

## Implementation of Murabahah Agreements on Financing Products at BMT Rukun Abadi

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**Abstract.** *This research aims to understand the mechanism of murabahah contracts at BMT Rukun Abadi Bandar Jaya and to examine the implementation of murabahah contracts in their financing products. This study employs qualitative research with a phenomenological approach, which is adapted to observe the realities in the field through observation. Phenomenological analysis is used to analyze a phenomenon based on existing responses. Phenomenological research is used to analyze the implementation of murabahah contracts in financing products at BMT Rukun Abadi Bandar Jaya. The results of this study indicate that: 1) The mechanism of murabahah contracts at BMT Rukun Abadi Bandar Jaya consists of financing procedures, agreement terms, collateral, down payments, and penalties. 2) Implementing murabahah contracts in financing products at BMT Rukun Abadi Bandar Jaya has been well-executed, as it fulfills the criteria set within the murabahah financing mechanism. These criteria include financing procedures, agreement terms, collateral, down payments, and penalties.*

**Keywords:** *Implementation, Murabahah, Financing Products.*

**Abstrak.** Penelitian ini bertujuan untuk memahami mekanisme akad murabahah pada BMT Rukun Abadi Bandar Jaya dan mengkaji penerapan akad murabahah pada produk pembiayaannya. Penelitian ini menggunakan penelitian kualitatif dengan pendekatan fenomenologis yang diadaptasi untuk mengamati kenyataan di lapangan melalui observasi. Analisis fenomenologi digunakan untuk menganalisis suatu fenomena berdasarkan respon yang ada. Penelitian fenomenologi digunakan untuk menganalisis penerapan akad murabahah pada produk pembiayaan di BMT Rukun Abadi Bandar Jaya. Hasil penelitian ini menunjukkan bahwa: 1) Mekanisme akad murabahah pada BMT Rukun Abadi Bandar Jaya terdiri dari tata cara pembiayaan, syarat akad, agunan, uang muka, dan denda. 2) Penerapan akad murabahah pada produk pembiayaan di BMT Rukun Abadi Bandar Jaya telah terlaksana dengan baik karena memenuhi kriteria yang ditetapkan dalam mekanisme pembiayaan murabahah. Kriteria tersebut meliputi tata cara pembiayaan, syarat-syarat perjanjian, agunan, uang muka, dan denda.

**Kata Kunci :** Implementasi, Murabahah, Produk Pembiayaan.

## INTRODUCTION

Sharia Financial Institutions, which were formed in the last three decades as an alternative to Conventional Financial Institutions, are primarily aimed at offering investment, financing and business opportunities in accordance with sharia principles. He is still very young, making this banking growth very encouraging(Khan & Ahmed, 2008). Sharia financial institutions are growing rapidly throughout the country because the systems used are different from conventional financial institutions.

Conventional financial institutions first colored the economic life of the Indonesian people by implementing an interest system. In fact, flowers are forbidden by Muslims and even other religions. Muslim scholars are concerned about such conditions. So in the 90s, they had the initiative to establish Bank Muamalat Indonesia (BMI), which was the only sharia financial institution that first appeared in Indonesia using the principle of profit sharing. The existence of Islamic banking is less able to reach micro businesses. So this practice indirectly does not provide a solution to the economic problems of the common people. These financial institutions implement standard systems and procedures, so that small people cannot borrow funds to increase their business operations. Besides that, Banking institutions have long and complicated procedures. With these various constraints, the lower strata of society who manage micro-enterprises that have the potential to develop are hampered. Therefore, a new microfinance institution is needed that has professional competence that can cover the needs of the community.

The history of the Muslim Ummah records that in fact there was one agency that had paid attention to the benevolent aspects of people's lives, namely the baitul maal which made a very significant contribution in balancing the economy of the Muslims at that time by providing subsidized funds to mustahik.

BMT (Baitul Maal Wat Tamwil) is one of the models of sharia microfinance institutions in the form of the simplest cooperatives which are currently appearing in Indonesia up to thousands of BMTs and their asset values are up to trillions which operate among the lower-income communities, trying to develop productive businesses. and investment in economic activities for small entrepreneurs based on sharia principles.

The goal to be achieved by the initiators is none other than to collect public funds and channel them back to the community, especially entrepreneurs such as Muslim entrepreneurs who need capital assistance for developing their business in the form of providing financing facilities to customers based on sharia principles, such as murabahah, mudharabah, qardh and etc. Baitul Maal is more directed to non-profit fundraising efforts, such as zakat, infaq and shadaqah. Meanwhile, baitul tamwil is an institution that supports the economic activities of small communities based on sharia(Sudarsono, 2007).

