

## Akad Murokab on the DSN-MUI Fatwa and its Effect on Islamic Bank Funding Products

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**Abstract.** *The study determines whether Islamic bank management understands hybrid contracts in the DSN-MUI funding fatwa and its influence on developing funding products in Islamic banks. The type of research used is normative juridical to examine the application of Islamic legal rules both at the methodological level (usul fiqh) and fiqh rules and at the product level (fiqh). The primary data of this study comes from the DSN-MUI fatwa and interviews to explore the understanding of Islamic bank management towards hybrid contracts in the DSN-MUI funding fatwa. This study indicates that from eight fatwas on DSN-MUI funding products, only fatwa No. 86 and 87 containing hybrid contracts. There are several theoretical frameworks, standards, and limitations (dawābit) that the DSN-MUI has determined. The study also shows that the management of Islamic banks, generally, has understood the theoretical framework, standards and limitations of hybrid contracts on Islamic bank funding products only in textual concept. The textual understanding can increase the portfolio of funding products. This can be evidenced by the increasing portfolio of mudārabah savings and income smoothing programs at Islamic banks.*

**Keywords:** *Hybrid contract, DSN-MUI Fatwa, Funding Products, Islamic bank*

**Abstrak.** *Penelitian ini mengkaji apakah manajemen bank syariah memahami kontrak hybrid dalam fatwa pendanaan DSN-MUI dan pengaruhnya terhadap pengembangan produk pendanaan di bank syariah. Metode yuridis normatif digunakan untuk mengkaji penerapan kaidah hukum Islam baik pada tataran metodologis (ushul fiqh) dan kaidah fikih maupun tataran produk (fikih). Data utama penelitian ini bersumber dari fatwa DSN-MUI dan wawancara untuk menggali pemahaman manajemen bank syariah terhadap multi akad pada fatwa pendanaan DSN-MUI. Penelitian ini menunjukkan bahwa dari 8 fatwa produk pendanaan DSN-MUI hanya fatwa No. 86 dan 87 yang terdapat multi akad dengan beberapa kerangka teori, standar, dan batasan-batasan (dawābit) yang telah ditentukan oleh DSN-MUI agar tidak terjeurumus pada multi akad yang dilarang. Penelitian ini juga menunjukkan bahwa manajemen bank Syariah secara umum sudah memahami kerangka teori, standar dan batasan-batasan multi akad pada produk pendanaan bank Syariah pada konsep tekstual di mana dapat mempengaruhi peningkatan portofolio produk penadanaan. Hal ini dapat dibuktikan dengan meningkatnya portofolio tabungan mudharabah dan program income smoothing di bank Syariah.*

**Kata kunci:** *Multi akad, Fatwa DSN-MUI, Produk Pendanaan, Bank Syariah*

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## Introduction

The growth of the Islamic finance industry in Indonesia has increased significantly. This is reflected in the growth of Islamic financial institutions, their products and services, to the development of Islamic financial support infrastructure. Indonesia has the most prominent Islamic financial index globally in the global market. Based on The Financial Services Authorization (OJK) data in December 2021, Islamic financial assets in Indonesia, excluding *Baitul Māl wa al-Tamwīl* (BMT) shares, reached 1,802.86 trillion with a market share of 9.89 percent. Total Islamic banking assets were recorded at Rp 608.5 trillion. However, its market share in national banking was only about 6%, so the contribution of Islamic banks to the national economy has not been optimal.

The suboptimal market share of Islamic banking is caused by the funding structure of Islamic banks, which still rely on financing from expensive funds, making it inefficient. In addition, Islamic bank products are still less varied, so they are less attractive to the public. The lack of variety of Islamic banking products, among others, can be caused by the inability of management to translate the DSN-MUI fatwa into operational products, including fatwa containing hybrid contracts.

The National Sharia Council of The Indonesian Ulema Council (DSN-MUI) has produced around 57 fatwas that contain hybrid contracts, including fatwa related to funding products. On that basis, the DSN-MUI fatwa behind products in Islamic banking is dominated by hybrid contracts rather than single contracts. PBI or POJK has not codified the DSN-MUI fatwa around Islamic banking funding products using hybrid contracts. This causes differences between the Islamic bank management in developing their funding products.

