narrated by Abbas bin Abdul Muttalib, that :

“If you want to hand over your property to the Mudarabah, then the Mudarib should not require the Mudarib to wade through the sea and down the valley, and not buy livestock. If this is violated then Mudarib must bear the risk.”

In addition to the Qur'an and Hadith, ijma' from the scholars allows the existence of these Mudharabah transactions (Anugrah & Nandaningsih, 2021). The profit-sharing scheme in Mudharabah is illustrated in Figure 2 below:

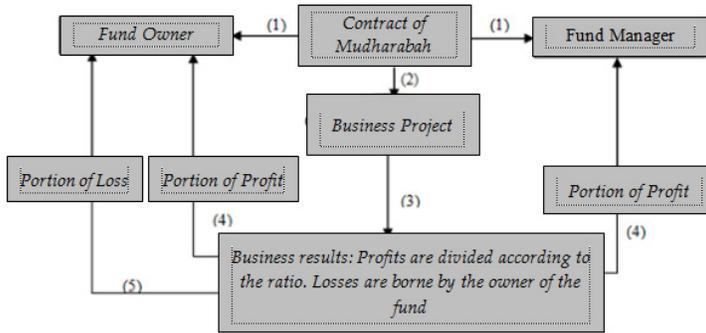


Figure 2 Profit Sharing Scheme in the Mudharabah contract

Note:

1. Mudharabah contract is made and agreed upon by the fund owner and fund manager.
2. It is agreed that the fund manager will manage the business/project.
3. Profit-sharing and loss of responsibility.
4. Profits are shared based on an agreement at the beginning.
5. The owner of the fund bears losses.

Musyarakah Financing Transactions

Musyarakah comes from the word Syirkah which means a mixture of interaction. From the terminology side, Syirkah means an attempt to make a profit (Yaya et al., 2014).

Syirkah-Mudharabah was carried out at the time of the Prophet by his companions with the Jews. The Prophet allowed this. The transaction is following the hadith of the Prophet Muhammad: *“Do not do something forbidden unless .”Allah and His Messenger forbid it*

So that Syirkah is legal (Hasanudin & Mubarak, 2012). Musyarakah is a cooperation agreement to conduct a business in which both parties contribute capital, and there is an agreement in the sharing of profits and risks (Antonio, 2001).

In Musyarakah financing, the Islamic bank does not provide the total required capital but only part of it with the agreed amount (Sari & Anshori, 2017). The flow of Musyarakah transactions can be seen in Figure 3 below.

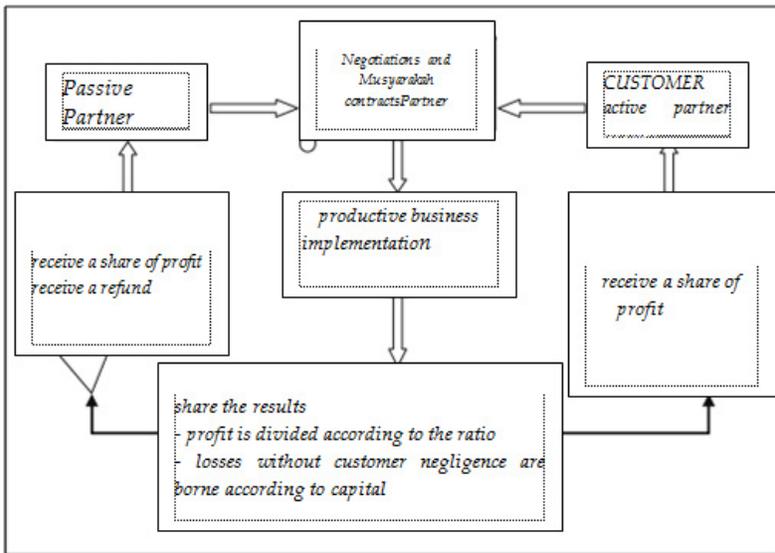


Figure 3 The flow of Musyarakah transactions

Note:

1. The contract is executed when the customer submits a financing request to a Sharia bank.
2. As an active bank partner, the customer also puts part of the capital in the Musyarakah transaction.
3. Both parties agree that the distribution of profits and losses that are not caused by the customer's negligence shall be borne following the proportion of the capital submitted. However, losses caused by customer negligence are entirely borne by the customer.
4. Banks and customers receive profit sharing according to the initial agreement.
5. The bank receives back the capital given to the customer. Furthermore, the customer wholly owns the business (Yaya et al., 2014).