BMT Rukun Abadi is a cooperative-based sharia microfinance institution in Indonesia, especially in Bandar Jaya and carries out a financial intermediary function, namely collecting and distributing funds to people in need. BMT Rukun Abadi serves the micro sector, so that this financial institution is able to serve the financial needs of the lower-income community who find it difficult to access financing from banks. In the activity of distributing funds in the form of financing, BMT Rukun Abadi uses a sale and purchase agreement, namely a murabahah contract.

The financing that is most widely disbursed is buying and selling based financing with a murabahah contract. This is because the murabahah contract is a sale and purchase agreement which is quite easy to apply in current financing distribution. In its application, murabahah is a sale and purchase contract where the bank acts as the seller while the customer is the buyer. The selling price is the bank's purchase price plus profit. Even though the murabahah contract is often used, some people do not understand the implementation of this contract.

The phenomenon that occurs, for example, is that many BMT members do not understand the financing agreement. This means a lack of providing in-depth information or explanations regarding financing contracts so that BMT members think that practices in Islamic financial institutions are not much different from conventional financial institutions. Another problem that occurs is that the BMT does not establish the precautionary principle in providing financing in the form of loan funds to members so that the BMT incurs a lot of losses.

## THEORETICAL STUDY

Implementation is increasingly discussed as many experts contribute ideas about policy implementation as a stage of the policy process. Wahab and several authors place the stage of policy implementation in different positions, but in principle every public policy is always followed up with policy implementation (Haedar & Tarigan, 2008).

Financing in the narrow sense is defined as funding provided by financing institutions such as Islamic banks to customers. Financing in a broad sense means financing or spending, namely funding issued to support planned investments, either carried out alone or carried out by other people (Mujahideen, 2018). Objectives of Financing According to Muhammad, from a macro perspective, financing aims to improve the economy of the people, provide funds for business improvement, increase productivity, open new jobs, and distribute income. Meanwhile, micro financing is provided with the aim of maximizing profits, minimizing risks, misuse of economic resources, and channeling excess funds (Muhammad, 2005).

Murabahah, which comes from Ribhu (profit), is a buying and selling transaction where the bank states the amount of profit. The bank acts as the seller, while the customer acts as the buyer. Selling price is the bank's purchase price from the supplier plus profit (margin) (Karim, 2006). Murabahah is a type of financing where the bank acts as a seller on the one hand, and on the other hand acts as a buyer. Then the bank will resell it at the purchase price plus the agreed margin (Sunarto, 2003).

There has been a lot of research conducted in connection with the study of musyarakah financing products and murabahah financing. Like the research conducted by Estu Pamuji entitled "Application of Murabahah contracts on BRI sharia IB mortgage financing products at the Aji Barang Banyumas branch office, Estu's research focuses on murabahah financing products on mortgage financing at sharia bank branch offices Aji Barang banyumas, while this research focuses on the implementation of murabahah contracts on financing products at BMT Rukun Abadi Bandar Jaya. What Estu's research and this research have in common is that they both discuss murabahah contracts (Pamuji, 2017).

Also research conducted by Riana Dwi Ariani with the title "Analysis of the application of Character and Collateral Principles in Murabahah Financing at BMT Al-amin Wangon". In Riana's research, the focus is on analyzing the application of Character and Collateral principles, while in this research the author focuses on the implementation of murabahah contracts in financing products. The similarities in Riana's research from these researchers are that they both discuss murabahah contracts (Ariani, 2016).

## **RESEARCH METHODS**

This research is a qualitative descriptive study. This research uses a phenomenological approach whose approach is adjusted by looking at the reality in the field through observation. This research focuses on the implementation of the Murabahah contract on BMT Rukun Abadi Bandar Jaya Financing Products. Primary data is data that originates from data presented or described by the person or party present at the time of the incident (Arikunto, 1998). The sources for this research are estimated to be around 10-20 BMT Rukun Abadi customers. Secondary data is data that is used to support primary data that comes from library materials. This study uses secondary data obtained from reading sources and various other sources in the form of articles, journals, and so on. There are several data collection methods that can be carried out in a study such as observation, interviews and documentation.