There are several studies on hybrid contracts. Khan (2013) says that hybrid contracts are allowed as long as there are no elements of usury, *gharar*, and *mayisir*. Khan's opinion is reinforced by Muneeza (2020) and Ahroum (2020), who state that multiple contracts are allowed as long as they do not contain elements of usury. Imam Sastra (2018) suggests that numerous agreements are allowed as long as there is no *qard* contract that can lead to the aspect of usury. (Ishak, 2020) argues that multiple contracts can be applied to sharia financial products as long as they are in accordance with *sharia maqāṣid*. Hasanudin (2016) stated that hybrid contract is allowed as long as they are not *mutaqābilah*.

The study discusses that the hybrid contract is contrary or contradictory to *nas* (*hadith*). However, the study has not examined the limitations of hybrid contracts in a fatwa that is used as a guideline by the management of Islamic banks

in developing their products and how their understanding of hybrid contracts affects funding product development. Based on a search of some of the literature above and as an effort to complete theories that are closely related to the hybrid contract, the author tries to examine the hybrid contracts in the DSN-MUI fatwa and their influence on the development of Islamic banking funding products in Indonesia with the following research questions:

1. Does the DSN-MUI fatwa on funding products contain hybrid contracts and have specific standards and restrictions?
2. How does the Islamic bank management's understanding of hybrid contracts affect the development of Islamic bank funding products?

## Literature Review

Nazih Hammad pioneered the basic concept of a hybrid contract. He stated that the basic principle of Islamic law was the ability to perform transactions of hybrid contracts (Hammad, 2005). 'Abdullah Al-Imrani developed Hammad's concept. Al-Imrani divided hybrid contract into five types namely: (1) *al-uqūd al-mutaqābilah*, (2) *al-uqūd al-mujtami'ah*, (3) *al-uqūd al-mutanāqidah wa al-mutadadah wa al-mutanāfiyah*, (4) *al-uqūd al-mukhtalifah*, and (5) *al-uqūd al-mutajānisah* (Al-Imrani, 2006).

The scholars have different opinions regarding the hybrid contract law. Some scholars argue that a hybrid contract is prohibited based on the hadith of the Prophet Muhammad narrated by Imam Tirmidhi, al-Nasai, and Abu Dawud. They stated that "the Prophet (peace be upon him) prohibited two contracts in one transaction". Some scholars argue that not all hybrid contracts are prohibited because the above hadith only prohibits some hybrid contracts, i.e. a hybrid contract that occurs reciprocally (*mutaqābilah*) (Hammad, 2001).

Khan (2013) argues that hybrid contracts can be justified if they do not contain elements of *bay' al-'Inah*. *Bay' al-'inah* is a form of buying and selling transaction in which the seller sells the goods to the buyer firmly, and then the buyer sells it to the seller in cash at a lower price he must pay at maturity. Khan's opinion was strengthened by Ahmad Abed Alla Alhusban, Ali Abdel Mahdi Massadeh and Haitham Haloush (Alhusban, 2021)

Husain Ahmed Hassan (2014) argues that the hybrid system is not new. For example, in the United Arab Emirates, Islamic financial institutions freely initiate sale contracts and investment contracts for retail and corporate banking clients and experiment with new and innovative hybrid structures by mixing the sale

and investment contracts for project finance and *sukuk* purposes. In the Islamic capital market, the paradigm in the system has shifted from asset-backed to asset-based financing. Within this system, the Islamic capital market provides a range of instruments for transactions, some consistent with earlier notions such as mutual funds, equity investments, and stock trading. In contrast, other instruments like Sukuk, real estate finance, and insurance have developed hybrid and debt-based models within the system. As a result, the sources of Islamic corporate finance that were expected to be equity-based are now hybrid through various means compatible with Sharia principles. Consequently, part of the capital structure and other Islamic corporate finance segments are not very different from conventional practices (M. Kabir Hassan, Sirajo Aliyu and Mumtaz Hussain, 2022).

Iman Sastra added that most Islamic banking and finance contracts combine more than one contract in their products and services. However, this concept encounters legal issues due to the Prophet's hadith (SAW) prohibiting combining several contracts in one single transaction. The research argued that it is lawful for Islamic banking and finance to connect more than one contract to structure the Shariah-compliant product if they follow the Shariah guidelines and parameters of a hybrid contract (Muhammad Iman Sastra Mihajat, 2018).

