RIGEO
REVIEW OF INTERNATIONAL GEOGRAPHICAL EDUCATION
ISSN: 2146-0353 ● © RIGEO ● 11(6), SPRING, 2021
www.rigeo.org
Research Article

Reconstruction Of Murabahah Contract Schemes in Sharia Banking

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Abstract
The high level of margin in murabahah financing makes people perceive that this financing is more expensive than credit financing at conventional banks. Some other people also still think that Islamic banking is not fully sharia. The purpose of this study is to evaluate the development and practice of murabahah financing in Islamic banking today and then offer two alternatives so that Islamic bank financing products can compete competitively with credit products at conventional banks. The two alternatives offered are related to the pricing scheme and method along with the margin in this financing. The research method is qualitative research, this study only describes the scheme and alternatives in the form of an initial description without testing the variables. It is hoped that the two methods offered in this research can provide a new understanding of the steps that Islamic banking needs to take to attract public interest and reach a wider range of consumers.

Keywords
Murabahah, Islamic Banking, Financing

To cite this article: Apriwandi.; Saudi, M, H.; and Yusuf, P, S. (2021) Reconstruction of Murabahah Contract Schemes in Sharia Banking. *Review of International Geographical Education (RIGEO), 11*(6), 497-503. doi: 10.48047/rigeo.11.06.61

Submitted: 20-01-2021 ● **Revised:** 15-02-2021 ● **Accepted:** 25-03-2021

Introduction

Islamic banks are financial institutions that carry out financial activities based on sharia principles as financial intermediaries between savers and investors, through a legal contract framework; and maintain a balance between economic and social (Alharbi, 2015; Visser, 2019). With the development phase of Islamic banking, many countries that have established conventional banks (public and private) have shifted their business units to Islamic banking. In the beginning, Islamic banking was considered an industry that met the needs of Muslims, now it has become a financial industry in every country that is worth billions of dollars (Mohamad, Abdullah, Mohamad, & Abidin, 2013; Syarif, 2019; Tatiana, Igor, & Liliya, 2015). Furthermore, each country establishes an Islamic body or organization that involves sharia business actors, sharia accounting professions, and academics to formulate rules and guidelines in running sharia banking.

The Islamic banking industry in Indonesia continues to experience rapid development and is in demand by the public, both Muslim and non-Muslim. This can be seen from the increase in assets at the end of last year (2016) which reached Rp356.50 trillion, an increase of 20.33% compared to 2015 which amounted to Rp296.26 trillion. In addition, sharia banking financing also increased by 16.40% to Rp249.09 trillion, compared to the previous year which was only Rp213.99 trillion. The growth of Islamic banks in Indonesia last year was supported by several factors, including the merger of Bank Aceh into a sharia bank so that it became a new spirit to continue to advance the sharia industry. With the joining of Bank Aceh, the market share of Islamic banking can reach 5% (Juliana, Sulthan, & Fathir, 2019).

The development of Islamic banking products is still dominated by murabahah products. As of June 2015, the Financial Services Authority noted that BUS and UUS financing for mudharabah contracts was IDR 14.9 trillion, musyarakah was IDR 54 trillion, and murabahah was IDR 117.8 trillion. The total financing of BUS and UUS is IDR 203,894 trillion (Miah & Suzuki, 2020). The dominance of murabahah products in Islamic banking is not a problem if the focus is on rapidly growing this industry. Because it doesn't mean that when murabahah is small, then Islamic banking immediately becomes big. One of the bank's functions is funding, so if the funds in Islamic banks are large, Islamic banks will also be large.

Murabahah financing is still perceived and implemented in various ways by Islamic banking so that it is necessary to standardize technically operational products that are minimum standards as a reference for product implementation so that they can meet sharia provisions and laws and regulations as well as the principle of prudence. Islamic banking is also required to always innovate to improve the service and quality of Islamic bank products and provide convenience and comfort for customers.

Unfortunately, the ease of the murabahah financing mechanism does not guarantee that practice in the field is under sharia provisions and standards as well as applicable laws and regulations. Several things related to deviations between the practice of murabahah financing with the concepts and provisions of sharia law standards and positive law are still found. The legitimacy of the operationalization of murabahah products in Islamic banking is still a matter of debate among contemporary scholars (Kasri & Kassim, 2009).

On the other hand, some people think that there are similarities between the practices of murabahah financing in Islamic banks, namely the determination of the profit margin. This is considered the same as credit financing in conventional banks with the determination of interest. Others also argue that murabahah financing is more expensive than credit financing in conventional banking. So for that, we need to evaluate and analyze this murabahah-based financing.

