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Qardh Al-Hasan as an Alternative Solution in Poverty Alleviation*

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Abstract:

Shariah banking amidst a prolonged economic crisis is the right thing for Indonesians. This is because most Indonesian people are not only Muslims, but the Syariah banking system itself is also siding with the customer (not harmful) and in line with the concept, i.e., justice and cooperation. With their capitalist core, conventional banks are economic institutions that do not guarantee the right solution. Even it tends to drag and plunge the customer into the abyss of poverty. Because usury is applied to make the customer not free to move and expand their business. One of the products in Islamic banking is *qardhul hasan* which offers no-interest loans. The funding purpose of *qardh al-hasan* is in line with one mission of BAZIS to eradicate a *mustahiq* be *muzakki*. On a large scale, if developed intensively, it could help alleviate poverty in Indonesia. It certainly needs the political will (support) of the government seriously.

Keywords: *qardh al-hasan*, poverty, Islamic banking, fatwa

Abstrak:

Kehadiran perbankan syariah di tengah krisis ekonomi yang berkepanjangan merupakan hal yang tepat bagi masyarakat Indonesia. Hal ini karena tidak hanya masyarakat Indonesia yang mayoritas beragama Islam, tetapi sistem perbankan Syariah sendiri juga berpihak kepada nasabah (tidak merugikan) dan sejalan dengan konsep yaitu keadilan dan kerjasama. Bank konvensional dengan inti kapitalismenya merupakan lembaga ekonomi yang tidak menjamin solusi yang tepat. Bahkan cenderung menyeret dan menjerumuskan pelanggan ke jurang kemiskinan. Karena praktik riba yang diterapkan membuat nasabah tidak leluasa bergerak dan mengembangkan usahanya. Dengan mengkaji produk perbankan dan fatwa Dewan Syariah Nasional tentang *qardh al-hasan* yang menawarkan pinjaman tanpa bunga, ditemukan tujuan dari produk tersebut yang sejalan dengan salah satu misi BAZIS untuk meningkatkan *mustahiq* menjadi *muzakki*. Dalam skala besar, jika dikembangkan secara intensif dapat membantu mengentaskan kemiskinan di Indonesia. Hal ini tentu membutuhkan kemauan politik (dukungan) dari pemerintah secara serius.

Kata Kunci: *qardh al-hasan*, kemiskinan, bank syariah, fatwa

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A. INTRODUCTION

Indonesia still feels the impact of the prolonged economic crisis and the pandemic that hit the nation for almost two years—starting from the weakening of the rupiah exchange rate, which in the end, had an impact on the overall economic downturn the nation. As a result, in September 2021, it was estimated that the number of poor people in Indonesia would reach 26.50 million. This number is quite ironic in a country that promises abundant natural wealth. This makes the poverty rate a problem on the government's main agenda, where the poor are getting vulnerable.

Islam, which also regulates people's economic problems, rejects poverty. No single verse of the Qur'an or the Hadith of the Prophet praises and flatters poverty. Poverty is even considered a danger that causes a person to have weak faith and even leads to disbelief. Therefore, poverty is always described as a condition of a person lacking, soft, and unable to meet life's necessities. Spiritually, poverty is described as a situation in a person's inner life who is never satisfied with what he has and obtained. While materially (economically), the income earned is meagre, and it is difficult to meet minimum physical needs.

Many people try to escape poverty and collide with funding or capital to fund their businesses. In these conditions, they usually need loan assistance, which the term used in Conventional Financial Institutions is known as credit, which is strongly connected with usury (interest). Of course, such a system will bring misery and worsen their economic condition. In addition, usury is the most dominant ethical concern for fulfilling economic sharia standards.² This interest is also forbidden in Christianity and Judaism.³

An appropriate solution that at least will reduce this figure is to optimize Islamic banking (read; shari'ah) since most people are Muslim. Banks have become an economic instrument in people's lives today. Islamic banking is a business instrument whose goal is profit and aims to improve the social economy.⁴

Sometimes, people do not have enough funds to meet their daily needs. Therefore, in the development of the community's economy that keeps increasing, there are financing services offered by Bank Financial Institutions and Non-Bank Financial Institutions, one of which is for someone who has just started his business but is constrained in terms of business capital. In addition, a bank as an intermediary institution that collects funds from the public and distributes them back to people in need is one of the aspects regulated in Islamic sharia, which is part of muamalah, which governs human relations.