As the modern financial environment is complicated, developing efficient and competitive Islamic products is crucial to compete with conventional banking products. Thus, implementing 'Shari'ah contracts in *fiqh muamalat* require a special approach by creating hybrid contracts in one product. However, this must comply with the parameters of the *maqāsid al-Sharia*, where in particular, it must not lead to changing any illegal action. To be precise, the combination of contracts could lead to the hidden or justifiable '*ribā*' like using a *hibah* agreement to hide a profit guarantee in the *muḍārabah* contract (Ishak, 2020).

Muneeza (2020) suggests that homeownership financing in Malaysia uses multiple contracts, including *al-murābah lil amir bi al-syirā* and *Musyārakah Mutanāqishah*, which combine *mushārakah*, *ijārah wa'ad tuma bay'* and *ijārah* contracts, Ahroum (2020). Both multi-contracts include multi-contracts permitted by Sharia because they do not fall into the element of usury.

Setiadi (2017) argues that the original law of hybrid contract is permissible, except for hybrid contract, which is expressly prohibited by *nas (al-Hadith)*. An understanding of *Nash prohibiting hybrid contracts requires a fairly in-depth study to identify which hybrid contracts are allowed and not permitted*.

Hasanudin (2016) argues that the DSN-MUI fatwa has adopted *mujtami'ah*

and *muta'addidah* contracts and rejected the *mutaqābilah* contract. The *mujtami'ah* contract is to collect several contracts in one transaction where one contract with another cannot be separated. The *muta'addidah* contract is to manage several contracts in which one contract is independent of another Albouna (2007). The *mutaqābilah* contract is to collect many contracts in one transaction that depends (*mu'allaq*) on each other.

Susanto (2016) states that until 2016 out of 100 fatwas that DSN-MUI has published, there are about 39.32% directly related to Hybrid contracts. Even in specific sectors like the agricultural sector, it takes another hybrid contract not regulated in the DSN-MUI fatwa, namely *bay' al-wafa wa al-Muzāra'ah* or *bay' al-Wafa wa al-Mukhabarah*. Hence, it requires a lengthy licensing process (Pratiwi, 2017).

For example, in homeownership financing products, at least three hybrid contract schemes offered by the DSN-MUI fatwa, including *murābahah lil Aamir bi al-Syira*, *Ijārah Muntahiya bi al-Tamlik* (IMBT). The industries most widely used *Musyārahah Mutanāqishah* (MMQ), but only one scheme, namely *murābahah lil Aamir bi al-Syira* (Ghozali, 2020).

The DSN-MUI fatwa does not explain hybrid-contract *dawābiṭ* in Islamic bank funding products. This causes differences in implementation in each Islamic banking industry, depending on the opinion issued by each Sharia Supervisory Board (DPS). As a result, Muhammad Nur Yasin evaluated the enactment of hybrid contract principles in the Sharia Banking products within the frame of eclectic law. Thirteen Sharia Commercial Banks in Indonesia offer 228 non-hybrid contract products and 168 hybrid contract products. This study identifies factors behind the enactment of hybrid contract principles in Sharia Banking products and the model of eclectic law that it subscribes to (Muhammad Nur Yasin, 2019).

Based on a search of some of the literature above and complete theories closely related to the hybrid contract, the author examines the hybrid contracts in the DSN-MUI fatwa and their influence on the development of Islamic banking funding products in Indonesia.

## Methods

The type of research used is normative juridical, which is conducted to examine the application of the rules or norms in Islamic law both at the methodological level (*ushul fiqh*) and fiqh rules as well as at the product level (*fiqh*).

The objectives of normative legal research include research into legal principles, legal systematics, legal synchronization, legal history research, comparative law research, and legal application research.

This research focuses on the DSN-MUI fatwa from fatwa number 1 to number 139 related to Islamic banking funding products. Fatwa is treated as a text that contains reasons and thoughts in its manufacture. In this case, the view is related to discussing hybrid contract issues. The Text studies are carried out to elaborate on the concept of hybrid contract, both in classical and modern *fiqh* texts. Also, to find out the forms and variations of hybrid contracts applied in the DSN-MUI fatwa and how it affects the development of Islamic banking funding products.

