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THE IMPLEMENTATION OF SHARIA CONTRACTS IN ISLAMIC BANKING OPERATIONS: A FIQH AL-MUAMALAH PERSPECTIVE

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Abstract

This study discusses the implementation of contracts in Islamic banking operations based on the perspective of fiqh muamalah. The study aims to analyze the implementation of fund collection contracts, sale and purchase financing contracts, profit-sharing financing contracts, leasing contracts, and prudential principles in Islamic banking operations. The research method used is qualitative research with a library research approach through journals and books related to Islamic economics and fiqh muamalah. The results show that the implementation of contracts in Islamic banks has applied contracts that comply with sharia principles, such as wadi'ah, mudharabah, murabahah, salam, istishna', musyarakah, ijarah, and ijarahmintaiya bit tamlik. These contracts are implemented based on the principles of justice, transparency, mutual consent, and the avoidance of usury, gharar, and maisir. In addition, the application of prudential principles and the role of the Sharia Supervisory Board are important in maintaining sharia compliance in Islamic banking operations. However, there are still challenges such as low public literacy and the potential for contract deviations,

therefore strengthening education and sharia supervision is necessary so that contract implementation remains in accordance with fiqh muamalah principles

Keywords: *contracts, Islamic banking, fiqh muamalah, sharia compliance, prudential principles*

1. Introduction

The development of Islamic banking in Indonesia has shown significant growth in line with the growing public demand for a Sharia-based financial system. Islamic banking functions not only as a financial intermediary but also as an institution that prioritizes the principles of justice and blessings in every transaction. This makes Islamic banking an increasingly popular alternative in the modern financial system. (Ardana et al., 2020).

In their operations, Islamic banks use contracts as the primary basis for every transaction. A contract is a legally binding agreement between the parties involved and must comply with the principles of Islamic jurisprudence (fiqh) in muamalah (Islamic jurisprudence). The implementation of this contract is crucial because it determines the validity of a transaction from a sharia perspective and serves as a key distinction between Islamic and conventional banking systems. (Ardana et al., 2020).

Various types of contracts are applied in Islamic banking operations, such as murabahah, mudharabah, and musyarakah contracts used in financing, as well as other contracts that support Islamic economic activities. In practice, these contracts play a crucial role in determining the performance and profitability of Islamic banks and serve as the primary instruments in carrying out financing activities. (Ardana et al., 2020).

However, the implementation of contracts in Islamic banking still faces various challenges. One of these is the discrepancy between the concept of contracts in Islamic jurisprudence (fiqh muamalah) theory and actual practice, such as the dominant use of certain contracts and potential risks in financing. Furthermore, problematic financing is also a key indicator in assessing the effectiveness of contract implementation in Islamic banks. (Dendi Abdul Nasir & Khomariyah, 2020).

Therefore, a more in-depth study is needed on the implementation of contracts in Islamic banking operations, examining their suitability from a muamalah fiqh perspective. This study is crucial to ensure that Islamic banking practices remain within the framework of sharia and can make a positive contribution to the development of the Islamic economy. (Yarmunida, 2020).

Based on the background outlined above, this study focuses on issues related to the concept of contracts from the perspective of Islamic jurisprudence (fiqh muamalah), the types of contracts used in Islamic banking operations, and how these contracts are implemented in Islamic banking practices. Furthermore, this study also examines the extent to which these contracts are implemented in accordance with the

principles of Islamic jurisprudence (fiqh muamalah), which emphasize fairness, transparency, and freedom from riba (usury), gharar (gharar), and maisir (gambling). (Shadiqul Fajri AF, 2020).

This study aims to understand the concept of contracts from the perspective of Islamic jurisprudence (fiqh muamalah), identify the types of contracts used in Islamic banking operations, and analyze their implementation in banking activities. Furthermore, this study also aims to assess the suitability of the implementation of contracts with Sharia principles to ensure that Islamic banking operations are in accordance with the provisions of Islamic jurisprudence (fiqh muamalah). (Fuadatul Khilmi, 2021).

This research is expected to provide both theoretical and practical contributions. Theoretically, this research can enrich the body of knowledge in Islamic economics and banking, particularly regarding the implementation of contracts. Practically, this research is expected to serve as evaluation material for Islamic banking institutions in improving the quality of contract implementation and providing public understanding of the importance of Sharia principles in banking activities. (Widiastuty, 2020).