² Muhammad Maksum, "Economics Ethics in The Fatwa of Islamic Economics", *Al-Ulum*, vol.15, No.1 (Juni 2015): 107-134.

³ S Bayindir and Ustaoglu, M. (2018), "The issue of interest (riba) in the Abrahamic religions", *International Journal of Ethics and Systems*, Vol. 34 No. 3, pp. 282-303.

⁴ Mohamad Akram Laldin and Hafas Furqani, "Innovation Versus Replication Some Notes on the Approaches in Defining Shariah Compliance in Islamic Finance", *Al-Jāmi'ah: Journal of Islamic Studies*, Vol. 54, no. 2 (2016), pp. 249-272.

B. METHODS

This study is normative. Data was sourced from the opinions of scholars, fiqh, and fatwas of the National Sharia Council of the Indonesian Ulema Council, and Islamic banking products. The data were analyzed descriptively to describe the *qardh al-hasan* contract and its role in poverty alleviation.

C. RESULTS AND DISCUSSION

1. Definition of *Qardh al-Hasan*

Etymologically, it is *al-qardh'u*, which means deduction. In the context of the qardh contract, conclusions come from the property of the person who gave the money. While al-Hasan is a virtue. In terminology, *qardh al-hasan* is a loan that is provided based on social obligations, in this case the debtor is not required to return anything except the loan.⁵ Thus, the terms of *qardh al-hasan* means a benevolent loan based on a social obligation only, in which the debtor is not obliged to return anything except the loan principal and administrative costs.⁶ *Qardh al-hasan* is the lending of virtues in the form of assets to others that can be collected or requested back or, in other words borrowing without expecting anything in return, and this is what is called *qardh al-hasan*. *Qardh al-hasan* loan is one of the sharia product loans in realizing their social responsibility following Islamic teachings, in this case the financial institution involved does not earn income because it is forbidden to ask for any form of compensation from the recipients of *qardh al-hasan*.⁷ Therefore, in Islamic financial institutions, *qardh* contracts are usually combined with other contracts such as *ijarah* or *wakalah bil ujarah*.⁸

According to the terms of fiqh scholars, the definition of qard is the giving of property to others that can be collected or requested back, in other words, to lend without expecting anything in return. In classical fiqh literature, qard is categorized as tathawwui aqd or mutual aid contracts, not commercial transactions.⁹ Nevertheless, virtue contracts are shifting into business contracts such as wakalah, kafalah, and hawalah contracts.¹⁰

Qardh means lending money or goods based on trust. In this case, neither the debtor nor the creditor may require or promise any benefits. Qardh contract is obtained to ease the burden (helping) of others.¹¹ Based on the Shari'ah principle, the

⁵ Karnaen Perwataatmadja dan M. Syafi'i Antonio, *Apa dan Bagaimana Bank Islam*, (Yogyakarta: Dana Bhakti Prima Yasa, 1999), p. 47.

⁶ Warkum Sumitro, *Asas-asas Perbankan Islam dan Lembaga-lembaga Terkait*, (Jakarta: Rajawali Pers, 2002), p. 39.

⁷ Muhammad, *Lembaga-lembaga Keuangan Umat Kontemporer*, (Yogyakarta: UUI Press, 2004), p. 56.

⁸ Muhammad Maksum, "The Sharia Compliance of Islamic Multi Contract in Islamic Banking", *Proceeding on International Conference on Law and Justice (ICLJ 2017)*, Atlantis Press (2018): 154-158.

⁹ Muhammad Syafii Antonio, *Bank Syariah: Dari Teori Ke Praktik*, (Jakarta: Gema Insani-Tazkia Cendekia, 2001), p. 131.

¹⁰ Muhammad Maksum, "The Shift of Non-Profit Contract to Business Contract in The Islamic Financial Institution Business Activities", *Istinbath*, Vol. 19, No. 2 (2020): 221-441.

¹¹ M. Dumari Nor, dkk. *Ekonomi Syariah Versi Salaf*, (Jawa Timur: Pustaka Sidogiri, 2008), p. 100.

scholars also allow qardh transactions based on the hadith narrated by Ibn Maiah and the Ijma of the scholars. Likewise, Allah SWT teaches us to lend something to Allah's religion. In the Qur'an Surah Al-Hadid 57 verse 11 has been explained:

مَنْ ذَا الَّذِي يُقرضُ اللهَ قَرْضًا حَسَنًا فَيُضْعِفَهُ لَهُ وَلَهُ أَجْرٌ كَرِيمٌ

Meaning: "Who will lend Allah a good loan which Allah will multiply (many times over) for them, and they will have an honorable reward?"