In general, the data types in this study were divided into two: primary and secondary. Primary data is directly obtained from the source and is related to the research problem. In this study, the primary data are DSN-MUI fatwa related to Islamic banking funding products that contain hybrid contracts. At the same time, secondary data was obtained through library research.

Data analysis is done by collecting the necessary data. The data is analyzed in a qualitative and quantitative approach. Qualitative analysis is done with a content analysis approach. First, the DSN-MUI fatwa relating to Islamic banking funding products is divided between a fatwa containing only one contract and a hybrid contract. After that, the fatwa of one contract is separated because it is not to be analyzed, and a fatwa that contains a hybrid contract is taken for further analysis.

The hybrid contract fatwa is reviewed and analyzed to identify the theoretical framework, standards, and limitations (*dawābiṭ*) and how they affect Indonesia's Islamic bank funding products development. After analyzing the limitations (*dawābiṭ*) of hybrid contracts in the funding fatwa, the authors confirmed it to the bank management through interviews on the extent of their understanding of the *dawābiṭ* contained in the fatwa and how to apply it in funding products and what obstacles they faced, after that assessing the extent of their understanding affect the overall development of funding products

To determine the knowledge of bank management on hybrid contracts and its influence on the development of funding products, the author uses purposive sampling, which is a non-random sampling technique where the researcher determines the sampling by determining special characteristics that are in accordance with the research objectives so that it is expected to answer research problems. The research focused on Sharia bank management that applies multi-

contract-based funding products, including PT BPRS Harta Insan Karimah and PT BPRS Insancita. The respondent of PT BPRS Harta Insan Karimah was the President Director ((HIK-PD) and Director of Operations (HIK-OD), and the Business Director represented PT BPRS Insancita (IC-BD). The interviews were conducted in November 2021.

## Results and Discussion

### Theoretical Framework, Standards, and Specific Restrictions of Hybrid Contract on Funding Product Fatwa

The scholars have different opinions regarding the hybrid contracts law based on the literature study. Some scholars argue that hybrid contracts are prohibited based on the hadith of the Prophet Muhammad narrated by Imam al-Tirmidhi, al-Nasai, and Abu Dawud. They stated that the Prophet (PBUH) forbade two contracts in one transaction. Some scholars argue that not all hybrid contracts are prohibited because the above hadith only prohibits part of hybrid contracts, namely hybrid contracts that occur reciprocally (*mutaqābilah*).

Khan argues that hybrid contracts can be justified if they do not contain elements of *bay' al-'Inah*. *Bay' al-'inah* is a form of buying and selling transaction in which the seller sells the goods to the buyer firmly, and then the buyer sells it to the seller in cash at a lower price which he must pay at maturity. Khan's opinion was reinforced by Ahmad Abed Alla Alhusban, Ali Abdel Mahdi Massadeh and Haitham Haloush. Hybrid contracts are also prohibited when *qard* contracts are combined with *mu'awwadah* contracts such as buying and selling and *ijarah*. The margin/fee is determined based on how much bailout is given.

It can be concluded that hybrid contracts can be justified if there is no *bay' 'inah* element and do not combine *qard* contracts and *mu'awwadah* contracts. Further, the margins/fees are determined based on the amount of bailout (*qard*) given. Based on the observation, DSN-MUI fatwa on funding products shows that the multi-contract does not contain hybrid contracts. It violates the provisions agreed upon by the scholars, namely giving rise to the form of *bay' al-'inah* and the determination of margins/fees that are directly related to the loan (*qard*) provided. This happens because the DSN-MUI fatwa determines strict requirements, standards and *dawābiṭ* for hybrid contracts contained in funding products. However, the requirements, standards and *dawābiṭ* are not considered by industry players, it will result in its appearance. This includes a prohibited multi-contract.

