

Fiqh Solutions Against Usury (Riba) Practices In Conventional Banking

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ABSTRACT. *The discussion of usury as if there had never been an endpoint, from the time of the companions of the prophet to contemporary Islamic scholars. Especially when the practice of usury appears in banking financial institutions. The majority of contemporary Islamic scholars such as Yûsuf Al-Qaradhâwi, view that the operation of conventional banks based on interest is unlawful, because this is the same as usury. In line with the fatwa of the Indonesian Ulema Council (MUI), which states that all forms of money interest practices within financial institutions are illegal. Over time, financial transactions (muamalah) carried out by someone also need instruments of financial institutions. So, a solution is needed for a Muslim to conduct financial transactions with the banking world. The fiqh study provides space for Muslims to conduct financial transactions both with individuals and with an institution while remaining based on applicable Islamic law.*

Keywords: Usury, Selling-Buying, Conventional Bank, and Islamic Bank

INTRODUCTION

Islamic law regulates all aspects of human life, starting with those related to the relationship to Allah. which is called *'ibâdah*, up to those related to relations between human beings, called *muâmalah*.

Sholat, zakat, fasting, hajj and other worships are included in the scope of *'ibâdah*, while those included in the category *muâmalah* are such as marriage, buying and selling and those related to it, *jinâyat* (*'uqûbât*, *hudûd* and criminal law), inheritance, judiciary, *khilâfah/siyâsah* (constitutional law/Islamic politics) and jihad.¹ Both of these categories (ie *'ibâdah* and *mu'âmalah*) have been arranged by Islam based on the texts of the Qur'an, Hadith, and also the opinions of the Islamic scholars (*ulama*).

One of the things included in the *mu'âmalah* category is financial transactions, where there are always parties who have excess money while the other party lacks so that the money is needed. In the state monetary system, the concept is known as the Bank.

Bank is a term that has the meaning of a financial intermediary that functions as an intermediary medium, namely to collect funds from the public in the form of deposits (parties with excess funds) and redistribute the funds to other people who need them in the form of credit.² Bank practices have been

¹ A. Munif. Suratmaputra, *Hukum Islam Problematika dan Solusinya*, (Jakarta: Pustaka Firdaus, 2016), cet. ke-1, h. 9

² Kasmir, *Bank dan Lembaga Keuangan Lainnya*, (Jakarta: PT. RajaGrafindo, 2005), h. 24.

6 | *Asgaft Asy-syad Rasyid: Fiqh Solutions Against Usury (Riba) Practices in Conventional Banking*

carried out since 1587 in Venice Italy and began to enter Indonesia since Dutch colonialism, which generally transacted with the principle of usury (*riba*) or in conventional banking terms called interest.³

In Islamic law, usury is something that is forbidden for a Muslim. Even included in the great sin. Sayyid Quthb (d. 1966) states that usury is the most contested act, there is no threat of Allah that is harder than the threat to usury. Among them God declares war on usury eaters⁴.

In the Qur'an the word "usury" is very much mentioned in different letters and verses. While related to the practice and the law, there are 18 verses that explain the prohibition of usury which is gradually reduced, namely 2 verses in QS. Ar-Rûm, 2 verses in QS. An-Nisâ', 7 verses in QS. Âli 'Imrân, and 7 verses in QS. Al-Baqarah.⁵

This is interesting because the number of verses is far more than the prohibition verses on other things, such as liquor, adultery, pork, stealing and so on⁶, so that it further strengthens that usury is a very big sin. And if a case is repeated or mentioned many times and more than any other case, of course this has strong reasons in it, especially those things contained in the word of Allah. Not to mention if added to the hadiths that also speak volumes about the prohibition of usury.

But in practice, financial institutions in Indonesia are still controlled by institutions that use the interest system, meaning that the Indonesian people still prefer these institutions rather than Islamic financial institutions. whereas the background of the Indonesian people is the largest Muslim community, reaching 87.2%.⁷

This paper will discuss a little about how to avoid usury in banking, which is preceded by a brief discussion about buying and selling and usury, then the similarities and differences between Islamic banking and conventional banking, which in the end will be given an understanding that it is better and more profitable Islamic banking.