2. Literature review

In Islamic jurisprudence (fiqh muamalah), a contract is a binding agreement between two or more parties that has legal consequences for a specific object. In Islamic banking, the contract is the primary basis for every transaction because it determines the validity of economic activities in accordance with Sharia principles. The implementation of the contract is not only formal but must also adhere to the principles of fairness, transparency, and be free from elements of usury and gharar. (Rasyid, 2021).

In Islamic banking operational practices, various types of contracts are used according to transaction needs, such as mudharabah, murabahah, musyarakah, and ijarah. Each contract has distinct characteristics and mechanisms, but remains based on the principles of Islamic jurisprudence (fiqh) regarding muamalah. The use of these contracts is a key characteristic that distinguishes Islamic banks from conventional banks. (Sugesti & Hakim, 2021).

However, previous research has shown that the implementation of contracts in Islamic banking still faces various obstacles. One of these is the gap between the ideal concept in Islamic jurisprudence (fiqh muamalah) and actual practice, such as the suboptimal implementation of profit-sharing contracts and ongoing public skepticism regarding the compliance of Islamic banking operations with Sharia law. (Rial Nugroho, 2021).

Furthermore, several studies have found that the implementation of certain contracts, such as mudharabah, still faces various technical issues and risks, thus not fully reflecting the principles of justice and balance as envisioned in Islamic jurisprudence (fiqh muamalah). This indicates that the implementation of contracts in Islamic banking still requires evaluation and strengthening to ensure optimal compliance with Sharia principles. (Bahruddin & Avita, 2021).

These conditions indicate that the implementation of contracts in Islamic banking requires not only the fulfillment of administrative and contractual aspects, but also strengthening the substantive aspects of Islamic law. In this regard, the role of the Sharia Supervisory Board (SSB) is crucial in ensuring that every banking product and activity complies with the principles of Islamic jurisprudence (fiqh muamalah). Effective supervision is expected to minimize irregularities and increase public trust in the Islamic banking system.

Furthermore, it is necessary to improve the quality of human resources in Islamic banking institutions to ensure a comprehensive understanding of the concept and implementation of contracts. This is crucial because errors in the implementation of contracts can result in practices that do not align with Sharia principles. Therefore, ongoing training and education are strategic steps in improving the quality of contract implementation in Islamic banking. (Shadiqul Fajri AF, 2020)

On the other hand, transparency of information to customers is also an equally important factor. Customers' understanding of the contract mechanism will help ensure fair transactions that align with the principle of mutual consent (an-taradhin). Thus, the relationship between the bank and its customers is not merely formal but also reflects the ethical values of Islamic jurisprudence (fiqh muamalah).

Based on this description, it can be concluded that contracts play a central role in Islamic banking operations, thus requiring in-depth study of their implementation. This research focuses on analyzing the implementation of contracts in Islamic banking operations and assessing their compliance with the perspective of Islamic jurisprudence (fiqh muamalah). Therefore, the research framework connects the concept of contracts, their implementation in Islamic banking practices, and the evaluation of their compliance based on the principles of Islamic jurisprudence (fiqh muamalah). (Sugesti & Hakim, 2021)

3. Research methods

This study utilizes secondary data obtained from various scientific literature sources, such as journals, reference books, and publications related to Islamic banking and Islamic jurisprudence. The use of secondary data aims to gain a comprehensive understanding of the concept of contracts and their implementation in Islamic banking operations. Data collection was conducted through library research, identifying, reviewing, and analyzing various relevant literature sources to provide a strong theoretical foundation for the research.

This study uses a conceptual research model that emphasizes the relationship between the concept of contracts in Islamic jurisprudence (fiqh muamalah) and their implementation in Islamic banking operations. This model is used to explain how contract principles are applied in banking practices and how they align with sharia provisions. This approach allows for a systematic analysis of the relationship between theory and practice in Islamic financial institutions. (Rahmatillah & Nuryanti, 2021)

Operational definitions of the variables in this study are used to clarify the concepts being analyzed to avoid differences in interpretation. The main variables in this study include the contract as the basis for agreements in Islamic jurisprudence

(fiqh muamalah), the implementation of the contract as a form of implementation in Islamic banking operations, and sharia compliance, which is used to assess whether the practice complies with the principles of Islamic jurisprudence (fiqh muamalah), such as fairness, transparency, and the avoidance of riba (usury), gharar (gharar), and maisir (gambling). (Mira Nur Aini & Mariyana Dewi, 2021).

The data analysis method used in this study is qualitative descriptive analysis. The analysis was conducted by reviewing various relevant literature sources to understand the concept of contracts in Islamic jurisprudence (fiqh muamalah) and its implementation in Islamic banking operations. Next, the analysis compared the theoretical concepts with practices in Islamic banking to assess their level of conformity with the principles of Islamic jurisprudence (fiqh muamalah). Conclusions were then drawn systematically in accordance with the research objectives.