There are eight DSN-MUI fatwas related to Islamic Bank funding products, namely fatwa on Giro; Savings; Deposits; *al-Qard*; Prizes in Funding for Islamic Financial Institutions; Income Smoothing Method for third party funds; *mudārabah* contract; and Guidelines for Islamic bank Customer Deposit Insurance. (DSN-MUI, 2021)

Table 1. DSN-MUI fatwas on Funding Products

No	The Number of Fatwa	The Contents
1	No.01/DSN-MUI/IV/2000	Giro
2	No. 02/DSN-MUI/IV/2000	Savings
3	No. 03/DSN-MUI/IV/2000	Deposits
4	No. 19/DSN-MUI/IV/2001	<i>al-Qard</i>
5	No. 86/DSN-MUI/XII/2012	Prizes in Funding for Islamic Financial Institutions
6	No. 87/DSN-MUI/XII/2012	Income Smoothing Method for third party funds
7	No. 115/DSN-MUI/IX/2017	<i>Mudārabah</i> Contract
8	No. 118/DSN-MUI/II/2018	Guidelines for Islamic bank Customer Deposit Insurance

Source: DSN-MUI (2021)

If applied individually, the eight DSN-MUI fatwas above, the contract used is only one. In other words, it does not contain a hybrid contract. However, multiple contracts will appear when one another is used as a reference in certain funding products. For Savings products, for example, if the chosen one is *wadi'ah* savings, then the contract used is *wadi'ah* under fatwa no. 02/DSN-MUI/IV/2000 regarding Savings. If the selected is *mudārabah* savings, then the contract used is the *mudārabah* contract with the same reference, fatwa no. 02/DSN-MUI/IV/2000 concerning Savings.

In the case of Islamic Banks offering deposit products, the contract used is *mudārabah* as regulated in fatwa no. 03/DSN-MUI/IV/2000. This product also refers to fatwa No. 115/DSN-MUI/IX/2017 on *mudārabah* contract. This fatwa is also used as a guide for *mudārabah* savings products.

A study on the fatwa of funding products that DSN-MUI has released indicates that fatwa directly related to funding products do not contain hybrid contracts (single contract). However, some of its derivative *fatwa* have a hybrid



*-mujtami'ah*-contracts such as Fatwa No. 86/DSN-MUI/XII/2012 on Prizes in Funding for Islamic Financial Institutions *mudārabah/wadi'ah* contracts and prize contracts. These are collected in one transaction in the form of demand giro, savings, and deposits.

The DSN-MUI fatwa allows the merging of *mudārabah* and prize contracts with several notes, including:

1. The prize given must be in the form of goods and/or services, not in the form of money
2. The prize offered is taken from bank-owned funds, not from customer funds
3. Prize does not have the potential to practice *risywah*, *ribā*, *gharar*, and *mayisir*
4. The prize should not be a custom or norm

If one of them is not fulfilled, the hybrid contract will change from a *mujtami'ah* contract to a *mutaqābilah* contract.

If the prize contract is merged with the *wadi'ah* contract, the DSN-MUI provides a limit (*dawābiṭ*) that the prize must be given before the *wadi'ah* contract occurs. If the prize is given during or after the *wadi'ah* contract, it can be categorized as a *mutaqābilah* contract. This is because the *wadi'ah* contract on the funding product has been transformed (*tahawul al-'aqd*) into a *qard* contract which cannot promise any advantages, including prizes. After all, it will fall into the practice of usury (*ribā*).

Another derivative fatwa containing hybrid contract is fatwa No. 87/DSN-MUI /XII/2012 on Income Smoothing Method for third party funds. Income Smoothing Method is an arrangement for recognizing and reporting income from time to time by withholding a portion of income in one period and being transferred it to another period to reduce excessive fluctuations in revenue sharing between Islamic Financial Institutions and Third-Party Fund Customers

The income smoothing of third-party funds can be done by Islamic Financial Institutions either by forming a profit equalization reserve or not. The establishment of reserves is intended to anticipate the possibility of revenue sharing realization for Customers depositing funds below the expected return rate. The establishment of reserve funds can be carried out by Islamic financial institutions with several notes, including:

1. The actual revenue share exceeds the expected revenue;
2. Get permission from third party fund customer
3. Not reduce the revenue share that is the right of the third party fund customer

- if the actual revenue share is smaller than the expected revenue;
4. In the event of a *mudārabah muqayyadah* agreement, the reserve fund may also be established through the allowance of the customer's rights that exceed the expected revenue after being distributed with permission from third party funds customer;
  5. The Islamic financial institution established the reserve fund. This is created from the allowance of profits before being divided over the expected revenue is the right of the third party funds customer collectively that must be managed separately by the Islamic financial institution for setting income and the level of reward for the third party funds customer.