³ Kasmir, *Bank dan Lembaga Keuangan Lainnya*, h. 27

⁴ Sayyid Quthb, *Tafsir Ayat-Ayat Riba (Mengupas Persoalan Riba Sampai ke Akar-akarnya)*, (Jakarta: Wali Pustaka, 2018), cet. ke-1, h. 8-9

⁵ See more on: Sayyid Quthb, *Tafsir Ayat-Ayat Riba*, h. xiv; M. Ali Ash-Shabuni, *Ringkasan Tafsir Ibnu Katsir*, (Bandung: Jabal, 2018), cet. ke-4, h. 174; Jalaluddin Al-Mahalli & As-Suyuti, *Terjemahan Tafsir Jalalain*, (Bandung: Sinar Baru Algresindo, 2018), Jilid I, h. 153-156; Allamah Kamal Faqih Imani, *Tafsir Nurul Qur'an*, (Jakarta: Al-Huda, 2003), Jilid III, h. 57-58; M. Quraish Shihab, *Tafsir Al-Misbah*, (Jakarta: Lentera Hati, 2011), Vol. 1, cet. ke-4, h. 711-729; Muhammad Amin Suma, *Tafsir Ayat Ekonomi*, (Jakarta: Amzah, 2018), cet. ke-3, h. 164-178.

⁶ Prohibiting liquor 4 verses, prohibiting pork 3 verses, adultery 1 verse, stealing 1 verse, and others

⁷ Census data of BPS in 2018.

LITERATURE REVIEW

SELLING-BUYING AND USURY

Definition of Selling-buying

In terms of selling-buying in fiqh it is called *al-bai'* which means selling, replacing, and exchanging something with something else. The word *al-bai'* in Arabic is sometimes used for the understanding of the opponent, namely the word *ash-syirâ'* (buy). Thus, said *al-bai'* means "selling", and at the same time also means "buy". While according to the term means to exchange property with assets by mutual mutual support between the two parties who make the exchange.⁸

While the meaning of selling-buying in terms of the *mu'âmalah mâliyah* transaction that is practiced in a Islamic bank is known as *murâbahah*, which is a selling-buying contract for a particular item, where the seller clearly states the item being traded, including the purchase price of the goods to the buyer. Then it requires a certain amount of profit. The purpose of this *murâbahah* contract is to facilitate customers to make purchases in order to meet their needs, such as: consumer goods (houses, vehicles), inventory of merchandise, raw materials or production auxiliaries, capital goods, and other assets that are not against sharia and approved by bank.⁹ From the above definition can be concluded as follows:

- a. Buying and selling is done by two people (groups) who exchange each other;
- b. The activity of exchanging is carried out on an item or something that is punished as an item (money or check), which has benefits for both parties;
- c. Something that is not in the form of goods or something punished not like goods, the law is not valid for sale, such as labor or services, it is not called buying and selling but is called *ujrah*;
- d. Performed in a special way that is based on the pleasure of two parties and goods that are used as a means of exchange known by two parties.

Understanding Usury

In Arabic, usury means *az-ziyâdah* which means "additional". So, everything that increases, in the form of objects and benefits can be interpreted usury.¹⁰ It also means developing (*numuw*), enlarging (*uluw*) and increasing (*irtifâ'*).¹¹

Whereas according to the interpreters and jurists' terms, usury means adding the burden to the debtor in return for the suspension of the time of

⁸ Hasan Ayyûb, *Fiqh al-Mu'âmalât al-Mâliyah fî al-Islâm*, (Cairo: Dâr as-Salâm, 2010), cet. ke-1, h. 7

⁹ Ahmad Ifham, *Ini Lho Bank Syariah (Memahami Bank Syariah dengan Mudah)*, (Jakarta: Gagas Media, 2015), h. 127-128

¹⁰ Muhammad Amin Suma, *Tafsir Ayat Ekonomi*, h. 170.