The hadith of the prophet Muhammad SAW said which means: "Not a Muslim (they) who lend a Muslim (other) twice, except that one is (worth) sadaqah".¹² Qardh in the view of fiqh scholars, including:¹³

- a. According to Hanafiyah scholars, qardh is something that someone from mitsli assets gives, that is, assets with many equivalents, commonly calculated through scales, measurements and units. Examples of mitsli assets are fruits, vegetables, garments and so on.
- b. According to Malikiyah scholars, qardh is a distribution of property to others that is not accompanied by rewards (*indhi*) or other returns.
- c. Meanwhile, according to the Syafi'iyah scholars, qardh is a contract of ownership of something to be returned with a similar or equivalent (*qimi*). For example jewelry, pets, antiques and so on.

According to the fatwa of the National Sharia Council of the Indonesian Ulema Council (DSNMU) number 19/DSN-MUI/IV/2010 concerning qardh, it is stated that qardh is "A loan agreement to a customer with stipulation that the customer is obliged to return the funds received to SFI at the agreed time. agreed upon by the SFI and the customer" or "Loans provided to customers (*muqtaridh*) who need it." In the Compilation of Sharia Economic Law concerning General Provisions article 20 verse 36 stated that qardh is "the provision of funds or claims between Islamic financial institutions and the debtor which require the debtor to make payments in cash or installments within a certain period of time".

In the salaf version of the Islamic economics book, qardh is giving (debting) assets to others without expecting anything in return, to be returned with the same substitute, and can be collected or requested whenever the creditor wishes. Financing based on qardh as one of the product distribution of funds is also based on Bank Indonesia Regulation (BIR) No.9/19/PBI/2007 concerning the implementation of sharia principles in fundraising activities, channeling funds, and sharia bank services, which has been amended by BIR No.10/16 /PBI/2008. The difference between qardh and *qardh al-hasan* can be concluded from the definitions above that the qardh product is defined as a loan. In other words, lending assets to others that can be collected or requested back can be concluded as lending without expecting anything in return. Sources of funds are taken from bank capital bailouts.¹⁴ So that qardh originating from bank

¹² HR. Ibnu Majah no. 2421.

¹³ Ah. Azharudin Latif, *Fikih Muamalat*, (Jakarta: UIN Jakarta Pres, 2005), p. 150.

¹⁴ M. Syafii Antonio, *Bank Syariah: Dari Teori Ke Praktik*, p. 133.

bailouts must still be returned to the owners of capital. Meanwhile, the *qardh al-hasan* product is defined as a good loan. This is because *qardh al-hasan* is a benevolent loan, which is a soft loan given on the basis of social obligations where the debtor is not required to return anything except the loan principal and if the debtor is unable to return the funds belong to the creditor, that debtor may not pay back because the source of the funds is obtained from Zakat, Infaq, Sodaqoh (ZIS).

To increase good economic income for the community, especially for the lower classes and the poor who want to improve their standard of living, they can take *qardh al-hasan* loans as capital for their business. In *qardh al-hasan* Financing, the customer is only required to return the loan principal at maturity with the same purchase value as at the time of borrowing. In addition, the profits obtained by debtors are not shared with the bank. Sources of funds used to provide these loans come from zakat, infaq, and shadaqah. *Baitul Maal wat Tamwil* (BMT) acts as *muqridh*. If the debtor voluntarily exceeds the repayment, then the excess is considered as shadaqah which in turn becomes a source of *qardh al-hasan* funds.¹⁵ Although, the existence of *qardh al-hasan* as one of the Sharia products is to objectify its social responsibility following Islamic teachings, in this case the BMT does not earn income because it is prohibited to ask for any form of compensation from the recipients of *qardh al-hasan*. Loans for welfare purposes such as education, small business, and other emergency needs can be given. The debtor is obliged to repay the loan principal.¹⁶ However, the benevolent fund management unit cannot demand a return of more than the loan principal except for the sincerity of the debtor. Thus, this loan is allocated explicitly for Financing in which there is purely an element of help and there is no element of margin (profit).