Murabaha Transactions

Murabaha comes from the word Rabah ربح, which means profit. Meanwhile, Murabahah is defined as buying and selling carried out based on the cost of goods and added profit (Afrida, 2016). Trading with the Murabaha system was standard at the time of the Prophet (Syariah, 2015). Murabahah transactions are also

the most common form of transactions in Islamic banks. Murabaha can be done with an order in advance or without an order (Ismail, 2015). The legal basis for Murabaha is Surah An-Nisa verse 29, Surah Al-Baqarah verse 275 and 280, and Surah Al-Maidah verse 1. In addition, the Hadith of the Prophet Muhammad is narrated by Tirmidhi and Ibn Majah, and Ijma'.

Ijarah Transaction

Ijarah comes from the word Al-Ajru, which means replace. According to Arabic rules, Ijarah is a transaction based on taking benefits with replacement using a certain amount of money (Tehuayo, 2018). Al-Ijarah is a contract carried out regarding the transfer of rights to use or utilize goods through rental payments without any transfer of ownership (Santoso & Anik, 2017). Ijarah in modern life is called a lease transaction. Leasing in Islam can be done to potential human resources or called services, and leasing to facilities (Yaya et al., 2014). The rental of services is exemplified by the activity of hiring someone to help do a job, while the rental of facilities can occur on land, residences, rice fields. The sharia basis of Ijarah comes from the Qur'an Surah At-Talaq verse 6, which means: *"Then, if they breastfeed your children for you, give them wages."*

The Prophet did this SAW when he hired a guide from the Bani al-Dail (Tehuayo, 2018). The Ijarah transaction scheme can be seen in Figure 4 below.

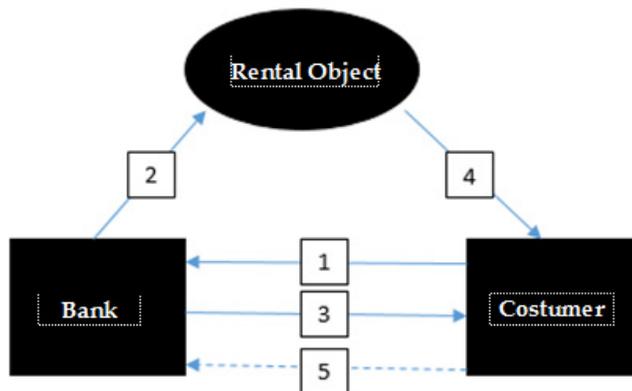


Figure 4 Ijarah Scheme

Note:

1. The customer applies for financing for goods/services to the bank
2. The bank pays rent to the owner of the goods/services
3. The bank leases the goods/services to the customer
4. Customers and use goods/services
5. The customer must pay the rent with an installment system to the bank.

DISCUSSION

Implementation of the Islamic Banking System in Indonesia and Its Relevance to the Trading Practices of the Prophet PBUH

The word bank comes from Banco, which means bench (Zuhirsyan & Nurlinda, 2018). While the meaning of Sharia is the laws of Allah revealed through his prophets (Handayani & Fathoni, 2019). Sharia Bank is a bank that carries out banking activities using the principles of Islamic law or Sharia (Zakaria et al., 2020). Another definition says that Islamic banks operate following Islamic sharia principles, especially in converting (Ilyas, 2018). Islamic bank is a bank which in carrying out its banking activities based on the laws of Allah as exemplified by the prophets of Allah SWT.

