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IMPLEMENTATION OF *MURABAHAH* AGREEMENT ON PEER-TO-PEER LENDING PLATFORM

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Information	Abstract:
<p>Article History:</p> <p>Received : 17.07.2021 Revised : 08.08.2021 Accepted : 14.09.2021</p> <p>Keywords: <i>Implementation, Murabahah Agreement, on Peer-to-Peer Lending</i></p>	<p><i>Peer-to-Peer Lending is the best solution for MSME entrepreneurs, so the development of start-up is very fast. Ease in the mechanism offered is a major factor in accelerating the growth of the start-up. So that, it makes to began for developing several Peer-to-Peer Lending platforms in Indonesia. However, the system used is still based on the conventional economic system, which still takes advantage of the interest system while interest is strictly prohibited in Islam. Interest in Islamic Economics is analogous as usury. Whereas in fiqh muamalah, lawful transactions are transactions that are independent of the maghrib elements (maisyr, gharar, and usur). So that, the Peer-to-Peer Lending transaction is independent of the maghrib elements, the researcher will create a Peer-to-Peer Lending design that is in accordance with Islamic economic principles, by implementing the murabahah contract on the Peer-to-Peer Lending transaction. So, the benefits taken do not use the usury system.</i></p>

A. INTRODUCTION

Unemployment is the biggest problem in Indonesia, the increasing of unemployment is accelerating, that's what triggers people to think hard, so they can meet their needs. And the best solution in solving this problem is to make a home-based business, or what we can know as MSME.

However, the problem is the searching for capital for MSMEs. Actually, many financial institutions offer capital disbursement for people who want to start their businesses. But, the regulations of these institutions are too strict and complicated to make it difficult for potential entrepreneurs to get capital. There needs to be the newest innovation in helping MSME entrepreneurs. So that Fintech (Financial Technology) emerged.

Financial Technology is the implementation and utilization of technology to improve banking and financial services that utilize computer, internet, communication and computerized technology. (Hadad, 2017). The National Digital Research Center in Dublin, Ireland defines Fintech as an innovation in financial services. Fintech has many types of schemes, including payment stars, lending, financial planning (personal finance), retail investment, financing (crowdfunding), and financial research.

Financial Technology is the use of technology in a financial system that produces new products, services, technology and / or business models and can have an impact on monetary stability, financial system stability, and / or the efficiency, smoothness, security and reliability of payment systems. Financial Technology gets role very important in economic growth in Indonesia, these roles are: 1) Encouraging the ability of MSME exports which is currently still low, 2) Encouraging equal distribution of the level of welfare of the population, 3) Help meet the needs of domestic financing that is still very large, 4) Encouraging the distribution of national finance is still uneven in 17,000 islands, 5) Increasing national financial inclusion. (Bank Indonesia, 2017).

The reason why this information technology-based loan in great demand by the community was because lending with this scheme is easier than borrowing in bank or non-bank financial institutions. While what distinguishes these loans from bank loans was on the lending platform, the application of information technology at the meeting

between the loan recipient (borrower) and the lender (lender). The meeting must take place on the organizer's information technology platform between the borrower and the lender. While in bank or non-bank financial institutions, the saving party did not know who the funds they saving are channeled as loans by banks. There were no meetings between borrowers and lenders at the bank. That's why in the lending platform organizer site, OJK requires a lender page beside the borrower page.

The financial services scheme that brings together lenders and loan recipients online is called Peer-to-Peer Lending. (Fadilah, 2019). Which the recipient of the loan would receive a direct channel of funds from the lender then would return it with an agreed agreement. The refund amount and refund mechanism would be agreed at the beginning.

It cannot be denied if the scheme still applied interest in repaying loan funds to the parties that are in debt, because the community still applied the conventional economy. Then, the researcher would make the concept of Peer-to-Peer lending based on Islamic economics and free from interest or usury by applying the *murabahah* contract to the Peer-to-Peer lending transaction.

B. LITERATUR REVIEW

The phenomenon of financial services through the Peer-to-Peer Lending platform is very popular among the community, because of the facilities offered by uniting fund owners and borrowers directly. The trend of Peer-to-Peer Lending platform is growing in Indonesia because the level of public internet usage is very large. Therefore, efforts to regulate this new flow, Financial Services Board as the supervisory agency of the financial services industry issued Financial Services Board Regulations Number 77 / POJK.01 / 2016 on Loan Services and Information Technology Based Loans.

The issuance of these Financial Services Authority Regulations aims to support the growth of financial services institutions based on information technology, in order to make a greater contribution to the national economy. Then came various studies that discussed this phenomenon, but only discusses Peer-to-Peer loan mechanisms and systems in general and the various problems encountered.