4. Results and Discussion

4.1 Draft Contract in The Perspective of Fiqh Muamalah

Contract in Indonesian is known with term agreement, commitment, or contract. In etymologically, the word akad originate from Arabic al -' aqd which means bond or binding (al- rabthu). This term show existence connection or attachment between two parties or more in something transaction. In the al- Mawrid Dictionary, contract interpreted as a contract and agreement or contracts and agreements. Definition the show that contract is base in every activity transactions involving Rights and obligations of the parties. (Kurnia Ningsih, 2021).

In a way terminology, contract is something agreement or commitment jointly carried out by two parties or better in a way oral, written, and signal, which has implications law and binding on the parties For carry out content agreement said. In Islamic law, contract understood as meeting between the ijab and qabul that was carried out in accordance with sharia provisions so that cause consequence law to the object of the agreement. With Thus, the contract No only viewed as connection law only, but also as form not quite enough moral responsibility that must be implemented based on principle honesty, fairness, and willingness between the parties.

Contract become part important in system Islamic economics because all over activity Islamic economics must based on a clear and appropriate agreement with principle jurisprudence muamalah. Existence contract functioning as instrument For guard regularity transactions, protect the rights and obligations of the parties, as well create justice in activity economy. Therefore that, the contract in Islamic economics does not only profit - oriented, but also prioritizes mark welfare and balance so that the transactions carried out No harm one parties. (Kurnia Ningsih, 2021).

Source law in contracts and operations Islamic banking originates from from Islamic law is used as guidelines in implementation activity muamalah. The scholars of Islamic jurisprudence contemporary share source Islamic law is divided into two parts, namely source agreed upon law (mashadir al- ahkam al- muttafaq ' alaih) and sources disputed law (mashadir al- ahkam al- mukhtalaf fih). Source agreed law includes the Koran and Sunnah, meanwhile source disputed law includes ijma', qiyas, istihsan, and other ijtihad methods. In matter this, the Qur'an and Sunnah became

source law main in determination contract, while source law other functioning as argument supporters For set law to unresolved issues explained in a way details in source law main.

The Qur'an is source law first and foremost in Islam which is base arrangement contracts and transactions Islamic economics. The Qur'an contains various provision about faith, morals, and law muamalah that regulates connection man in field economic and social. All the verses of the Qur'an are qath'I al- wurud, namely own authenticity and definite truth Because originate direct from Allah SWT. In context contract, the Qur'an provides guidelines about importance justice, honesty, transparency, and willingness between the parties to the transaction. In addition, the Qur'an also prohibits practice economy that contains element usury, gharar, and maisir Because considered can harm one parties and opposing with principle justice in Islam.

Source law second is Sunnah, namely all words, deeds and decrees of the Prophet Muhammad SAW. Related to with implementation Islamic law. The Sunnah works as explanation and reinforcement to existing laws in the Qur'an. Different with the nature of the Koran qath'I al- wurud, Sunnah nature dzanni al- wurud Because obtained through the process of narration hadith. In practice contracts and operations Islamic banking, Sunnah has role important in explain the procedure implementation contract, detailing laws that are still nature general in the Qur'an, as well as set provision to unresolved issues explained in a way explicit in the Qur'an. With Thus, the Qur'an and Sunnah became runway main in implementation contracts Islamic banking to remain in accordance with principle jurisprudence transactions and values Islamic justice. (Rachman et al., 2022).

The scholars explain that validity something contract determined by the fulfillment of pillars and conditions contract in a way correct so that the transaction is carried out own strength law as well as No contradictory with principles of Islam. As for the pillars contract in jurisprudence transactions includes :

Al -' Aqid (Contracting Party) : The parties to the contract are the people who do agreement or transaction. Contracting parties must own skills law (ahliyyah), such as sane, mature, and have will free without existence element coercion. Apart from that, the contracting parties can act on his behalf Alone and as a representative of other parties.

Ma'qud ' Alaih (Object) Contract) : Object contract is goods, services, or the benefits that are the core of something transaction. Object contract must clear, known by both parties, can handed over, and is halal according to Islamic law so that it does not cause gharar or ambiguity in transactions.

Maudhu' al -' Aqd (Purpose of the Contract): The purpose of the contract is Meaning main implementation something transactions. Every contract own different purposes, such as transfer ownership in sell buy or giving benefit in Ijarah contract. Purpose of the contract must in accordance with sharia principles and not contradictory with Islamic law.