Islamic financial institutions can only use income smoothing in conditions that are strongly suspected of having the potential to risk withdrawing customer funds due to the uncompetitive rate of return from Islamic financial institutions. Income Smoothing Policy cannot be implemented if it creates hidden usury practices where rewards are given without regard to actual results. In utilizing the income smoothing method without reserves due to lower operating results than projected, Islamic financial institutions may waive their rights to adjust fees for third-party fund customers to be competitive and notify customers. Suppose a sharia financial institution relinquishes its rights. A *mujtami'ah* contract occurs between the *mudārabah* contract and the *isqat al-Ḥaqq* contract, with the provisions not being agreed. If it is agreed upon in the contract, it can be categorized as a *mutaqābilah* contract, because it will cause usury (*ribā 'nasa'*).

Suppose an Islamic bank funding product is registered with the Deposit Insurance Corporation. In that case, two contracts will be collected in one transaction in a *mujtami'ah* contract, such as *wadi'ah* and *kafalah*, and *mudārabah* and *kafalah*. These provided that the deposit guarantee can only be performed on capital (*ra's al-mal*) of *mudārabah maḍmūnah* and profit-sharing that has become the customer's right but has not been paid until the business lies revoked. *Wadi'ah* principal (*mablagh al-wadi'ah*) and bonuses are determined by the bank to be the customer's right. However, the sum has not been paid until the business license is revoked. If it is guaranteed other than the two things above, the two contracts will change from a *mujtami'ah* contract to a *mutaqābilah* contract.

## The Understanding of Islamic Banking Management on Hybrid Contracts and Its Effect on Funding Products Development

DSN-MUI Fatwa is the primary reference of Islamic bank management in creating and running funding products. The understanding of Islamic bank management on the DSN-MUI fatwa becomes a barometer in developing Islamic bank funding products. The research *shows that Islamic bank management, in general, has understood the theoretical framework, standards, and limits of hybrid contracts on Islamic bank funding products, although not in detail*

The interview found that the management of Islamic banks has prize programs and income Smoothing on funding products. It showed that they are very compliant with the requirements, standards, and *dawābiṭ* determined by the DSN-MUI fatwa so that their program does not lead to prohibited hybrid contracts. We conducted interviews with the Board of Directors of PT BPRS Harta Insan Karimah and PT BPRS Insan Cita, where PT BPRS Harta Insan Karimah held a savings program with prizes and income smoothing (HIK-PD). In contrast, PT BPRS Insan Cita only manage income smoothing programs (IC-BD). President Director said:

I know that the prize programs and income Smoothing on funding products have many requirements, standards, and *dawābiṭ* determined by the DSN-MUI fatwa, and I am aware of that (HIK-PD)

President Director is very aware of the provisions contained in the DSN-MUI fatwa in implementing the program. Still, he does not wholly understand the philosophical reasons for the provisions contained in the DSN-MUI fatwa, which are essential and closely related to the concept of a hybrid contract. He does not entirely understand that hybrid contracts are not the result of *bay' al-'inah*, and they may not incur a margin/fee. It is directly related to the loan size if there is a merger between a sale and purchase/*ijārah* contract with a *qard* contract and a merger between a *wadi'ah* contract and a *qard* contract. Prizes, in a savings program with prizes, because in essence *wadi'ah* savings from the bank's side are *qard*. The director said:

I know that the two programs have more than one contract, namely the *mudārabah* and prize contracts for the savings program with prizes and *mudārabah* and *isqath al-Haq* for the income smoothing program, and I know that some hybrid contracts are allowed, and some are prohibited, but I do not know in detail about this, as long as I follow the terms and conditions contained in the DSN-MUI fatwa I will not be trapped in hybrid contracts that are prohibited (HIK-OD)

Another Director said:

I know that the income Smoothing on funding products has many requirements, standards, and *dawābiṭ* determined by the DSN-MUI fatwa, and I am aware of that. The income smoothing program has more than one contract, namely *muḍārabah* and *isqath al-Haq*. I know that some hybrid contracts are allowed, and some are prohibited. However, I do not know in detail about this. As long as I follow the terms and conditions contained in the DSN-MUI fatwa, I will not be trapped in prohibited hybrid contracts. (IC-BD)

*Based on the interview above, the Islamic bank management* does not know in detail about the terms of hybrid contracts, but they understand the limits set by the DSN-MUI fatwa related to hybrid contracts. They understand what provisions/restrictions need to be considered when creating a prize program in Islamic bank funding products as well as in conducting income smoothing third-party funds. Their knowledge and understanding of these limitations do not necessarily make the prize and income smoothing program workable because internal and external factors strongly influence it.