2. Legal Basis of *Qardh al-Hasan*

At the end of the 20th century, after a hundred years from the phase of the first Islamic revival, in my opinion, there was a second Islamic revival, which began in 1990 when MUI recommended the birth of a non-interest-based banking institution. This is the beginning of the Islamic economic movement in Indonesia, as a continuation of the opinion of the scholars that the economic system run in Indonesia is not in accordance with the spirit of Islamic teachings, because it is based on interest. Indeed, the discourse on the economic system has been dominated by the capitalist and socialist/communist economic systems. Each of these two systems struggles for influence, establishing its hegemony in developing countries. History records that the dominance of these two economic systems occurred in a fairly long time, so that both formed a general awareness, including among Muslims, that there was no other choice in running the economic system except having to choose one of the two. However, at that time a number of Muslim ulema and intellectuals who continued to grow in number began to see that the two economic systems could not be expected too much, because the adverse effects of these two economic systems had been proven.

¹⁵ Ibrahim Lubis, *Fkonomi Islam Suatu Pengantar 2*, (Jakarta: Kalam Mulia, 1995), p. 702-703.

¹⁶ M. Rifai, *Konsep Perbankan Syariah*, (Semarang: Wicaksana, 2002), p. 91.

The choice to make Islamic economics a substitute for the existing economic system is not easy. In the beginning, those who believed and fought for the Sharia economic system as an alternative economic system with justice were considered as "deliberations", which became the subject of ridicule. The belief that the Islamic financial system can cover the weaknesses and shortcomings of the capitalist or socialist/communist economic system is considered an exaggerated belief and even a bombastic-idealistic statement. This condition is a historical fact that has occurred in Islamic countries, and Indonesia is no exception. Until the early 1990s, the ridicule and cynical views of those persistently fighting for the Sharia economic system were still loudly heard. But slowly, the struggle to recognize the Islamic financial system as an alternative is starting to be accepted. The country's political policy provides support for the first time with Law No. 7 of 1992 concerning banking, which allows banks to operate with a profit-sharing system (article 6). This law was later amended by Law No. 10 of 1998 concerning amendments to Law No. 7 of 1992 concerning banking, which explicitly mentions the term "bank based on sharia principles".

Therefore, the MUI recommendation regarding the urgency of establishing interest-free financial institutions became a critical moment for the start of the sharia economic movement in Indonesia. After that, the sharia economic movement was tirelessly echoed and championed by sharia economic activists, scholars, academics and practitioners. As a result, this movement becomes unstoppable like a snowball that is getting bigger and bigger. However, this sharia economic movement and struggle did not just roll away. Still, they were escorted by institutions that were born from this movement, such as the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), the Islamic Economic Community (MES), the Association of Islamic Economists (IAEL), and so on. This sharia economic movement and struggle then gave birth to technical institutions within the government, such as the Directorate of Sharia Banking at Bank Indonesia, the Directorate of Sharia Financing at the Ministry of Finance, and various bureaus at the Capital Market Supervisory Agency (*Bapepam*).

Qardh al-hasan is giving assets to other people or soft business capital assistance that can be collected or requested back. *Qardh al-hasan* is prescribed as a form or method of human approach to Allah SWT, because *al-qardh* means being gentle to humans, loving them and giving generously to others, providing convenience in their affairs, as His word in Surah Al-Maidah 5:2;

وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ ۖ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ ۗ وَاتَّقُوا اللَّهَ ۖ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ

Meaning: Cooperate in goodness and righteousness, and do not cooperate in sin and transgression. And be mindful of Allah. Indeed Allah is severe in punishment.

As in the hadith of the Prophet from Anas bin Malik, Rasulullah SAW said: I saw at night in Isra, right at the door of Heaven it was written: Sadaqah is rewarded ten times and qardh eighteen times. I asked: O Gabriel, why is qardh more important than sadaqah? Then he replied: because he asked for something and he had, the borrower will not borrow unless necessary.¹⁷

¹⁷ H.R Riwayat Ibnu Majah No 2422.