Shighat al -'Aqd (Ijab and Qabul): Ijab and qabul is form statement agreement between the contracting parties. Consent is statement offer, whereas acceptance is

statement acceptance. Ijab and qabul must done in a way clear, mutual appropriate, and show existence willingness between the parties without existence coercion.

Apart from harmony, there are also conditions the contract that must be fulfilled so that the contract become valid. Conditions the covering existence willingness between the parties (antaradhin), no contain element fraud, no harm one parties, as well as No contradictory with sharia principles such as usury, gharar, and maisir. With fulfillment pillars and conditions contract said, then transactions made can considered valid and appropriate with principle jurisprudence transactions. (Kurnia Ningsih, 2021)

4.2 Implementation Contract Fundraising in Sharia Bank Operations

The implementation of the wadi'ah contract in Islamic banking operations is generally applied to fundraising products such as checking and savings accounts. The wadi'ah contract is a deposit contract, whereby a customer entrusts their funds to the bank to be safeguarded and returned whenever needed. In Islamic banking practice, the most frequently used contract is wadi'ah yad dhamanah, a deposit contract that authorizes the bank to use the deposited funds in its operational activities while still guaranteeing the security and return of the customer's funds.

With a wadi'ah checking account, customers deposit their funds with a bank primarily for ease of transactions and security. Customers can withdraw their funds at any time using checks, giro bills, or other payment methods in accordance with Islamic banking regulations. Under this agreement, the bank is not obligated to provide compensation to the customer, as the funds are held as a trust. However, banks are permitted to provide bonuses to customers as a token of appreciation, as long as the bonus is not agreed upon at the outset of the agreement to avoid usury. (Johari & Kurniawan, 2023).

In addition to current accounts, the wadi'ah contract also applies to wadi'ah savings products. Wadi'ah savings represent customer deposits that can be withdrawn at any time according to the terms and conditions of Islamic banks. This product is typically used by people seeking financial security and ease of transactions without focusing on profit or profit sharing. In practice, Islamic banks maintain the principle of trustworthiness by guaranteeing a full refund of customer funds upon withdrawal.

The implementation of the wadi'ah contract in current accounts and savings accounts demonstrates that Islamic banks function not only as fundraising institutions but also as institutions that maintain customer trust through the application of the principles of trustworthiness and responsibility. Furthermore, the implementation of the wadi'ah contract also reflects the alignment of Islamic banking operations with the principles of Islamic jurisprudence (fiqh muamalah), particularly in maintaining transparency, fairness, and avoiding elements of usury (riba), gharar (gharar), and maisir (gambling) in fundraising activities. (Johari & Kurniawan, 2023).

In addition to using the wadi'ah contract, Islamic banks' fundraising activities also utilize the mudharabah contract for savings and deposit products. The mudharabah contract is a form of collaboration between the customer as the fund owner (shahibul maal) and the bank as the fund manager (mudharib). Under this contract, the funds deposited by the customer are managed by the Islamic bank in

productive business activities in accordance with Islamic principles. The profits are then distributed based on a ratio (nisbah) or percentage agreed upon at the outset of the contract. This system demonstrates that fundraising in Islamic banks is conducted on a profit-sharing basis, rather than using an interest-based system like conventional banks. (Siri & Rahmi, 2024).

The implementation of the mudharabah contract in mudharabah savings accounts provides customers with the opportunity to earn profits through a profit-sharing system. Funds collected from the public are used by the bank for sharia-compliant financing and investment activities, so the customer's profits depend on the results of the fund management. Therefore, the profits received by customers are not fixed but are adjusted based on the bank's income from its business activities. This system reflects the principles of justice and cooperation in Islamic jurisprudence (fiqh muamalah), as profits and risks are shared based on mutual agreement. (Mujahidin, 2021).

In addition to savings, the mudharabah contract also applies to mudharabah deposit products. Mudharabah deposits are term deposits that can only be withdrawn within a specified period of time, as agreed between the customer and the Islamic bank. In practice, the deposit funds are managed by the bank for productive and halal business activities, and the profits are then distributed according to a mutually determined ratio. Mudharabah deposit products are a crucial instrument for fundraising in Islamic banks because they can increase the productivity of public funds without conflicting with Islamic principles. (Siri & Rahmi, 2024).

The fundraising mechanism in Islamic banks is implemented through various savings products using wadi'ah and mudharabah contracts. In practice, people can save funds in the form of checking accounts, savings accounts, or time deposits according to their individual needs. The funds collected by Islamic banks are then managed in halal and productive business activities in accordance with Islamic principles. This fundraising mechanism is one of the primary functions of Islamic banks as intermediaries between those with excess funds and those in need of financing.