¹¹ Majma' al-Lughah al-'Arabiyah, *Al-Mu'jam al-Wasîth*, (Cairo: Maktabah asy-Syurûq ad-Dawliyah, 2004), cet. ke-4, h. 356

payment¹²; or it can be interpreted also by adding a measure when exchanging ribawi commodities (gold, silver, wheat, *sya'ir*, dates, and salt) of the same type; or exchange of gold with silver and food with food by non-cash means¹³; or in a simple language *riba* is interpreted as "the addition of basic assets without the existence of real business transactions."¹⁴

From the description of the definition of usury, scholars and interpreters of the jurisprudence divided usury into two types, namely¹⁵:

- a. *Riba Qardh* or *Riba Nasi'ah* is usury (additional) that occurs in debt-related transactions that do not meet the profit criteria, which arise with the risks and results of the business, and appear with the costs (non-underlying contract); or in other words, there is an addition that has been determined at the beginning of the transaction, which is taken by the lender from the person who received the loan in return for repayment of the debt owed.¹⁶ *Riba qardh* can also be called *riba jahiliyah*, which is a debt paid in excess of the amount lent, because the borrower is unable to return the loan funds at the stipulated time. For example, A borrowed Rp. 1 million to B for 1 month, when at maturity (1 month), A cannot pay it off, then B will give an extension of time with condition A must add more payments than the initial debt, which is Rp. 1 million, and so on.¹⁷
- b. *Riba Fadhl* or *Riba Buyû* (selling-buying usury), namely usury arising from the exchange of similar goods of different quality or quantity or different time of delivery (not cash). Can also be interpreted as exchanging an item with similar goods, but more in number because the person exchanging requires such things, such as exchanging gold with gold, rice with rice, and so on. This kind of sale and purchase or exchange contains *gharar* (uncertainty), which is an injustice for both parties of the value of each item exchanged. For example, someone lends 100 kg of rice with more repayment requirements, for example 110 kg of rice of the same quality.¹⁸

In the modern context, *riba nasi'ah* is closely related to the practice of interest in money, especially interest that occurs in financial institutions. As the result of *ijtima* Ulama Indonesia on December 16th, 2003, that the practice of interest money in economic or financial transactions, whatever its form, whether it occurs in financial institutions (banks, insurance, etc.) or individuals between

¹² Muhammad Ali al-Shabuni, *Rawa' al-Bayan Tafsir Ayat al-Ahkam*, (Beirut: Maktabah al-Ghazali, 2005), juz. 1, h. 383

¹³ Adiwarnan A. Karim dan Oni Sahroni, *Riba, Gharar dan kaidah-kaidah Ekonomi Syariah Analisis Fikih dan Ekonomi*, (Jakarta: Rajawali Pers, 2015), h. 5-7; Muhammad Amin Suma, *Tafsir Ayat Ekonomi*, h. 170.

¹⁴ Agus Rijal, *Hutang Halal, Hutang Haram-Panduan Berhutang dan Sekelumit Permasalahan dalam Syariat Islam*, (Jakarta: Kompas Gramedia, 2013), cet. ke-1, h.114

¹⁵ Adiwarnan A. Karim dan Oni Sahroni, *Riba, Gharar dan kaidah-kaidah Ekonomi Syariah Analisis Fikih dan Ekonomi*, h. 28-31.

¹⁶ Agus Rijal, *Hutang Halal, Hutang Haram-Panduan Berhutang dan Sekelumit Permasalahan dalam Syariat Islam*, h.114

¹⁷ Muhammad Amin Suma, *Tafsir Ayat Ekonomi*, hlm. 170-171

¹⁸ Definition in Al-Qur'an from Ministry of Religion translation.

humans is illegal because it fulfills usury criteria from the Prophet Muhammad PBUH.¹⁹

Commodity of Usury Goods and Its *Illat*

According to the hadith of Muslim history from ‘Ubâdah bin Shâmit r.a. that the Prophet Muhammad PBUH said:

﴿الذَّهَبُ بِالذَّهَبِ، وَالْفِضَّةُ بِالْفِضَّةِ، وَالْبُرُّ بِالْبُرِّ، وَالشَّعِيرُ بِالشَّعِيرِ، وَالتَّمْرُ بِالتَّمْرِ، وَالْمِلْحُ بِالمِلْحِ، مِثْلًا بِمِثْلٍ، سَوَاءٌ بِسَوَاءٍ، يَدًا بِيَدٍ، فَإِذَا اخْتَلَفَتْ هَذِهِ الْأَصْنَافُ، فَبِيعُوا كَيْفَ شِئْتُمْ، إِذَا كَانَ يَدًا بِيَدٍ﴾²⁰

“Gold (paid) with gold, silver (paid) with silver, wheat (paid) with wheat, millet (paid) with millet, dates (paid) with dates, salt (paid) with salt, worth equal to the same value as the same type, cash (cash in place). If these types are different from each other, then sell as you wish (only) if cash”

Based on the hadith above, the commodities of the usury goods are as follows:

Table 1. The Commodities of The Usury Goods

Type	Effective Reasons (<i>‘Illat</i>)
1. Gold	Its capacity is the dominant currency
2. Silver	
3. Wheat	The staple food is weighed or graded
4. Millet	
5. Dates	
6. Salt	

The implication of the existence of *‘illat* in the six types of commodities of usury goods above is that anything that has similarity in terms of *‘illat* with the six types of commodities can also be categorized as usury goods, including paper currency which is used as a medium of exchange and capital investing,

¹⁹ See more on Fatwa MUI No. 1 tahun 2004 tentang Bunga (*Interest/Faedah*).

²⁰ Al-Hafizh Abi al-Husain Muslim bin al-Hajjaj, *Shahih* Muslim, (Riyadh : Bayt al-Afkar al-Dauliyyah, 1998), Kitâb al-Musâqâh, Hadits No. 1587, h. 647

10 | *Asgaft Asy-syad Rasyid: Fiqh Solutions Against Usury (Riba) Practices in Conventional Banking*

where the exchange must meet the rules set in accordance with what is stated in the hadith of 'Ubâdah bin Shamit ra. above, i.e.:²¹

Table 2. The Exchange and The Rules

EXCHANGE	RULES
Two usury items that have the same 'illat and the same type	The exchange must meet two conditions , namely: the same quantity, and cash. For example, 10 grams of gold are exchanged for 10 grams of gold, paid in cash (not postponed or credit)
Two usury items that have similar 'illat but have different types	The exchange is not required in the same quantity but still has to be cash For example, 10 grams of gold is exchanged for 1 million rupiah or silver in cash.
Two items that are either one or both are not usury items	The exchange is not required for the same quantity and does not have to be cash . For example, 10 grams of gold or money exchanged with 1 quintal of rice / wheat, may be paid in cash or credit.
Two usury items that have a difference 'illat and its type	The exchange is not required for the same quantity and does not have to be cash . For example, 1 house or car is exchanged for 10 motorbikes or money, may be paid in cash or credit.

²¹ Agus Rijal, *Hutang Halal, Hutang Haram-Panduan Berhutang dan Sekelumit Permasalahan dalam Syariat Islam*, h.119-120

Usury versus Selling-Buying (Time Value of Money versus Economic Value Off time)

Addition that occurs in usury transactions is a form of compensation for the value of time someone uses in borrowing money, in economic theory known as Time Value of Money.²² While the additions that exist in the selling-buying contract are obtained from the results of the endeavor (economically valuable business) which has underlying contracts so that it is known as the Economic Value Off time.

So therefore, in selling-buying transactions the law of fiqh applies to buying and selling, such as the existence of objects of goods, prices of goods and so forth.²³ Selling-buying is included in the business category, while usury is included in the social category.²⁴

Although both transactions are oriented towards the existence of a profit, both of them have different laws. Profits from buying and selling are halal while the profits from usury are illegal. This happens because basically in character, in buying and selling there is a huge potential between profit and loss, all depends on the ability and expertise of the people who run it. Whereas in usury, in any context, whether the condition is profit or loss, it must always benefit the party who gives the loan.