Scholars agree that *qardh al-hasan* can be done. This is based on human nature who cannot live without the help and assistance of his brother. Qardh is mandub, it is recommended for those who give debt and may be for those who owe. And it can be Haram if the loan is used to commit disobedience.¹⁸

3. Pillars and Conditions of *Qardh al-Hasan*

The following are the pillars that must exist and the legal requirements of the *qardh al-hasan* product: a). Pillars of *qardh al-hasan*; there is a borrower (*Muqtaridh*), a lender (*Muqridh*), loaned goods (*qardh al-hasan*), *ijab* and *qabul* (*Sighat*); b). Conditions of *qardh al-hasan*: *Muqridh* (creditor) and *Muqtaridh* (debtor). Both parties must be sensible, mature, not extravagant and of their own free will. So that the contract is not valid for people with mental disorders or children. The *al-qardhul hasan* contract is intended to be gentle to fellow human beings and not to gain profit. Therefore, both parties must not be required to repay the loan above what is owed.

In Islamic law, for forming a valid and binding contract (agreement), it must fulfil 1) the pillars of the contract and 2) the terms of the contract. The terms of the contract are divided into four, namely:¹⁹ a). Conditions for forming the contract (*syuruth al-in'iqad*); b). Conditions for the contract's validity (*syuruth ash-shihhah*); c). Requirements for the validity of the legal consequences of the contract (*syuruth an-nafadz*); d). Conditions for binding the contract (*syuruth al-luzum*).

The contract is also formed because of the elements or pillars that make it up, four pillars make up the contract: a). The parties who make the contract (*al-aqidan*); b). Statement of the will of the parties (*sighatul-aqd*); c). The object of the contract (*mahallul – aqd*), and d). The purpose of the contract (*maudhu" al-aqd*).

According to Sayyid Sabiq, the Qiradh contract is a Tamlik contract, because it is not valid except for those who may (legally) use the property, except with consent and acceptance such as buying and selling contracts and grants. The contract is declared valid with the words *qardh*, *salaf* and all the words that have the same meaning. According to the Maliki school, ownership occurs by contract (only) even though the handover of assets has not occurred and all qiradh that lead to interest are usury in fiqhi rules;

كل قرض جر نفعا فهو ربا

"All forms of Qardh that lead to interest are usury"

The fiqh scholars agree that the *qardh* contract is categorized as a Ta'awuni contract (a contract of mutual assistance), not a commercial transaction. So in Islamic banking, this contract can be used to carry out social activities of Islamic banks. That is to give pure loans to needy people without being charged. However, the customer must still return the funds unless the bank has cleared it.

¹⁸ Abu Zakaria bin Syarif al-Nawawi, *Raudhah al-Thalibin*, (Beirut: Dar al-Kutub, tt), p. 272.

¹⁹ Fatwa of DSN No. 19/DSNMUI/IV/2001 about Al-Qardh.

4. Debt Payments

- a. Paying debts with items that are not the same type. In a narration it is said that Umar said yes. He said about a man who borrows dinars from others, can he accept payments in dirhams? Umar ra. said: "If the dirham is the same price/value as the dinar borrowed, then pay it.
- b. Conditions for benefits that must be received by the person who owes the debt. It is not permissible to provide conditions, the necessity of assets or other benefits that the creditor must obtain from the debtor because it is usury and is not permitted in Islam.
- c. The best payment. If the person who gives the debt does not provide conditions for additional benefits, then the person who is in debt offers something to him, then he may take it because this includes the best payments.

It was narrated from Ibn Sirin that Ubay bin Ka'ab borrowed from Umar ra. ten thousand. Then he gave the best fruit in Medina to Umar ra., but Umar ra. They returned it, then Ubay assured him: "there is no prohibition for this gift of mine". Finally, Umar agreed to accept the fruits that Ubay gave him.

5. *Qardh* in Islamic Financial Institutions

The only contract in the form of a loan that is applied in Islamic banking is the *Qardh* and its derivatives, *qardh al-hasan*. Because interest is prohibited in Islam, both *Qardh* and *qardh al-hasan* loans are interest-free loans. More specifically, *qardh al-hasan* loans are non-commercial benevolent loans. So it is called the Ta'awuni contract (a contract of mutual assistance). Based on the DSN fatwa, the considerations for DSN to determine *qardh al-hasan* as a legal economic system according to sharia are: a). Islamic Financial Institutions (IFI) in addition to being commercial institutions, must be able to act as social institutions that can maximize the economy; b). As one of the means of improving the economy that SFI can do is the distribution of funds through the principle of *al-Qard*, which is a loan agreement to the customer with the stipulation that the debtor is obliged to return the funds received to the SFI at the time agreed by the SFI and the debtor; c). The contract is following Islamic sharia, DSN deems it necessary to obtain a fatwa on the *al-qard* contract to be used as a guideline by SFI.