In its operations, fundraising in Islamic banks must be conducted transparently and based on clear contracts to avoid gharar. Banks are required to explain to customers the type of contract used, the fund management mechanism, and the rights and obligations of each party. In mudharabah contracts, profits are distributed based on a mutually agreed ratio, while in wadi'ah contracts, the bank only acts as a recipient of deposits and is obligated to safeguard customer funds. The application of this transparency principle demonstrates the application of honesty and trustworthiness in Islamic banking operations. (Hisamuddin & Andi, 2015).

Based on the perspective of Islamic jurisprudence (fiqh muamalah), the implementation of fundraising in Islamic banks is essentially in accordance with sharia principles because it uses valid contracts and avoids usury. The use of wadi'ah and mudharabah contracts reflects the principles of justice, willingness (an-taradhin), and cooperation between the bank and its customers. Furthermore, fund management is carried out in halal (permissible) businesses, thus not contradicting Islamic sharia

provisions. Therefore, the fundraising mechanism in Islamic banks is one form of implementation of Islamic jurisprudence (fiqh muamalah) in modern financial institutions. (Nurul Qomar, 2018).

However, the implementation of fundraising contracts in Islamic banks still faces several challenges, such as low public understanding of Sharia contracts and the perception that the Islamic banking system still resembles conventional banking. Therefore, increased Sharia education and supervision are needed to ensure that the implementation of contracts in fundraising practices is truly in accordance with the principles of Islamic jurisprudence (fiqh muamalah). By strengthening these Sharia principles, Islamic banks are expected to increase public trust and realize a fair financial system in accordance with Islamic teachings. (Widh et al., 2021).

4.3 Implementation of Sale and Purchase Financing Contracts in Sharia Bank Operations

The implementation of sales and purchase financing contracts such as murabahah, salam, and istishna' is a key instrument in Islamic banking operations to channel funds productively and consumptively to the public. In practice, murabahah contracts dominate financing portfolios due to their relatively measurable risk characteristics and their streamlined management for financial institutions. Through this scheme, Islamic banks act as sellers, providing customers with the goods they need by transparently stating the original purchase price and nominal profit margin at the outset of the agreement, allowing customers to repay the total sale price through a fixed installment plan over a mutually agreed period.

Although murabahah is very popular for consumer financing such as home and vehicle ownership, practical challenges often arise in its administrative governance in the field, particularly regarding the use of wakalah or representative contracts. In situations where banks do not directly hold inventory, banks often authorize customers to purchase needed goods from suppliers on their own behalf. According to regulations and Islamic law, the separation of the execution time between wakalah and murabahah contracts must be carried out with strict discipline. The goods must be ensured to be legally owned by the bank before the sale and purchase agreement is signed to avoid the prohibited practice of selling assets that are not yet owned. (Kunaifi et al., 2023).

Different with murabahah whose object is Already available, Islamic banking provides contract greetings and istishna ' as solution financing For items that must be produced moreover formerly based on order special. Contract regards require buyer pay full transaction capital in a way cash in advance, while handover the goods suspended to the future, a the general scheme implemented in sector agriculture or procurement commodities term short For help liquidity manufacturer small. On the other hand, the contract istishna ' offering flexibility more payments tall Because customers can pay it off in a way gradually during the manufacturing process object or suspended at the end of, making it an ideal instrument for funding project manufacturing scale large, construction property, as well as procurement infrastructure factory. (Japar et al., 2024).

In operate operational daily For third type contract sell buy mentioned, Islamic banks are required to uphold mechanism financing based on principles justice economy in order to avoid element usury, gharar, and maysir. Workflow operational started from stage analysis eligibility customers in a way comprehensive, followed with certainty procurement physique and mastery principle on goods transacted so that rights ownership move in a way legitimate to the bank before for sale back. Selling value the end consisting of from price main plus profit margin nature tie as well as No may changed one-sided in the middle road although happen fluctuations interest rates in conventional markets, so that customers protected from uncertainty cost financing.