At the Islamic People's Financing Bank *Harta Insan Karimah* (BPRS HIK), for example, in 2021, the *muḍārabah* savings product experienced a positive trend after holding a prize program for the product with the name " Platinum ib Karimah Savings ". BPRS HIK started marketing this prize program at the end of 2019, and until now (September 2021), it has collected 17.7 billion. The management did it to attract public interest amid the covid-19 pandemic. This program provides product diversification for Islamic banking. It offers attractive options for customers that they have only received from conventional banks. The provisions in the DSN-MUI fatwa do not bind this program at conventional banks.

Table 2. HIK Savings Portfolio for 2019-2021

Year	Savings Product Portfolio
September 2019	77.868.256.109,-
September 2020	76.244.504.211,-
September 2021	98.654.597.983,-

Source: HIK Bank (2021)

Table 3. Top Five HIK Savings Products in September 2019

No	Saving Name	Total
01	<i>Karimah</i> Savings	24,614,028,531,-
02	<i>Hikmah</i> Savings	19,237,540,578,-
03	<i>Wadi'ah</i> Savings	16,534,194,801,-
04	<i>Lembaga</i> Savings	11,127,994,594,-
05	<i>Rencana</i> Savings	3,616,213,918

Source: HIK Bank (2019)

Table 4. Top Five HIK Savings Products in September 2020

No	Saving Name	Total
01	<i>Karimah</i> Savings	24,614,028,531,-
02	<i>Hikmah</i> Savings	19,237,540,578,-
03	<i>Wadi'ah</i> Savings	16,534,194,801,-
04	<i>Lembaga</i> Savings	11,127,994,594,-
05	<b>Platinum ib <i>Karimah</i> Savings</b>	<b>6,951,850,659,-</b>

Source: HIK Bank (2020)

The table shows a product saving portfolio that had decreased in 2020 due to the covid-19 pandemic but increased in 2021. If you look at the decline from 2019 to 2020 is not significant and has a substantial increase in 2021. This is influenced, among other things, by the presence of the *Mudārabah* savings program with prizes (Platinum ib *Karimah* Savings). In September 2020, the portfolio reached 6,951,850,659, contributing 9.1% of the total portfolio of savings products or ranking fifth.

Table 5. Top Five HIK Savings Products in September 2021

No	Saving Name	Total
01	<i>Karimah</i> Savings	27,839,291,962
02	<i>Hikmah</i> Savings	23,713,250,600
03	<b>Platinum ib <i>Karimah</i> Savings</b>	<b>17,715,733,821</b>
04	<i>Wadi'ah</i> Savings	13,576,823,598
05	<i>Lembaga</i> Savings	9,818,175,027

Source: HIK Bank (2021)

September 2021 "**Platinum ib Karimah Savings**" increased from 6,951,850,659 to 17,715,733,821, contributing 18% of the total savings product portfolio or ranking third after Karimah Savings and Hikmah Savings.

In addition to savings with prizes, BPRS HIK also carried out an income smoothing program at the beginning of the pandemic by giving the right for the results (*isqath al-haq/tanazzul al-haqq*) to funding customers by referring to No. 87/DSN-MUI/XII/2012 concerning the Income Smoothing Method of third-party funds. As stipulated in fatwa No. 87, the use of Income Smoothing Method without a Reserved form of distribution of operating results lower than the projection, the Islamic financial institutions may waive their rights (*isqat al-haqq/ at-tanazzul 'an al-haqq*). This to adjust the rewards for third party fund customers to be competitive and can be notified to customers.

Table 6. HIK Income Smoothing Program 2020

YEAR 2020	April	May	June
	187,124,741	525,607,979	185,402,654

Source: HIK Bank (2020)

The table above shows that BPRS HIK relinquished its rights (*isqat al-haqq/ at-tanazzul 'an al-haqq*) in April 2020, amounting to 187,124,741; in May 2020 of 525, 607,979; and in June 2020 it was 185,402,654.