Research by Adi Setiadi Saputra from the University of Padjajaran discussing Peer-to-Peer loans in Indonesia and several reasons. The focus of this study only discusses the systems and mechanisms of peer-to-peer loan platform that are evolving in Indonesia, as well as the possibilities that exist in this system.

Darman's research journal which discusses the features and quality of Loan to Peer-to-Peer Lending in Indonesia. This study also describes the growth of peer-to-peer loan financial services, as well as examines loan quality and risk levels. There are also Peer-to-Peer studies that study the principles of Islamic economics. Because sharia-based fintech platforms have started to emerge. Journal by Jadzil Baihaqi which discusses Peer-to-Peer Lending Technology Finance based in Indonesia. This research analyzes various syariah-based Peer-to-Peer loan platforms reviewed from the use of contracts in fatwa *muamalah* and fatwa DSN-MUI. Therefore, the author will strive to plan Shariah-based Peer-to-Peer loans by executing *murabahah* contracts on loan transactions and loans based on information technology.

C. METHODOLOGY

This research discussed the phenomenon of Financial Technology in the form of Peer-to-Peer Lending. Researcher would make the concept of Peer-to-Peer Lending based on the principles of Islamic economics, by implementing the *murabahah* contract on the transactions of parties to Peer-to-Peer Lending. The sources are taken from various references that explained the nature of the Peer-to-Peer Lending mechanism, and from the Financial Services Authority Regulation Number 77 / POJK.01 / 2016 Regarding Information Technology Lending and Borrowing Services.

D. RESULT AND ANALYSIS

Murabahah is one of the concepts of Islam in the sale and purchase agreement. this concept has been widely used by banks and Islamic financial institutions to finance working capital, and trade finance for its customers. The word *murabahah* is taken from the Arabic word *ar-ribhu* which means excess and additional (profit). Meanwhile, according to the term *murabahah* is one form of buying and selling goods at the original price with additional agreed benefits. (Antonio, 2001).

Murabahah is a certain form of buying and selling when the seller states the cost of goods, including the price of the item and other costs incurred to obtain the item, and the desired level of profit (margin). (Ascarya, 2013). This transaction has been practiced in various periods and places without anyone denying it, this means that the scholars have agreed. (Al-Muslih, 2004). This type of transaction is permissible in Islam provided that there are *ridho bi ridho* (likes and likes) between the two parties, as Allah SWT says:

أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالِكُمْ بَيْنَكُمْ بِالْبُطْلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

It means: "O you who believe, do not eat your neighbor's property in a false way, except in the way of trade that applies with equal conscience between you. And do not kill yourself; surely Allah is Most Merciful to you. " (Qur'an, An-Nisa: 29). (Depag RI, 2002).

The rules of *murabahah* contract that must be fulfilled in the transaction are; a) Contractors, i.e., i (seller) are those who have goods to sell, and *musytari* (buyers) are those who need and will buy the goods, b) the object of the contract, namely *mabi'* (merchandise) and *tsaman* (price), c) *Shighah, ijab* and *qabul*.

While the conditions that must be fulfilled in the *murabahah* agreement are; a) *Murabahah* is a form of buying and selling when the seller explicitly states the cost of goods to be sold and sells to others by increasing the desired level of profit, b) the rate of profit of *murabahah* can be determined based on mutual agreement in the form of a certain percentage of the cost, c) all costs incurred by the seller in order to obtain goods, such as shipping costs, tax, etc. are included in the acquisition costs to find the aggregate price and profit margins based on this aggregate price, d) *murabahah* to be valid only when the costs of acquiring goods can be determined with certainty. If costs cannot be ascertained, these goods or commodities cannot be sold on the principle of *murabahah*. (Ascarya, 2013).

Murabahah contract is divided into two forms; simple *murabahah* and *murabahah* for the customer. *Murabahah* to the buyer involves three parties, namely

the buyer, buyer and seller. This form of *murabahah* is applied by Islamic banking in financing. Firstly, a simple *murabahah* is a form of *murabahah* contract when the seller markets his goods to the buyer at a price according to the cost plus a profit margin. Secondly, *murabahah* to the customer is a form of *murabahah* which involves three parties, namely the orderer, the buyer, and the seller. This formation of *Murabahah* also involves the buyer as an intermediary because of expertise or because of the need for financing. This form of *murabahah* is what Islamic banking applies to finance. (Ascarya, 2013).