## **RESULTS AND DISCUSSION**

### **Murabahah Agreement Mechanism at BMT Rukun Abadi Bandar Jaya**

The mechanism of the Murabaha contract at BMT Rukun Abadi Bandar Jaya is described as follows:

#### **1. Financing Procedures at BMT Rukun Abadi Bandar Jaya**

BMT is very capable of seeing the opportunities that exist in society. Especially for people in Bandar Jaya, BMT knows that on average people who are BMT customers who run micro businesses are people who are less interested in complicated financing procedures. Therefore, BMT provides financing procedures that are easy for prospective customers to understand. When the business financing application is approved and agreed upon, the next process is signing the contract or agreement agreed upon by the BMT and the business financing applicant. The provisions and requirements for distributing funds in the form of a Murabahah Financing Agreement are not only carried out based on the provisions of Islamic Law,

In practice, the murabahah agreement is agreed upon first, even though the goods which are the object of the murabahah do not yet exist, in the murabahah agreement there are specifications of the objects or goods which are the object of the murabahah for working capital in the productive activities. In a murabahah agreement for working capital, the customer makes BMT as his representative to purchase murabahah goods or objects, where the goods are goods that will be used as working or business capital by the customer.

Another role of BMT is to be able to help underprivileged people improve their standard of living so they can live a decent life, namely by collecting ZIS and then distributing it to those who are entitled to receive it, in this case the poor. This makes BMT a place of financing that is able to carry out its duties in helping the community so that BMT can be said to be an implementation in terms of financing.

## **2. Agreement Terms**

The provisions of the financing agreement with a murabahah contract at BMT Rukun Abadi include:

### **a) People who are committed**

Murabahah financing customers are directly bound by the agreement. The parties related to the contract are mature and mature. This pillar is fulfilled in the murabaha financing contract at BMT Rukun Abadi.

### **b) Promised objects**

The goods that are contracted or which become the object of the contract in financing with this murabaha contract are the goods that are the needs of the customer. Items that are usually the object of the contract include motorbikes, cars, and so on. This is in accordance with the procedures carried out by BMT to analyze goods that are used as objects of murabahah financing.

Furthermore, the goods or commodities must be able to be handed over and the goods must be the perfect property of the person making the sale. BMT Rukun Abadi uses a system in accordance with the Murabahah concept where the goods (which the customer needs) are fully owned by BMT Rukun Abadi and then handed over to the customer.

### **c) The main objective or purpose of procurement**

The practice of murabahah financing at BMT Rukun Abadi is in accordance with and does not conflict with sharia principles, especially in rukun contracts, which must be fulfilled as a condition of the contract, namely the aim or purpose of entering into the contract. In implementing the murabahah financing agreement at BMT Rukun Abadi, it is stated that the first party, namely the customer, gives authority to the second party, namely BMT, to purchase goods requested by the customer for the value of the goods and in the implementation the customer knows directly about the procurement of the goods because the purchase of goods is represented by BMT.

### **3. Guarantee**

In the murabahah financing contract at BMT Rukun Abadi, it is stated that there is a delivery of collateral for obligations/debt. This is permissible according to DSN MUI Fatwa No: 04/DSN-MUI/IV/2000 concerning murabaha in the 3rd decree of article 3 paragraph 3, the murabaha financing contract states that the agreement regarding the BMT's right to sell collateral if the customer cannot repay the debt. And the provisions regarding the sale proceeds are regulated in article 3 paragraph 4 of the contract and are in accordance with the DSN MUI Fatwa No: 04/DSN-MUI/IV/2000 concerning murabaha in 4th decree.

The murabaha financing mechanism at BMT Rukun Abadi uses collateral for each financing because it ensures the security of BMT financing. The guarantees requested by the BMT to customers also vary, depending on the amount of financing required by the customer. In addition, guarantees provided by customers to BMT Rukun Abadi are in the form of securities such as motorcycle BPKB and land certificates.

### **4. Down payment**

The murabaha financing mechanism at BMT Rukun Abadi is stated by the provision of down payments given by customers to BMT. According to the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) issued fatwa No. 13/DSN-MUI/IX/2000 regarding down payment in murabahah. According to the fatwa, the scholars agreed that asking for a down payment in a sale and purchase contract is permissible. Therefore, the BMT is allowed to ask for a down payment in a murabaha financing contract to the customer if both agree. The amount of down payment is also determined according to the agreement of both parties. Furthermore, the down payment will later become part of the price that will be paid by the customer to the BMT if the murabaha contract is implemented. If the customer cancels the murabahah contract, the customer must provide compensation to the BMT, if the amount of the down payment is smaller than the loss, the BMT can ask the customer for additional. If the down payment is greater than the loss, the BMT must return the excess to the customer.