From these two transactions it can be concluded that we are allowed to take advantage of transactions whose basis of contract is business (*tijari*). Whereas social contracts are unlawful to take advantage. If these two things can be done with *istiqomah*, then Allah will bestow blessings and sufficient sustenance. According to Al Quran Surat ath-Thalaq verse 2-3:

“And whoever fears Allah - He will make for him a way out. And will provide for him from where he does not expect. And whoever relies upon Allah - then He is sufficient for him. Indeed, Allah will accomplish His purpose. Allah has already set for everything a [decreed] extent.”

Usury in Conventional Banking

Based on the understanding of the description of usury above, several conventional banking products and activities can be classified as classified as usury activities, namely:

²²As was the practice in the age of Jahiliyah which is known as Riba Nasf'ah and practices on interest money on conventional banks.

²³See more on Fatwa DSN-MUI no. 04, 110 dan 111.

²⁴Usury appears in the debt contract (*al-qardh*).

Table 3. Usury in Conventional Banking: Product and Activity

Name of Product or Activity	Remarks on <i>Riba</i> (Usury)*
Deposits from customers (Demand Deposits, Savings, Other Deposits)	The bank provides interest payments on each customer deposit product. This is classified as the practice of <i>riba fadhil</i> .
Credit / loan (debts)	The bank takes interest (additional) as an advantage on each loan given to customers. This is classified as the practice of <i>riba nas'ah</i> .
Credit card	The bank takes interest (additional) as an advantage on each loan given to customers. This is classified as the practice of <i>riba nas'ah</i> .
Penalty for late payment	In loan and credit card products, every delay the bank takes a fine or penalty which is then recognized as income. This is included in the practice of <i>riba jahiliyah</i> . Slightly different from the practice of <i>riba jahiliyah</i> in the past, here a fine has been agreed in advance in the contract.

* Agreed and become a requirement in the contract document between the bank and the customer

From this classification, it can be seen that not all conventional bank products can be classified as usury practices, but only on products based on debt and credit contracts. Whereas in products that have no elements of debt or credit in them, then this is still in the *khilafiyah* realm. Such as the use of ATMs, SDB (save deposit box), traffic payment services (electricity, credit, taxes, shopping etc.) and so forth.

Thus, we can conclude that the interest of money that occurs in conventional banking is the practice of usury, because it is in accordance with the definition of usury itself. However, not all conventional bank products are automatically classified as usury practices²⁵, so that the opinions of Islamic scholars about the illegitimate practice of interest in banking must still be a concern and reference for every Muslim.²⁶

²⁵ Only products that use the *Qardh* contract (accounts payable) with interest (additional) as profit

²⁶ The *Fatwa* of Majelis Ulama Indonesia prohibits the practice of interest in financial institutions, such as banks, insurance, capital markets, finance companies, cooperatives and so on.

METHODOLOGY

In this paper, the author uses the descriptive method, and analyzes fiqh muamalah reviews and the practice provisions in the MUI DSN fatwa. According to Nawawi, descriptive and analytical methods are intended to provide data that researchers set about humans, circumstances, or variations in other symptoms. In addition, the author also made observations to analyze the practices of conventional banks and Islamic banks which were later published on the comparison and differences of these practices.²⁷

Data processing in this paper is to weigh, filter, organize and classify some literature. So in the context with the title above, for data that is documentary or library research, the author uses qualitative data analysis, namely data that cannot be measured or assessed directly by numbers.²⁸

DISCUSSION

ISLAMIC BANKS: EFFORTS TO AVOID USURY IN CONVENTIONAL BANKING

Definition of Islamic Banking

Islamic banks are financial intermediaries that function as intermediaries that bring together people who raise funds (parties with excess funds) in the form of deposits and redistribute the funds to other people who need them based on sharia principles. Islamic banks are financial intermediaries that function as intermediaries that bring together people who have excess funds in the form of deposits and redistribute funds to other people who need them based on sharia principles.