In the concept of Islamic banking and Islamic financial institutions, *Murabahah* buying and selling can be divided into two: firstly, *murabahah* without orders. *Murabahah* without orders is a type of *murabahah* which is carried out without seeing a customer ordering (applying for financing) or not, so that the provision of *murabahah* goods is the most important part of buying and selling and the principle of this contract is carried out by the bank or BMT itself and is carried out not related to *murabahah* buying and selling alone. In other words, in *murabahah* without orders, Islamic banks or BMT provide goods or goods that are traded are carried out regardless of whether a customer buys or not. The procurement process is carried out before the *Murabahah* transaction/sale and purchase agreement. Procurement of goods by Islamic banks or BMT can be done in several ways, including (Wiroso, 2005): 1) Purchasing finished goods from producers (*murabahah* principle), 2) Order from goods makers/producers with payment made in its entirety after the contract (*Salam* principle). (Mardani, 2012), 3) Order from the maker of goods or producers with payment made in advance, during the period of action, or after the delivery of goods (*Istisna* principle). (Antonio, 2001), 4) Represents goods from *Mudharabah* and *Musyarakah* stocks. (Ru'fah, 2011).

Secondly, *murabahah* by order. Order-based *murabahah* is a *murabahah* sale and purchase carried out after an order has been made from the customer or customer who applies for *murabahah* financing. So, in *murabahah* based on orders, Islamic banks or BMT procure goods and carry out sale and purchase transactions after a customer order to buy goods or assets according to what the customer wants. (Wiroso, 2005).

The National Sharia Council of the Indonesian Ulema Council (DSN-MUI) has explained concerning the *murabahah* contract provisions which are used as the basis for a contract in the receivables for financing transactions submitted by customers, these provisions include: 1) Banks and customers must enter into a usury-free *murabahah* contract. 2) Goods that are traded are not forbidden by Islamic Sharia. 3) The bank finance's part or all of the price of goods that have been agreed to qualify. 4) The bank buys the goods that the customer needs on behalf of the bank himself, and these purchases must be legal and free from usury. 5) The bank must submit all matters relating to the purchase, for example if the purchase is made in debt. 6) Then, the bank sells the goods to the customer (the buyer) at a purchase price worth the plus profit. In this connection the bank must tell honestly the cost of goods to customers along with the costs required. 7) The customer pays the agreed price for the goods within the agreed period of time. 8) To prevent abuse or damage to the contract, the bank may enter into a special agreement with the customer. 9) If the bank wants to represent the customer to buy goods from a third party, the sale and purchase agreement must be made after the goods, in principle, become the property of the bank. (DSN MUI, 2000).

Meanwhile, the *Murabahah* provisions for customers are as follows: 1) The customer applies for and promises to purchase an item or asset to the bank. 2) If the bank accepts the request, it must first buy the assets that it has legally ordered with the merchant. 3) Then, the bank offers the asset to the customer and the customer must accept (buy) it according to the promise he has made because the promise is legally binding; then the two parties must make a sale and purchase contract. 4) In this sale and purchase the bank is dressed asking the customer to pay a down payment when signing the initial order agreement. 5) If the customer later refuses to buy the item, the real bank fees must be paid from the advance. 6) If the value of money is less than the loss that must be borne by the bank, the bank can ask the customer for the remaining loss. 7) If the down payment uses the *urbun* contract as an alternative to the down payment, then if the customer decides to buy the item, he only has to pay the remaining price. If the customer cancels the purchase, the down payment becomes the bank's maximum in the amount of the loss incurred by the

bank as a result of the cancellation; and if the down payment is insufficient, the customer is obliged to pay the shortfall. (DSN MUI, 2000).

Peer-to-Peer Lending Mechanism

Peer-to-Peer Lending is a form of fintech, a financial service scheme that brings together lenders and loan recipients online. (Fadilah, 2019). Peer-to-Peer Lending, more known as information technology-based loans, is a practice or method of providing loans to individuals or businesses and vice versa, applying for loans to lenders, which connects lenders and borrowers or investors online. This information technology-based loan allows everyone to provide loans or apply for loans to one another for various purposes without using the services of a legal financial institution as an intermediary. (Koinworks, 2020). This type of Fintech has a function as an intermediary for those who lend money. Through the Peer-to-Peer Lending platform, users can simultaneously invest in the form of lending money to borrowers who have registered on the Peer-to-Peer Lending platform. (Ghazali, tt).

This system is called Peer-to-Peer because it is carried out by fellow lay users, and not by official institutions such as banks and cooperatives. Peer-to-Peer Lending is a place for transactions whether someone wants to loan some funds to develop a business, or if someone wants to invest by borrowing some funds and acting as an investor. Peer-to-Peer Lending is the right system if someone wants a fast personal loan or for someone who has excess funds and is still confused about where to invest it. Along with the development of the Peer-to-Peer Lending system, the platform is getting more and more lively yes throughout Indonesia, the Financial Services Authority released a regulation specifically for this new model of the financial system.