### **5. Fine**

The imposition of fines by BMT Rukun Abadi on customers is based on an agreement between both parties in the contract. The contract used in the mechanism for granting fines is a murabahah contract, namely a sale and purchase agreement between the customer and BMT with the price of the goods being the basic price along with an agreed margin and payment in installments within a period of time agreed by both parties, which is BMT. determines the existence of a fine and payment of the fine is paid at the time of settlement.

The fine intended for customers who are late in paying their obligations at BMT must be in nominal form as stated in the provisions of the fatwa of the National Sharia Council of the Indonesian Ulema Council No. 17/DSN-MUI/IX/2000 concerning Sanctions for Wealthy Customers Who Delay Payments.

By having an agreement at the beginning of the transaction, the provisions on the rights and obligations of each party can be read clearly so that BMT and the customer must be able to position themselves in order to carry out their rights and obligations, because after the agreement is approved by both parties in the financing agreement murabahah, means that the customer has received a detailed explanation and understands the entire contents of the provisions of this murabahah financing agreement.

### **Application of Murabaha Contracts for Financing Products at BMT Rukun Abadi Bandar Jaya**

The application of a murabahah contract for financing products at BMT Rukun Abadi can be implemented or carried out properly if each of the implementation elements that become a benchmark in financing with a murabaha contract can be fulfilled. According to Tajhan there are 3 important points in the elements of implementation, namely as follows:

#### **1. Implementing Element**

Executors or implementers are parties who carry out policies consisting of setting organizational goals and objectives, analyzing and formulating organizational policies and strategies, making decisions, planning, programming, organizing, mobilizing people, implementing operations, monitoring and evaluating (Tachjan, 2006).

The implementers in the murabahah contract mechanism for financing products at BMT Rukun Abadi are BMT and customers. Both parties, namely the customer and BMT, entered into a financing agreement using a murabahah contract. The financing agreement mechanism, including financing procedures, agreement provisions, guarantees, down payments and fines, has fulfilled the implementation elements. Apart from that, the terms and conditions of murabahah financing have also been fulfilled. The pillars are the existence of a seller, a buyer, the object of the contract, the price of the goods and the agreement. Meanwhile, the conditions for murabahah financing are first, the contracting parties must be legally competent and not forced to do so. Second, the object of the contract must be halal and clear in size, type and quantity. Third, the price of goods and profits are stated transparently. Fourth,



## **2. There is a program being implemented**

A public policy has no important meaning without real actions taken with programs, activities or projects. The program is a comprehensive plan that describes the resources to be used and is integrated in one unit. The program describes objectives, policies, procedures, methods, standards and budgets (Tachjan, 2006).

The program implemented by BMT Rukun Abadi is in the form of providing financing products with murabahah contracts submitted by customers to BMT. The provision of murabahah financing must also go through a series of financing mechanisms. Among these mechanisms, customers must follow the financing procedures set by the BMT. After the financing procedure is considered complete, the next step is to make an agreement. This financing program agreement contains matters relating to the objectives and provisions of the financing itself, including regarding the provision of down payments and provisions for fines.

## **3. Target group or target group**

The last element is the target group or target group, Tachjan defines that: "the target group is a group of people or organizations in society who will receive goods or services whose behavior will be influenced by policies". Based on the research that has been conducted regarding the target group in the context of policy implementation, the characteristics possessed by the target group such as: group size, gender, level of education, experience, age and socio-economic conditions affect the effectiveness of implementation (Tachjan, 2006).

The target group for murabahah financing at BMT Rukun Abadi is a group of people who lack capital to run their business. On average, the community groups or customers who receive this financing are people who own businesses. The businesses in question include meatball stall businesses, food stall businesses, beauty salon businesses, beverage sales businesses and so on. BMT Rukun Abadi will provide financing to community groups who need capital to increase their business if these community groups can meet the criteria, conditions and procedures provided by the BMT.

In addition to the application of murabahah contracts on financing products, it is measured using elements of implementation. Financing with a murabaha contract also applies implementation principles. In the implementation principles there are several important points in it. Some of the implementation principles referred to are as follows:

**a) Tawhid (Unity)**

Tawhid leads humans to the recognition of the oneness of Allah as the Lord of the universe. In its womb, it believes that everything that exists in nature originates and ends with Him. He is the absolute and absolute owner of everything he creates. Therefore, all activities, especially in muamalah and business, should be based on the concept of surrender and believing that everything that is traded in business belongs to Allah alone, carrying out worship-based business.