In addition to BPRS HIK, the savings account with prizes has also become a discourse for BPRS Insancita. The management has studied this program from the sharia aspect by referring to fatwa No. 86/DSN-MUI/XII/2012. The interviews showed that the management has carried out the limitations regulated by fatwa number eighty-six, where this savings program with prizes can use *wadi'ah* contracts with several requirements, namely:

1. the prizes must be in the form of goods and services;
2. prizes sourced from bank-owned funds;
3. prizes for institutional savings are not given to individuals;
4. prizes are not agreed in advance; and
5. prizes are given for promotional activities before the contract takes place.

Meanwhile, if the contract used is *muḍārabah*, then the requirements are:

1. prizes must be in the form of goods and services;
2. prizes sourced from bank-owned funds; and
3. prizes for institutional savings are not given to individuals.

BPRS Insancita also conducts an income smoothing program by giving the right to share the result (*isqath al-ḥaqq/lat-tanazzul al-ḥaqq*) to funding customers by referring to No. 87 / DSN-MUI / XII / 2012 on Income Smoothing Method of third party funds. They did this in September 2021 for 75 million Rupiah (0.5%).

Table 7. Insan Cita Income Smoothing Program 2021

YEAR 2021	September
	75.000.000,-

Source: Insan Cita Bank (2021)

The savings/giro program with prizes is also owned by Bank Syariah Indonesia (BSI) if they use a *wadi'ah* contract. The prize must be in the form of goods and services. It is sourced from bank-owned funds, and institutional savings are not given to individuals. The prizes are not agreed upon in advance, and prizes are given for promotional activities before the contract. Meanwhile, if the contract used is *muḍārabah*, then the requirements are: (1) prizes must be in the form of goods and services; (2) prizes sourced from bank-owned funds; (3) prizes for institutional savings are not given to individuals.

Table 8. BSI Prize Program Period 1 August to 31 December 2021

No	Prizes	Total
1	Suzuki Jimny Car	1
2	Vespa S 125 I-get Motorcycle	2
3	Honda PCX Motorcycle	2
4	Brompton Bicycle	2
5	iPhone 12-128 GB	4
6	Gold Savings Balance Rp 10.000.000,-	20
7	Samsung Galaxy A72 – 256GB	15
8	Gold Savings Balance Rp 4.500.000,-	30
9	Gold Savings Balance Rp 2.000.000,-	70
10	Gold Savings Balance Rp 1.000.000,-	154
<b>Total</b>		<b>300</b>

Source: BSI (2021)

The research above shows that Islamic bank management understands the theoretical framework, standards, and limitations of hybrid contracts on Islamic bank funding products. This dramatically affects the increase in the portfolio of funding products through a prize program for funding products, especially Islamic bank savings products, and maintaining customer loyalty through the income smoothing program.

## Conclusion

This study shows that the fatwa directly related to funding products does not contain a hybrid contract (multi-contract). However, some of its derivative fatwas have *mujtami'ah* contracts, including Fatwa No. 86/DSN-MUI/XII/2012. The rule focuses on the prizes in fundraising for Islamic Financial Institutions. It consists of *mudārabah/wadi'ah* contracts and prize contracts collected in one transaction in demand deposits, savings and time deposits, and fatwa No. 87/ DSN-MUI/XII/2012 concerning Income smoothing method for third party funds consisting of *mudārabah* contract and *isqat al-Ḥaqq* contract. There are several standards and limitations in the fatwa related to the two funding products that must be considered by the management of Islamic banks as described in fatwa No. 86 and 87. This study also shows that Islamic banking management, in general, has understood the theoretical framework, standards, and limits of hybrid contracts on Islamic bank funding products, although not in detail. Their understanding of the fatwa is textual, not philosophical. However, this increases the portfolio of funding products, including prize programs, specifically *mudārabah* savings products and income smoothing programs to maintain customer loyalty. Their only textual understanding can increase the development of funding products that compete with conventional banks, especially if they philosophically understand it. The management should understand the fatwa philosophically by conducting discussion forums involving the Sharia Supervisory Board and the National Sharia Council.

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