The idea of establishing Islamic banking in Indonesia was first conceived in the mid-1970s where the idea was presented in a National seminar on Indonesia's relations with the Middle East

as well as an international seminar organized by the Institute for Social Studies (LSIK) and the Bhinneka Tunggal Ikka Foundation (Nofinawati, 2016). In 1988 Indonesian ulema and Islamic leaders insisted on establishing interest and usury-free banking system. Finally, in February 1990, a working team was formed to establish the first Islamic bank, then Bank Muamalat was established as the first Islamic bank in Indonesia. (Syahdeini., 2014).

Indonesian Islamic Banking currently carries out several banking transactions and activities, such as funding, lending and lending, and other transactions that allow banks to earn a maximum profit (Kasmir, 2004). Islamic banks are banking institutions that provide financial services based on the values in Islamic law, namely free from interest (*riba*), free from speculative activities such as gambling activities (*maysir*), free from doubtful matters and the origin and contract are unclear (*gharar*), has the principle of fairness values, and is used to finance halal activities (Munawir, 2005). In 1992, Law No. 10 of 1992 concerns Banking, so with the issuance of several provisions regarding implementation, such as the Decree of the Board of Directors of BI and Bank Indonesia regulations, there began to be a legal basis for the establishment and growth of Sharia banking (Suhendro, 2018).

Qardh loan transactions in the Islamic banking system must be based on two things, namely the prohibition of usury and the basis of helping to improve the welfare of people in need. The Qard contract is a *tabarru*, lending, and borrowing system based on helping, not being burdensome, and not seeking profit. In essence, Qard is a transaction of lending money to the needy without any additional fees when returning it. In Islamic banking, banks usually withhold or ask for additional fees for administration, which is permissible under Sharia law (Hidayati et al., 2019).

In implementing money transfers through Islamic banks, Islamic leaders have different opinions regarding the law of cross-border money transfers. Dr. Khadijah Nabrawi said that international money transfers that crossed national borders should not be carried out because banks take advantage of the difference between purchase and selling values. The bank sells currency or

foreign currency at a price and repurchases it at a different price because there is a profit calculation in that price. Following the Hadith of the Prophet narrated by Turmudzi, “The Messenger of Allah forbade two contracts/transactions in one transaction” (Leli, 2018). Apart from the difference between the selling price and the purchase price in currency values, other benefits are also obtained from administrative fees, which are prohibited and are included in usury *fadh*l because banks take profits that are real in terms of service products that are not real (F. Wahab, 2017). However, other scholars such as Muhammad Ibrahim Abu Syadi and Muhammad Raw was Qal’ahji allow such transactions provided that the sender does not have an account or savings in the bank so that the money to be sent is handed over to the bank in cash and the bank exchanges the money into foreign currency in the form of a check and hand over to the sender. The second provision is that the sender submits cash to the bank so that a check is issued at a bank abroad. The third is that the handover of money does not occur directly but symbolically with an online system, where when the bank has made a transfer mechanism, the transaction is recorded at the destination bank abroad, and the recipient can immediately use or spend the money (K. A. Wahab, 2014). However, in reality, one of the Islamic banks in Indonesia is collaborating with Western Union on the pretext of expanding the scope of the Islamic bank’s services in the aspect of digital remittances (Eko, 2021). Even though it is clear that there is a difference between the selling price and the purchase price against the exchange rates of other countries’ currencies in the Western Union transfer process, this is not allowed under Sharia law.

In the development of Islamic banking in Indonesia in developing its banking products, *ba’i istishna* is, in fact, more in demand by customers than *ba’i asl-salam*. This is because, in *ba’i istishna*, it is used to order goods that are not yet available or do not exist. Meanwhile, *ba’i al-salam* is of minimal interest to the public because, in principle, ready-made or readily available goods have been widely circulated in the market. An example of a transaction that can be done using *ba’i istishna* is purchasing a house with a mortgage credit system (Hasanah, 2018).