Every property (asset) in a business transaction essentially belongs to Allah SWT. Humans as economic actors only gain trust (amanah) to manage (istiklaf), and therefore all assets and transactions must be managed in accordance with the provisions of the essential owner, namely Allah SWT. The Prophet Muhammad's pioneering in abandoning the practice of usury, fictitious transactions (gharar), gambling and speculation (Maysir) and illicit commodities is a manifestation of this monotheistic belief. Therefore, humans as the caliphs of Allah SWT must be accountable for everything that is done by humans before Allah SWT, including in business matters(Nawawi, 2012).

BMT parties really apply the principle of monotheism in their financing activities with customers. This was proven when the customer said that BMT did not want any interest in the financing of the murabahah contract that he entered into with the customer. BMT is well aware that by integrating religious aspects with other aspects such as economics or business, it will create a feeling in people that they will always feel that all their life activities are being recorded, including economic activities, so that in carrying out business activities, BMT will not easily deviate from all His provisions.

**b) Justice and Balance (Equilibrium)**

The principle of justice is the basis for producing all policies in economic activity so that they have a positive impact on growth and distribution of income and welfare of all levels of society. The principle of balance reflects equality between income and expenditure, growth and distribution and between the income of the haves and have-nots(Nata, 2011).

Balance and justice means that business behavior, in this case the BMT and customers, must be balanced and fair. Balance means not going to extremes in the pursuit of economic gain. Unlimited individual ownership, as in the capitalist system, is not justified. Property has a strong social function.

In activities in the world of work and business, Islam requires to act fairly, including those who are disliked. Islam requires its adherents to act justly and do good. In commerce, the most basic fair requirement is for Muslim entrepreneurs to perfect the measure when measuring and weighing with the correct scales, because that is the best behavior that will bring piety closer.

**c) Free Will (Free Will)**

Islamic teachings believe that Allah SWT has absolute freedom of will, as well as humans who have the right to choose what they will do, even in taking a job or using their wealth. Everyone is given freedom in the way he likes (Rahman, 2000). However, a good human being is a human being who is able to use this freedom in order to implement monotheism and balance in his life (Shihab, 2006).

Free will is Islam's most original contribution to social philosophy regarding the concept of a "free" human being. Only God is free, but within the limits of His creative scheme, humans also have relative freedom. In the Islamic view, humans are born with free will, namely with the potential to make various choices.

The application of the concept of freedom has been included in the endeavor, namely "choosing the best". Which in the effort to "choose" requires the power to achieve it. So "endeavour" means freedom to make efforts to choose the best thing, or freedom to try to achieve the best among the various kinds of goodness that exist. Freedom that does not contain goodness, finds no way in the Islamic idea of freedom. The goodness that exists in life has been shown by Allah SWT through the revelations that came down to the Prophet Muhammad saw. Whether in the form of worldly goodness or ukhoravi and the afterlife is the best goodness for His God-fearing servants.

**d) Responsibility**

Responsibility is closely related to human responsibility for all activities carried out to God and also responsibility to humans as a society. Because humans do not live alone, humans cannot be separated from the laws made by humans themselves as social communities. Responsibility to God is of course in the afterlife, but responsibility to fellow humans is found in the world in the form of formal and non-formal laws such as moral sanctions and so on.

BMT parties and customers both have responsibility for the business or activities they carry out. BMT parties and customers are very aware that humans as business people have a moral responsibility to both fellow humans and to God for business behavior. And property as a business commodity in Islam is a mandate from God that must be accounted for before God.

## CONCLUSIONS AND RECOMMENDATIONS

Based on the results and discussion above, it can be concluded that the murabahah contract mechanism at BMT Rukun Abadi Bandar Jaya starts with financing procedures, that customers who will apply for murabahah financing at BMT Rukun Abadi must fulfill all the procedures set by BMT Rukun Abadi. After the financing procedure has been fulfilled, the next step is to enter into an agreement. The agreement contains terms and mechanisms for murabahah financing activities. The provisions in question are guarantees, advance payments and fines. The implementation of the murabahah contract mechanism for financing products at BMT Rukun Abadi Bandar Jaya has essentially been implemented well because the murabahah financing carried out by BMT is in accordance with the applicable provisions and mechanisms. Murabahah financing at BMT Rukun Abadi has also fulfilled the pillars and conditions for financing a murabahah contract. This is evident in the elements of implementation that serve as benchmarks in the murabaha financing mechanism.

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