Qardh is usually used to provide bailout funds to prime customers, contribute to the small/micro business sector, or help the social sector. The nature of *qardh* does not provide financial benefits, therefore, *qardh* funding can be taken according to the following categories:²⁰ a). Al-Qardh is needed to help customers' finance quickly and in a short term. The bailout can be taken from bank capital; b). Al-Qardh which is needed for very small businesses and social needs, can be sourced from zakat, infaq, and shadaqah.

²⁰ Fatwa of DSN No. 19/DSNMUI/IV/2001 about Al-Qardh.

In addition to sources of community funds, Islamic banking practitioners and scholars, see that there are other sources of funds that can be allocated for *qardh al-hasan*, the doubtful income, such as nostro services at conventional correspondent banks, interest on L/C guarantees in foreign banks, and so on. One of the considerations for the use of these funds is the *akhaff dhararain* rule (taking a smaller harm). From the scheme above, it can be illustrated that SFI is only a forum for distributing people's funds, both in the form of zakat, infaq, and shadaqah in the form of *Qardh* loans without any profit. SFI in this case gives an assessment that is entitled to a *qardh* loan and SFI may not withdraw the agreed profit. In this *qardh*, the customer is required to return the funds to the SFI in the amount of the loan that has been obtained, in the sense that the SFI receives a return of capital from the customer. Thus the things that need to be considered in the Financing of *qardh al-Hasan* are; a). *Qardh al-hasan* is Financing provided to customers (*muqtaridh*) in need; b). *Qardh al-Hasan* customers must return the principal amount received at the agreed time; c). Administration fee is charged to the customer; d). *Qardh hasan* customers can voluntarily provide additional (donations) to SFI as long as it is not agreed upon in the contract; e). If the customer is unable to return part or all of the obligations at the time agreed upon and the LKS has determined its inability, the LKS may; f). Extend the payback period; g). Write off part or all of the obligations.

6. *Qardh al-Hasan* And Poverty Reduction

Islam never gave approval to its people to live in poverty. On the other hand, human beings are always encouraged to become rich with their hard work efforts without leaving the sharia values that have given clear boundaries between halal and haram. However, to become rich is not an easy matter, let alone being rich with the title of *mardhiyun* (firmly based on the Shari'a), it of course requires tenacious struggle and extraordinary patience. However, rich and poor always exist in the world stage of life. There is often a gaping gap. This is where Islam is present to bridge and even erode the gap itself.

Islam came with a mission as '*rahmatan lil'alamin*' to guide its people always to have the right belief, followed by worshiping vertically to the Giver of life and horizontally socializing among humans in a good and dynamic manner. However, carrying out the relationship horizontally (*muamalah ma'annas*) certainly has many problems in everyday life, including poverty and other social problems.

In our country, poverty is rampant in remote areas. Poverty occurs not only economically but also educationally. Due to being uneducated, many Indonesians live in poverty, so they cannot send their children to a proper level of education. It is common for their children to be sacrificed to participate in making a fortune. If sorted, a related chain of criminality could be found. Pathologically, the prevalence of crimes committed by minors because their efforts to fulfil the demands of life clearly cannot be fulfilled by their parents are an excess of poverty. If this disharmony condition is left unchecked, the excesses caused will become epidemic and widespread, becoming a serious threat to humans and humanity itself.

Qardh al-hasan as one of the sharia banking products should significantly contribute in this context following the mission and social responsibility applied to it. Related to this application, in Indonesia, several Islamic banks use it to empower SMEs (Small and Medium Enterprises) of small communities and the poor, either directly or by cooperating with the Amil Zakat Institutions and *Aghniya*. *Qardh al-hasan* loan is a type of loan given to parties in need with certain criteria. The purpose of distributing *qardh al-hasan* funds aligns with one of BAZIS' missions to eradicate a *mustahiq* from becoming a *muzakki*. *Qardh al-hasan* can be said to be a soft loan that is given based on social obligations where the debtor is not required to return anything except the loan capital. This loan is not binding without interest and commitment free. Debtors must only return the principal loan at maturity according to the initial agreement by paying the necessary administrative fees.²¹ Based on the hadith of the Prophet Muhammad, "preliminary lending utilizing *qardh al-hasan* is more pleasing to Allah than giving sadaqah". This is a valid and unquestionable statement, and is the sunnah of the Prophet Muhammad.