From a muamalah fiqh perspective, the validity of all financing implementations is rigorously evaluated based on legal rulings derived from hadiths on ahkam muamalah and fatwas from the National Sharia Council. The main principles upheld are the fulfillment of the principle of mutual consent without any transaction manipulation, detailed clarity of the order's specifications to minimize the potential for disputes, and the prohibition of combining two conflicting contracts into a single, binding document. By maintaining harmony between modern banking procedures and sharia values, this purchase and sale financing product is able to provide equitable economic benefits for both the bank and the wider community. (Hidayatullah, 2020a)

4.4 Implementation of Profit Sharing Financing Agreements in Sharia Bank Operations

The mudharabah contract is a form of cooperation between the capital owner (shahibul maal) and the business manager (mudharib), whereby business profits are shared based on a mutually agreed ratio, while losses are borne by the capital owner provided there is no negligence on the part of the business manager. In Islamic banking operations, the mudharabah contract is applied to financing productive businesses such as trade, service businesses, and MSMEs. The Islamic bank acts as the capital owner, while the customer acts as the business manager, conducting business activities in accordance with sharia provisions. (Hidayatullah, 2020b).

Before providing financing, Islamic banks first conduct a financing analysis on prospective customers. This analysis includes aspects such as character, business capacity, capital, collateral, economic conditions, and business constraints. Furthermore, the bank reviews the legality of the business, management, marketing, business techniques, and the customer's financial statements. This analysis aims to minimize the risk of loss and ensure that the business is eligible for mudharabah financing. (Susana & Prasetyanti, 2011).

The musyarakah contract is implemented in project financing and productive businesses, where the Islamic bank and the customer both contribute capital to a specific venture. In practice, the customer typically acts as an active partner, directly managing the business, while the Islamic bank acts as a passive partner, providing capital investment and overseeing the business's operations. This oversight is carried out through business reports, reviewing transaction evidence, and evaluating business development in accordance with the agreement. (Hidayatullah, 2020b).

The implementation of musyarakah financing has significant potential to support the development of the real sector, particularly MSMEs in Indonesia. The cooperation and profit-sharing system within the musyarakah contract can assist business owners with limited capital, thereby increasing productivity and creating jobs. Therefore, the musyarakah contract is considered a form of financing that aligns with Islamic economic principles, emphasizing cooperation, fairness, and partnership in business activities. (Nastiti, 2022).

The profit-sharing system is a key feature of mudharabah and musyarakah contracts. Business profits are distributed based on a pre-agreed ratio or percentage, while losses are borne according to the terms of each contract. In mudharabah contracts, losses are borne by the capital owner provided there is no negligence on the part of the business manager, while in musyarakah contracts, losses are borne based on the proportion of capital contributed by each party. This system differs from the interest system in conventional banks, which sets fixed profits regardless of the business's performance. (Hidayatullah, 2020b).

In Islamic jurisprudence (fiqh) regarding muamalah (financial transactions), the profit-sharing system is permitted because it is a legitimate form of business cooperation and does not contain elements of usury (riba). Profits obtained in mudharabah and musyarakah contracts are considered permissible because they originate from real and productive business activities. This differs from interest in conventional banks, which is categorized as usury due to the additional fees charged in lending and borrowing transactions. Therefore, the profit-sharing system is one of the main principles in the operation of Islamic banks. (Hidayatullah, 2020b).

The distribution of risks and profits in mudharabah and musyarakah contracts is based on the principles of fairness and mutual agreement. In a mudharabah contract, the business manager does not bear financial losses except in cases of negligence or misuse of funds. Meanwhile, in a musyarakah contract, all parties involved bear the risk in proportion to the amount of capital contributed. Thus, the relationship between Islamic banks and customers is not simply that of creditor and debtor, but rather that of business partners who work together to generate profits and face business risks. (Nastiti, 2022).

Based on the perspective of Islamic jurisprudence (fiqh muamalah), the implementation of mudharabah and musyarakah contracts in Islamic banks is essentially in accordance with sharia principles because they are carried out based on the mutual consent of both parties (an-taradhin), with a clear contract, and avoidance of riba, gharar, and maisir. Cooperation between Islamic banks and customers is carried out through the approval of the contract before the business is executed, thus demonstrating the principles of fairness and transparency in Islamic economic transactions. (Hidayatullah, 2020b).

However, in practice, several inconsistencies with Sharia provisions are still found, such as the burden of business risks on customers, suboptimal bank involvement in project management, and the presence of doubtful elements in some musharaka mutanaqishah financing practices. Therefore, increased Sharia

supervision and a reformulation of financing mechanisms are needed to ensure that the implementation of mudharabah and musharaka contracts is in accordance with the principles of Islamic jurisprudence and the objectives of the maqashid sharia. (Nastiti, 2022).