In the daily news on the Bisnis.com website, it was reported that the Bahrain-based Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is currently evaluating to encourage convenience and fairer principles for service providers and consumers. In this case, the proposed standard will revise the previous murabahah scheme, in which Islamic banks buy goods needed by customers and then sell them to the customers concerned. So far, the selling price of goods is obtained from the acquisition price plus the profit margin agreed between the Islamic bank and the customer.

One solution or alternative that can be implemented is that Islamic banking needs to establish good cooperation with suppliers or producers, to be able to formulate pricing and margins that are more competitive and efficient. The margins on the new murabahah product scheme offered in this study are expected to be more competitive than the interest system for credit products in conventional banking. Therefore, being a partner with a producer or supplier that provides goods

to consumers is important to attract customers' interests and priorities.

The Concept of Murabahah in Fiqh Perspective

The texts of the Qur'an never directly talk about murabahah, although there are several references about buying and selling, profit, loss, and trade. Likewise in hadith, it seems that no hadith has a direct reference to murabahah.

Murabahah in the perspective of fiqh is one of the forms of buying and selling that is trustworthy (bai' al-amanah). This sale and purchase are different from buying and selling musawwamah / bargaining. Murabahah is carried out between the seller and the buyer based on the price of the goods, the original price of the seller's purchase is known by the buyer, and the profits taken by the seller are notified to the buyer, while musawwamah is a transaction carried out between the seller and the buyer at a price regardless of the original price of the goods. 2005) (Firmansyah & Manaf, 2020).

In bai' al-murabahah, the seller clearly states the purchase price of the goods to the buyer then he requires a certain amount of profit (profit) (Rusydiana, As-Salafiyah, Sanrego, & Marlina, 2021). This murabahah appears to have been used purely for commercial purposes. Murabaha is a form of buying and selling with a commission, where the buyer usually cannot get the goods he wants except through an intermediary or when the buyer does not want to go through the trouble of getting it himself, so he seeks the services of an intermediary.

According to Hanafiyya scholars, what is meant by murabahah is to transfer ownership of something that is owned through the first contract with the first price accompanied by an additional profit. Malikiyah scholars argue that murabahah is the sale and purchase of merchandise at the purchase price accompanied by additional benefits that are the same as known to both parties in the contract (Firmansyah & Manaf, 2020; Rusydiana et al., 2021).

Furthermore, Imam Shafi'i believes, if someone shows an item to another person and says: "buy something like this for me and I will give you so much profit". Then that person also buys it, then this sale and purchase is legal. Imam Shafi'i named this kind of transaction (murabahah made for purchase by order) with the term al-murabahah li al-amir bi ash-syira' (Yusuf & Ichsan, 2021). For example, there are three parties, namely A, B, and C in a murabahah contract. A asks B to buy some goods for A. B does not have the said goods but he promises to buy them from a third party i.e. C. B is the intermediary and the murabaha contract is between A and B.

According to Yusuf and Ichsan (2021), said that murabahah is the sale and purchase of goods at the original price with an additional agreed profit. In this type of buying and selling, the seller must tell the price of the goods he buys and determine a level of profit as an addition.9 Meanwhile, according to Zuhaily, murabahah transactions are buying and selling with the initial price plus a certain profit.

In the DSN fatwa number 04/DSN/MUI/IV/2000 (Ibrahim & Salam, 2021) concerning murabahah, it is explained that what is meant by murabahah is selling an item by confirming the purchase price to the buyer and the buyer paying it at a higher price as profit. So in short, murabahah is a contract of buying and selling goods by stating the acquisition price and profit (margin) agreed upon by the seller and the buyer. In Islamic banking technical terms, this contract is a form of natural certainty contracts, because in murabahah a required rate of profit is determined.

Murabahah Practices in Sharia Banking

Initially, Murabaha was not related to financing. Then, experts, scholars, and practitioners of Islamic banking combined the concept of Murabaha with several other concepts to form the concept of financing with a Murabaha contract. Murabahah financing can be used for consumptive purposes such as the purchase of motor vehicles, houses, and other household appliances, as for productive purposes such as working capital or investment needs (Muda, Panjaitan, Ginting, & Maksum, 2018).

In a murabahah agreement, the bank finances the purchase of goods or assets needed by its customers to purchase the goods from the supplier of goods and then sells them to the customer by adding a mark-up or profit margin. In other words, the sale of goods by banks to customers is carried out on a cost-plus profit basis (Rusydiana et al., 2021).

Kasri and Kassim (2009) said that Murabahah, as applied in Islamic banking, is in principle based on two main elements, namely the purchase price and associated costs and an agreement on

mark-ups. The basic characteristics of a murabahah financing contract are as follows:

a) The buyer must know the associated costs and the cost of goods and mark-up limits should be set as a percentage of the total price plus costs.
b) What is sold is goods or commodities and is paid for in money.
c) What is being traded must exist and be owned by the seller or his representative and must be able to deliver the goods to the buyer.
d) The payment is deferred.