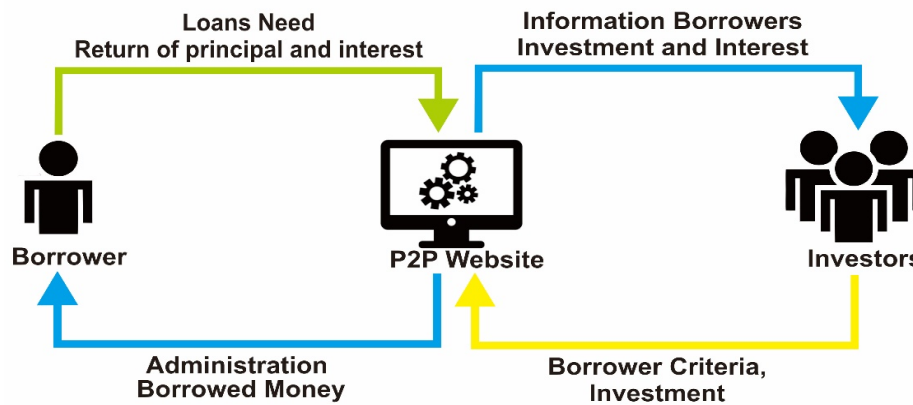
Peer-to-Peer Lending has been regulated in the Financial Services Authority Regulation number 77/POJK.01/2016 concerning Technology-Based Money Lending and Borrowing Services information. (OJK, 2011). Regarding this matter, OJK also has a definition related to the Peer-to-Peer Lending transaction model. Whereas lending and borrowing financial services to bring together lenders with loan recipients in the context of entering into loan agreements to borrow in rupiah directly through an electronic system using the internet network. (OJK, 2016).

The development of the Peer-to-Peer Lending platform is very rapid, the Peer-to-Peer Lending platform company that has been registered at the Financial Services Authority has reached 106 start-ups, is among the start-ups that have emerged in Indonesia are; KoinWorks, Amarth, Investree, Hand in Hand, Modalku, Danamas, Friend's Money, Acceleration, Our Fund, and so on. Each of these platforms has different rules and regulations.

There are several parties that play a role in the crowd lending loan service platform. The parties are as follows: 1) User; a) Lender (creditor) A lender is a person or legal entity that has a loan because of an Information Technology Based Lending and Borrowing Service agreement, b) Borrower (loan recipient or debtor). Loan Recipient is a person or legal entity that has a debt due to an Information Technology Based Lending and Borrowing Service agreement. 2) Organizer. Operator is a legal entity that provides, manages, and operates information technology-based lending and borrowing services. (Duwitmu, 2020).

There are four steps in the Peer-to-Peer Lending scheme, such: 1) Urban registration. The user (lender / recipient of the loan) registers online via a computer or smartphone. 2) Submitting a loan. Loan recipients apply for loans. The lender chooses the recipient of the loan to be funded. 3) Loan implementation. The lender and the recipient of the loan sign a loan agreement. The lender sends the loaned funds. Loan recipients receive funds. 4) Loan Payment. Loan recipients pay loans to lenders according to the agreement.

While the workings of the Peer-to-Peer Lending platform are as follows. First, the Peer-to-Peer Lending platform analyzes and selects a suitable borrower to apply for a loan, including a platform to determine the level of risk. Furthermore, the selected borrower is placed by the Peer-to-Peer Lending platform in the online P2PL marketplace along with the borrower profile and risk information. Then, the P2PL investor carries out an analysis and selection of the borrowers listed in the P2PL marketplace provided by the platform. P2PL investors make funding to selected borrowers through the P2PL platform. Then the borrower repays the loan according to the loan repayment schedule to the Peer-to-Peer Lending platform. Finally, P2PL investors receive loan-withdrawal funds from borrowers via the platform.



In this scheme, it can be seen that the Peer-to-Peer Lending platform website is the middle party that connects people who borrow money (borrowers) and people who become investors (investors). The following is an explanation of the roles of each in the Peer-to-Peer Lending system:

Investors are obliged to choose a borrower and save loan capital according to what business he thinks gives him a big advantage. In return, investors will get the right in the form of return on capital and interest.

Borrower is obliged to register loan requirements. It provides the data needed by the Peer-to-Peer Lending platform website. If the loan application can be fulfilled, the borrower must pay back the principal interest. The right obtained by the borrower is the loan money given by the investor through the Peer-to-Peer Lending website.