Meanwhile, *ba'i al-salam* is rarely used in Islamic banking transactions. In daily life implementation, *ba'i al-salam* is usually carried out in buying and selling using the drop-ship system. In this system, the buyer places an order for goods from a drop shipper or intermediary and makes a cash payment. The drop shipper orders the goods to the manufacturer, and the producer sends the goods to the buyer directly (Yolanda, 2018).

In *Mudharabah* transactions, which are the most significant contributor to profits in Islamic banking, many things do not follow Sharia law. The bank has a dual role: the bank's status, namely as a business manager (*Mudharib*) and an investor (*sahibul maal*). The bank collects funds from customers and acts as a manager/business actor. With these funds, the bank enters into a *mudharabah* contract with the second customer and acts as the owner of capital (Mustofa & Sari, 2021).

Majelis Ulama Indonesia (MUI) issued Fatwa No. 7/DSN-MUI/IV/2000 states that the Islamic Financial Institution as the provider of funds bears all losses resulting from the *mudharabah*, unless the *mudharib* commits an intentional mistake, is negligent, or violates the agreement (DSN MUI, 2000). However, in reality, the Islamic bank does not want to bear any losses. In addition, financiers to Islamic banks are not ready to lose. Here the financiers only make capital loans to Islamic banks by expecting profits without wanting to know about sharia law, so that the profits obtained by depositors of funds are usury.

Musyarakah Financing Transactions, in Islamic banking in Indonesia, *Musyarakah*-based Islamic bank products are usually made and carried out in multi-contracts. There are more than two contracts in one transaction (Otoritas Jasa Keuangan, 2016). There is an increase in the price at which the contract was executed and the price at the transfer of ownership. In the case of the customer's failure to fulfill its obligations, the bank immediately executes the goods used as collateral. This condition shows inequality in the position of ownership of goods. In addition, the bank also imposes costs incurred on customers where the costs incurred should be the burden of the same, which violates the Fatwa of MUI Fatwa DSNNo.73/ DSNMUI/XI/2008. Islamic banks require customers

to make profit-sharing on the due date of installment payments, as is the case with conventional banks.

Murabahah transactions applied to Islamic banks determine the selling price of goods obtained from the cost price plus the bank's profit margin, where the selling price cannot change during the financing period (Afrida, 2016). Murabaha transactions are usually used in consumptive financings, such as houses, vehicles, household furniture, and productive financing, such as purchasing industrial machinery purchasing merchandise (Laksmana, 2009). However, the practice carried out in Islamic banks in Indonesia is not as directed in Sharia law. Islamic banks do not act as actual sellers of goods and are not investment agents because Islamic banks cannot provide a stock of goods to be traded, but rather as financiers (Hakim & Anwar, 2017).

Ijarah transactions are regulated in the Fatwa issued by the National Sharia Council of the Indonesian Ulema Council No. 9/DSN-MUI/IV/2000 concerning Ijarah financing. However, in Islamic banking in Indonesia, several things are burdensome to customers, as contained in articles 10 and 14 concerning Customer Statements and Acknowledgments. Meanwhile, the obligations that banks must carry out are not stated in the article, whereas in sharia law, there must be a balance of rights and obligations between the two parties. In addition, the financing that arises is also the customer's responsibility, even though in this Ijarah transaction, there are interests of both parties, all costs should be shared.

CONCLUSION

The economic, trade, and banking practices currently carried out by Islamic banks in Indonesia have previously been exemplified by the Prophet Muhammad and his companions. The emergence of the Islamic banking system in Indonesia is based on the monotheistic factor, namely the desire of the Muslim community to create an economic system based on Sharia law and away from usury. However, in reality, many practices in the field deviate from what is guided by Sharia law. Many transactions are considered burdensome to customers and more profitable for the bank.

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