4.5 Implementation Rental Agreement in Sharia Bank Operations

ijarah contract is contract transfer right to use something goods or service through payment rent without accompanied by displacement right owned by on goods said. In Islamic banking operations, the ijarah contract is used as one of the form financing rent to asset productive and consumptive, such as vehicles, houses, tools weight, and equipment business others. Through contract this, Islamic banks first formerly provide or buy required assets customers, then rent it out to customers in term time certain with payment wage or cost rent in accordance agreement together. Implementation Ijarah products in Indonesia are experiencing development rapidly along increasing awareness public to system Islamic finance and needs to free financing from practice usury.

In In practice, the ijarah contract must fulfil sharia provisions, such as existence clarity object rent, rental period, amount cost rent, and the rights and obligations of each party. The rented goods must is halal goods, have benefits, and can used in accordance objective contract. During the rental period ongoing, rights ownership on goods still is on the side of the sharia bank, meanwhile customers only get right benefit on use goods said. Therefore that, the ijarah contract is different with contract sell buy Because No happen displacement right owned by during the contract period ongoing. (Manurung et al., 2025).

Ijarah Muntahiya Bit Tamlik (IMBT) contract is contract terminated lease with displacement right owned by to tenant after the rental period finished. In Islamic law, contract This allowed during fulfil pillars and conditions contract, such as clarity object rent, term time, quantity ujrah, as well as existence contract addition in the form of grant or sell buy at the end of the rental period. Provision about IMBT agreement has also been strengthened through DSN-MUI Fatwa No. 27/DSN-MUI/III/2002 concerning Al-Ijarah Al- Muntahiyah Bi Al- Tamlik. In practice Islamic banking, many IMBT applied to financing House residence, vehicle, tool weight, and properties business others. (Wahyuni et al., 2025).

In implementation, Islamic banks first formerly buy goods needed by customers, then rent it out during term time certain with system payment installments. After all over obligation payment completed, ownership goods can diverted to customers through contract grant or sell purchases made in a way separate. System This give convenience to public For own asset in a way gradually with still based on sharia principles. Therefore that, the IMBT agreement is one of the form lots of financing used in modern Islamic banking operations.

Mechanism contract rent in Islamic banking started from submission application financing by customers to Islamic banks. After done analysis eligibility, the bank buys or provide required items Then done ijarah or IMBT agreement according to need financing customer. Customer furthermore pay cost rent (ujrah) in periodically during

the contract period taking place. Especially for IMBT contracts, after all over obligation payment finished, right ownership on goods can diverted to customers through contract addition in the form of grant or sell purchases made in a way separated from contract rent. (Alwi, 2020).

In practice operationally, the IMBT contract includes hybrid contract or multi contract form Because combine contract rent with contract displacement right property. Use of multiple contracts in sharia financing is carried out For fulfil need transaction increasingly modern finance developing. However, its implementation must still notice sharia principles and carried out in a way clear so as not to cause element gharar, usury, and doubtful in transaction. (Manurung et al., 2025).

Based on perspective jurisprudence transactions, implementation ijarah and IMBT contracts in Islamic banking operations are basically has in accordance with sharia principles because done on base willingness second split parties (an- taradhin), the existence of clarity contract, and No contain element usury. Ijarah contracts are permitted in Islam because give benefit to use goods or service in a halal manner with reward certain that have been agreed together. In addition, the IMBT contract is also permitted during contract displacement right owned by done in a way separated from contract rent so that No cause ambiguity in transactions. (Wahyuni et al., 2025).

Although Thus, the implementation ijarah and IMBT contracts are still face a number of challenges, such as low literacy public about draft sharia financing, perception society that still equate IMBT with credit conventional, as well as the need strengthening internal supervision of Islamic banks so that all mechanism contract still in accordance with principle jurisprudence transactions. Therefore that, is necessary more education intensive to public as well as improvement sharia compliance so that implementation ijarah and IMBT contracts can give optimal benefits for development Islamic economics in Indonesia. (Manurung et al., 2025).

4.6 Precautionary Principle in Implementation Sharia Banking Contract

Principle prudential banking principle is principle mandatory basis applied by each institution banking, including sharia banks, in operate activity operational principles. This aim For guard stability, health, and security system banking to avoid from various risks that can occur detrimental to banks and customers. In Islamic banking, implementation principle caution No only aspect - oriented financial, but also must notice compliance to sharia principles. Therefore that, every contract financing carried out must implemented in a way transparent, fair and appropriate with provision Islamic law so that it does not contain element usury, gharar, and maisir. (Ananda & Inayati, 2024).