In general, these customers do not have sufficient funds to purchase the goods at that time, so they take an alternative to request financing from Islamic banking through a murabahah contract where the customer can pay in installments later. Banks or Islamic Financial Institutions (BMT) act as sellers, while customers act as buyers. The selling price is the bank's purchase price from the producer (supplier) plus profit. Both parties must agree on the selling price and payment term. This selling price is included in the sale and purchase contract and if it has been agreed upon, it cannot change as long as the contract is valid. Goods or objects must be delivered immediately to customers, and payments are made tough (Kasri & Kassim, 2009; Rusydiana et al., 2021; Zainuldin & Lui, 2020).
Furthermore, Kasri and Kassim (2009) explained that Islamic banks generally adopt murabahah to provide short-term financing to customers for the purchase of goods. Several reasons were put forward to explain the popularity of murabahah in Islamic banking investment operations, including:

a) Murabahah is a short-term investment mechanism, and compared to the profit and loss sharing (PLS) system, muarabahah is quite easy;
b) Mark-up in murabahah can be applied in such a way as to ensure that banks can earn profits commensurate with the profits of interest-based banks that rival Islamic banks.
c) Murabahah removes the uncertainty that exists in the income of businesses with a PLS system.
d) Murabaha does not allow Islamic banks to interfere in business management, because the bank is not a partner of the customer, because their relationship in murabahah is the relationship between creditors and debtors.
In the current development of murabahah products, banks or BMTs use wakalah contract media to authorize customers to purchase goods on behalf of the bank to suppliers or factories (Muda et al., 2018).
In this case, the bank represents the customer to buy goods from a third party (supplier), then the two parties sign an agency agreement (agency contract), where the bank authorizes the customer to become his agent (representative) to buy goods or commodities from the third party. Third on behalf of the bank, in other words, the customer becomes the bank's representative to buy goods.
In the Fatwa of DSN MUI No. 4/DSN-MUI/IV/2000 (Ibrahim & Salam, 2021) concerning murabahah, it is stated that ownership of goods is only limited to being an agent of the bank. Furthermore, the customer provides information to the bank that he has purchased the goods, then the bank offers the goods to the customer and a murabahah sale and purchase contract is formed. So that the goods also change ownership into the property of the customer with all the benefits and risks.

Evaluation of the Application of Murabahah Products in Islamic Banking.

Some people think that there are similarities between the practices of murabahah financing in Islamic banks, namely the determination of the profit margin. This is considered the same as credit financing in conventional banks with the determination of interest. Others also argue that murabahah financing is more expensive than credit financing in conventional banking. So for that, we need to evaluate and analyze this murabahah-based financing.
Conventional banks in lending money (financing), for example for the purchase of certain goods, the interest charged on the loan is associated with the principal and maturity of the loan. As for the price of customer goods, it is not a matter of conventional banks. The main thing that is of concern to conventional banks is to obtain current interest rates for expenses, for example in terms of risk and maturity.
In contrast to conventional banks, in the murabahah financing mechanism in Islamic banks, customers can find out the total price of goods beforehand (Rusydiana et al., 2021), which will not

be known in interest-based financing. In murabahah, the factors that seem to influence the amount of mark-up are the need for Islamic banks to earn real profits, inflation, current interest rates, monetary policy, and the expected rate of profit from these items. Thus, the mark-up in murabahah may be higher or lower than the interest rate.

Referring to these two things, it is not wrong if there are people who perceive that Islamic bank are the same as conventional banks and perceive that credit in Islamic banks is more expensive and the margin is identified as the same as interest.

It should be noted that setting a margin that exceeds that of a conventional bank is not without reason. Islamic banks have learned from the crises that occurred both domestically and internationally. The existence of a crisis will cause volatile interest rates. Today 6%, next year could be 8%, next year could be 20%. Depending on the interest rate on the market mechanism will create uncertainty. Instead of following the market mechanism, it can cause customer insecurity. If the crisis repeats itself, it will become a burden for customers. Installments will soar. Eventually, bad credit will occur.

The high level of margin in murabahah is inseparable from the use of interest rates and inflation rates as a reference in determining the selling price of murabahah products. However, the public does not need to worry about fluctuations in inflation and interest rates. This means, whether there is a crisis or not, the installments that must be paid by customers will not change. Same as stated at the time of the contract. Will never change. Whatever the situation. Thus, setting a higher margin is basically to anticipate future economic events. If it is lower than it is an advantage for the bank. If it is higher than the loss is the responsibility of the bank.

However, there will still be a dilemma if we look at the current economic conditions because every year interest rates in Indonesia continue to decline. This is something good and positive in macroeconomic activity. However, the effect on murabahah products is that when interest rates fall, competition in financing products will be more competitive and become a challenge for Islamic banking in attracting consumers to stay interested in murabahah products. For this reason, it is necessary to have a clear concept in determining the selling price (pricing) and the margin of murabahah financing.