Peer-to-Peer Lending managers needs to provide a website or portal that facilitates people who want to borrow and investors. Besides, the Peer-to-Peer Lending website needs to analyze risk, formulate rules, carry out operational functions, balance loan demand, and capital supply. As a right, the Peer-to-Peer Lending website will get an interest rate spread (the difference between loan interest and investment interest) or provision fees.

Implementation of *Murabahah* Agreement on Peer-to-Peer Lending Platform

Transactions that are permitted in Islam are transactions that must fulfill the halal aspects of the transaction, which must be avoided from the elements of *maisyir*, *gharar*, and *usury (maghrib)*. Halal transactions do not only focus on objects that are

the object of a transaction but also cover the model and form of a transaction, so that the profit generated depends on a transaction made. To avoid these elements, a transaction must use a contract in accordance with the *muqalah fiqh*. The transaction must be in accordance with the terms and conditions of the contract implemented.

This paper would describe the implementation of a contract that is suitable and in accordance with the Peer-to-Peer Lending transaction, which was a *murabahah* contract. This contract was implemented in the Peer-to-Peer Lending transaction as the concept of the implementation of the *murabahah* contract on Islamic banking products in the form of financing products. This also stated by the National Sharia Council in fatwa no. 04 / DSN-MUI / IV / 2000 concerning *Murabahah*.

As already explained, that the *murabahah* contract was a sale and purchase agreement with additional benefits obtained by the agreed seller. There were two parties who play a role in the transaction with the *murabahah* contract, the seller and the buyer. Whereas, in Islamic banking which applies *murabahah* contract on financing products, the institution played a role as seller of goods purchased from a store, then sold it to customers as buyers who submitted financing to banks with profits taken by banks according to the agreement of both parties.

Whereas, in the Peer-to-Peer Lending transaction, there are 3 items role that played a role were, Peer-to-Peer Lending services, lenders and borrowers. The *murabahah* contract could be applied to the three parties of the Peer-to-Peer Lending service or only to both parties, the lender and the borrower.

The application of the *murabahah* contract must be explained at the outset regarding the mechanism and stipulated conditions. In Islamic bank financing products, customers must be applied for funding funds in order to buy something that is needed. So, in the Peer-to-Peer Lending transaction, the prospective loan recipient must explain the purpose of the funds to be used, then the lender and service provider would take advantage according to the agreement of the goods they seller to the party who proposed the financing, the loan recipient.

The first type of *murabahah* contract was applied to all three parties in the Peer-to-Peer Lending service. Prospective loan recipient would submit financing for the purchase of goods to the seller. Then, the lending mechanism would be the first seller of goods then be resold by the service provider to the buyer who had the role of being

the recipient of the loan here. So, the organizer of the service becomes a merchant (seller) while the recipient of the loan (borrower) becomes a *musytari* (buyer), as the party who proposed financing the purchase of goods against the service provider, who has bought the goods to the first seller, the party lender.

The second type of *murabahah* contract applied only to the lender and the borrower. Prospective loan recipients applied for financing to purchase the desired item to the lender (lender), then the lender would buy the item and resell it to the recipient of the loan with additional benefits in accordance with the agreement. So, the lender (lender) acts as *ba'i* (seller) and the recipient of the loan (borrower) acts as *musytari* (buyer).

Qabul consent granted by the parties in the Peer-to-Peer Lending service could be done by online media, because it did not conflict with the principles of Islamic economic law. In the OJK Regulation Number 77 / POJK.01 / 2016 Regarding Information Technology Based Lending and Borrowing Services, also explains that the agreement applies to electronic documents while the object agreed upon regarding the price and the object. it being traded must fulfilled the object's requirements in the *murabahah* contract.

The lender (lender) maid represented to the recipient of the loan (borrower) to buy the goods themselves, provided that the goods in principle already belong to the lender. This means that the lender could directly gave a certain amount of money to the loan recipient, then the loan recipient could spend the money, provided that the goods are scarily owned by the lender, or the lender had cooperated with the owner of the shop to sell the item the borrower wants. Furthermore, the loan recipient paid money to the lender (seller) with agreed profits and repayments could be made periodically.

E. CONCLUSION

So that the Peer-to-Peer Lending transaction is protected from elements of *maisyir*, *gharar*, and usury (*maghrib*), so that the *murabahah* contract is applied to this transaction. The *murabahah* contract is applied to the three parties of the Peer-to-Peer Lending service or only to both parties, namely the lender and the borrower. Service providers and lenders play the role of *ba'i* (seller) and the loan recipient acts

as a *musytari* (buyer) as the party who proposes financing for the purchase of an item needed.

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