According to the superior opinion of the Hanafiyah scholars, every *Qardh* on objects that bring benefits is forbidden if it uses conditions, but is allowed if there is no requirement for benefit or there is no known benefit in *qardh al-hasan*. The benefits of *qardh al-hasan* are allowed if not previously required, this is based on the Messenger of Allah who once gave a better camel to a man than the camel he borrowed. As for some of the benefits obtained from the *qardh al-hasan* contract, including:²² a). Easing the burden on customers who need immediate bailouts; b). Enable customers who are in emergency to get short-term bailouts; c). *Al-qardhul hasan* is also one of the distinguishing characteristics between Islamic and conventional financial institutions which contains a social mission in addition to a commercial mission; d). With this social mission, it is hoped that it will improve the good image and also public loyalty to Islamic financial institutions. Improve the good image of BMT in the eyes of the public. Indirectly, *qardh al-hasan* becomes a promotional vehicle for BMT to increase public loyalty to BMT, because the risk of *qardh al-hasan* is high because it is considered a financing that does not require collateral.

More than that, *qardh al-hasan* has the main goal of helping debtors who are urgently needed, both for consumptive and productive matters. Debtors are selected selectively and carefully, especially to debtors who are considered honest and have a good reputation, there must be a feasibility study on whether the debtor is eligible or not. The productive principle must also pay attention to the principle of prudence in the provision of *qardh al-hasan* funds, because as with funds, in this case it is not solely for consumptive interests, but rather for productive businesses. Basically, *qardh al-hasan* loans are intended for those or the poor who need short-term consumer loans for emergencies and small entrepreneurs who lack funds but have very good business

²¹ Karnaen A. Perwataatmadja dan Hendri Tanjung, *Bank Syariah: Teori, Praktik dan Peranannya*, (Jakarta: Senayan Abadi, 2007), p. 79.

²² Antonio, *Bank Syariah Dari Teori ke Praktik*, p. 134.

prospects.²³ *Qardh al-hasan* loans are intended to be given to people who need or do not have the financial ability, for social purposes or for humanity.²⁴

According to the smart book on Islamic economics, the purpose of the *qardh al-hasan* contract is to:²⁵ a). Financing productive businesses for the poor; b). Loans to cover debts to moneylenders; c). Loans for house rent; d). Loans for urgent needs due to mishap. Basically, *qardh al-hasan* loans are intended for those or the poor who need short-term consumer loans for emergencies and small entrepreneurs who lack funds but have very good business prospects. From here, if *qardh al-hasan* can be implemented with full consequences and trust, from both parties (*al-muqridh* and *al-Muqtaridh*), then the poverty rate in Indonesia can be reduced far from 30.02 million people (12.40%).

D. CONCLUSION

With the sincerity of its *kaffah* teachings, Islam guides its people comprehensively and holistically. Islam regulates the perfection of the order vertically and horizontally. It covers all areas, including the economic and social problems that its people live in. All of this is taught so that there is a balance in the people's lives, physically and mentally.

Prosperity is part of the mission of Islamic teachings. Islam encourages its people to work hard and smartly to seek God's fortune. Humans should not be poor - even though in reality one should- if you want to try your best and put your trust in it. If it must happen, Islam has a role to play in overcoming the gaps that occur with the *syar'i* agenda such as *zakat*, *infaq*, and *shadaqah* as well as other social plans.

Sharia banking with its various products present amid the Indonesian, should be able to contribute meaningfully to the nation's economic and social problems that are increasingly whacking. This, of course requires hard work from all components of the government, especially Muslims, to make it happen. Awareness and trust in the existence of sharia banks must be continuously built. If this happens, the mission of *baladatun thayyibatun wa Rabbun Ghafur*, will be easily achieved.

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²³ Ahmad Ifham Sholihin, *Buku Pintar Ekonomi Syariah*, (Jakarta: Gramedia, 2010), p. 675.

²⁴ Muhammad Muslehuddin, *Sistem Perbankan Dalam Islam*, (Jakarta: Rineka Cipta, 2001), p. 61.

²⁵ Sholihin, *Buku Pintar Ekonomi Syariah*, p. 675.

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