A New Scheme Offer in Murabahah Contract

In the previous discussion, it has been explained that the public considers that murabahah financing is more expensive than credit financing in conventional banking. This can be seen in general, the margin set by Islamic banks exceeds the interest rate on conventional bank credit financing. Although the purpose of setting a higher margin is as a form of protection and security for customers if one-day interest rates jump up suddenly, for this improving economic condition, people will prefer credit financing to conventional banks because interest rates in Indonesia continue to grow decreased every year.

So to overcome this problem the author proposes that steps that can be taken by Islamic banking are to establish cooperation and become good partners with suppliers or producers so that they can manage and formulate pricing and margins that will be set. This solution cannot be applied in conventional banks because the focus of conventional banks in financing is the interest charged on loans related to the principal and maturity of the loan. As for the price of customer goods, it is not a matter of conventional banks.

To find out more about this form of cooperation, the authors propose a new scheme for murabahah contracts, which is explained when customers need funds to buy an asset or goods, then customers can go to Islamic banks to ask for financing. The customer can explain the criteria for the desired item in detail to the bank. Then the bank will order the goods and notify the supplier to send the goods ordered by the customer.

In this case, the bank has established a form of cooperation with suppliers to sell and market products, so that banks and suppliers become business partners. Banks as institutions that have high credibility in the community will certainly have a great influence and in this collaboration, suppliers benefit because banks help market their products. So the bank will get a commission or discount from the supplier and then resell it or transfer the benefits to the customer. Because they have received commissions or discounts from suppliers, banks can set lower margins and prices to customers without reducing the bank's profit target.

Here are two alternatives that I can offer through the new murabaha financing scheme.

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a. The first alternative: Reducing the initial price of the murabahah item/object with a sales commission.

In the new murabahah contract scheme, banks can make murabahah financing cheaper. The reason is, after the bank orders the goods for the customer, the bank will get a commission from the Toyota dealer/showroom, for example, IDR 15.000.000. The commission is given because the bank has marketed the product and sold it to customers. Then the bank can transfer these benefits to the customer by giving a price discount to the customer by reducing the initial price of the car with the commission that the bank gets from the dealer, from the initial price of IDR 650.000.000 to IDR 635,000,000. So in this case the bank can provide financing that is cheaper and more efficient. In the simulation, we can see that the amount of down payment that customers have to pay to get a Toyota Camry is IDR 158,750,000, which is smaller than the previous scheme, which was IDR 162,500,000. So the total financing became IDR 664.845.000, this amount is smaller than the total financing with the previous contract scheme, which amounted to IDR 680.550.000. So that the number of monthly installments now becomes IDR 11.080.750 from the previous IDR 11.342.500. So under this scheme, murabahah financing looks cheaper and more efficient, but banks still get the same margin percentage, which is 40% of the total financing.

In summary, the comparison of the simulations of the two schemes can be seen from the financing table below (the calculation is carried out using the excel program):

Calculation Items	**Murabahah Scheme**	
	Ordinary Murabahah	New Murabaha
Total Financing	IDR 680.550.000	IDR 664.845.000
Financing Value	IDR 487.500.000	IDR 476.250.000
Financing Margin	IDR 193.050.000	IDR 177.345.000
Monthly Installment	IDR 11.342.500	IDR 11.080.750
Sales Commission	-	IDR 15.000.000
Target Margin	IDR 193.050.000	IDR 188.595.000
Target Margin %	40 %	40 %

b. Second alternative: Reducing Financing Margin with Sales Commission

The second alternative still uses the same scheme, namely the new murabahah contract scheme that has been discussed above. But here there is a slight difference with the first alternative. If in the first alternative the price/object of murabahah is reduced by the amount of commission that the bank gets from the supplier, then in this second alternative the financing margin is reduced by the sales commission.

From the simulation above, it is known that the financing margin is IDR 193.050.000. Then the amount of the margin is reduced by a commission of IDR 15.000.000, so that the margin of financing becomes IDR 178.050.000. In this case, the bank still gets a target margin of IDR 193.050.00 or 40%, it's just that the bank gets a deficit of IDR 15.000.000 on the margin side from the customer, but on the other hand, the bank gets a surplus of IDR 15.000.000 from the supplier side as a form of commission, so the bank still gets the same profit share.

Conclusion

Sharia banking must always be demanded and directed to continue to innovate and engineer finance which is of course based on sharia principles. The public's negative perception of Islamic banking must be immediately overcome by carrying out these innovations, the public's perception of the high cost of murabahah financing in Islamic banks must be extinguished immediately. One of them is by offering a new financing scheme that can provide convenience, security, and comfort for both customers, banks themselves, and also for other parties involved such as suppliers or producers.

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