According to Rimarshanda Anugrahita in journal Precautionary Principle in Banking and Murabahah Contract, principles caution own role important in the implementation process banking Because functioning as guidelines operational in order to create institution healthy, efficient, and reliable finances. Principles This emphasize importance caution in collection and distribution funds to public so that can minimize risk possible losses occurs in Islamic banks. In addition, the implementation of principle caution can also be increase trust public to industry Islamic banking

because banks are considered capable operate its operations in a way safe and appropriate applicable regulations. (Anugrahita & Baidhowi, 2025).

In implementation Islamic banking contracts, risks deviation contract be one of problems that must be anticipated through implementation principle caution. Risk of deviation contract can happen if the contract that was executed No in accordance with sharia provisions or No in accordance with content the agreement that has been agreed between the bank and the customer. For example, in the contract murabahah, the bank must truly buy required items customers moreover formerly before sell it return to customers with additional profit margin that has been agreed. If procedure the No executed with right, then contract can considered No legitimate according to sharia principles. The risk of deviation can also appear consequence lack of transparency information, weakness internal supervision, or existence the party that does not operate his obligations in accordance content contract. (Anugrahita & Baidhowi, 2025).

Supervisory Board (DPS) is very important in guard implementation Islamic banking agreements to remain in accordance with sharia principles. DPS is institution supervisor on duty ensure that all over products, activities business, and contracts implemented by sharia banks are not contradictory with Islamic provisions. DPS has function give advice and suggestions to the bank and do supervision in a way periodically to implementation activity Islamic banking operations. With With the existence of DPS, Islamic banks can more easy control possibility occurrence violation of sharia in every contract financing. In addition, DPS also plays a role in give recommendation to development product Islamic banking to remain in accordance with the fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI). (Ananda & Inayati, 2024).

Efforts to maintain Sharia compliance is part important in implementation principle prudence in Islamic banks. Sharia compliance means all over banking activities must in accordance with Islamic rules and applicable fatwas. For guard compliance mentioned, Islamic banks need to apply system good internal supervision, conducting sharia audits regularly periodically, and increase quality source Power a human being who understands principles Islamic economics. In addition, Islamic banks must also ensure that every the contract that was made own base clear laws that are understood by all parties involved. Implementation sharia compliance is not only aim avoid violation to religious rules, but also become factor important in increase trust public to institution sharia banking. (Ananda & Inayati, 2024).

Transparency and fairness in the contract also becomes part main from principle caution in implementation Islamic banking contracts. Transparency means all over information related contract must explained in a way open to customers, such as price goods, profit margin, term time payment, rights and obligations of each party, as well as possible risks happened. With existence openness information, customers can understand content contract in a way clear so that can avoid disputes later day. Besides transparency, justice must also be implemented in every transactions so as not to There is the injured party. Principle justice in sharia contracts emphasize balance

rights and obligations between bank and customer in accordance with agreement together. (Anugrahita & Baidhowi, 2025).

5. Conclusion and Suggestions

5.1 Conclusion

Write your findings, conclusions, and suggestions here. If you feel the conclusions need to be numbered, please use the usual method. Based on the discussion above, the implementation of contracts in Islamic banking operations is essentially in accordance with the principles of Islamic jurisprudence. Islamic banks implement various contracts, such as wadi'ah and mudharabah in fundraising, murabahah, salam, and istishna' in sales and purchase financing, mudharabah and musyarakah in profit-sharing financing, and ijarah and ijarah muntahiya bit tamlik in lease financing. All of these contracts are implemented with due regard for the principles of justice, transparency, willingness, and the avoidance of riba, gharar, and maisir.

The application of prudential principles and supervision by the Sharia Supervisory Board also play a crucial role in maintaining sharia compliance in Islamic banking operations. However, the implementation of contracts still faces several challenges, such as low public understanding of Sharia contracts, the perception that Islamic banks resemble conventional banks, and the potential for contract deviations in operational practices. Therefore, strengthening sharia supervision and increasing public education is necessary to ensure that the implementation of contracts in Islamic banking is in accordance with the principles of Islamic jurisprudence (fiqh muamalah) and the objectives of the maqasid (objectives of sharia).

5.2 Suggestion

Islamic banks are expected to improve the application of prudential principles and strengthen sharia oversight in every contract implementation to ensure that all operational activities remain in accordance with the principles of Islamic jurisprudence (fiqh muamalah). Furthermore, increased public education and literacy regarding sharia contracts are needed to better understand the differences between Islamic banks and conventional banks. The development of human resources with an understanding of Islamic economics is also necessary to support the creation of a professional, transparent, and sharia-compliant Islamic banking system.

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