The sharia principle in question is an agreement based on Islamic law between the bank and the customer for depositing funds, financing business activities or other activities. In the context of Islamic banking in Indonesia, this sharia rule must refer to the fatwa issued by the Majelis Ulama Indonesia, in this case the National Sharia Council (Dewan Syariah Nasional).²⁹

Are Islamic Banks the Same as Conventional Banks?

It is not entirely wrong when someone states that the Islamic bank is the same as a conventional bank. But what needs to be questioned is how are they similar?

²⁷ Nawawi, H. Hadari. 1983. *Metode Penelitian Deskriptif*. Gajah Mada University Press. Yogyakarta.

²⁸ Amirin, M. Tatang, (2000). *Menyusun Rencana Penelitian*, Edisi 1, Cetakan Keempat, Penerbit Raja Grafindo Persada, Jakarta.

²⁹ Undang-Undang Perbankan Syariah No. 21 tahun 2008 pasal 2

In his book *The Role of Values and Morals (in Islamic economics)* Yusuf Qaradhawi states that in Islamic economic concepts, religious values and morals cannot be separated from economic behavior. When an economic act is not in accordance with religious values and morals, it is a mistake.³⁰ Dalam praktek perbankan, segala sesuatu yang haram menurut agama Islam yang terdapat di dalam praktek Bank Konvensional tidak boleh terjadi di dalam Bank Syariah. In banking practice, everything that is illegitimate according to the Islamic religion contained in conventional Bank practices may not occur within a Sharia Bank.

What needs to be stressed here is that both are financial institutions that have the function of funding (collecting funds from the public) and landing (channeling funds to the public). But in practice it is certainly much different, because Islamic banks only carry out matters justified by the Islamic sharia, and to obtain benefits - both in terms of funding, landing and Islamic banking services - using business contracts. So that in practice, Islamic Banking cannot use the *qardh* contract (accounts payable) as the basis for business transactions that are carried out.³¹ As practiced by conventional banks that make debt accounts (credit) the main foundation of the business they run.

The Differences in Conventional Bank Credit & Financing (Tamwil) of Islamic Banks

In muamalah study there are rules of fiqh "Everything is legal except if there is a proposition that shows its prohibition". This is in line with the opinion of Sayyid Qutb in his book *Tafsir fi Zhilal al-Qur'an*, that in carrying out Islamic economic practices it does not necessarily eliminate all concepts contained in conventional banking. But it is enough to leave things that are prohibited. So that in practice banking in accordance with Islamic sharia must leave everything that is forbidden contained in conventional banking. Among them are the practice of *maysir* (gambling and speculation), *gharar* (obscurity), usury and other elements that contain injustice or injustice. What then is banking practice like this is known as "Islamic Bank".

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³⁰See more on: Yusuf Qaradhawi, *Peran Nilai dan Moral Dalam Perekonomian Islam*, (Jakarta: Robbani Perss, 2004), h. 3-6

³¹Transaksi bisnis (*tijari*) yang digunakan oleh Bank Syariah tidak boleh menggunakan akad utang piutang (*qardh*). Karena adanya tambahan/keuntungan dalam akad utang piutang tergolong sebagai riba.

Credit contracts run at conventional banks do not have underlying contracts, namely banks do not require loan money given to customers only to be used on certain matters, meaning that the use of money is handed over to customers, want to be used for financing halal or non-halal. Conventional banks will usually only ensure that there is collateral (collateral) that is owned by the customer to guarantee the amount of debt obtained. So that in this practice the transaction that occurs is money meets money with an agreed addition (interest). The concept of such a credit agreement does not occur in Islamic banking. Islamic banking uses the concept of financing (*tamwīl*). In addition to the use of funds given to customers, they must not conflict with sharia principles, the use of these funds must also have clear underlying. Used to buy something, for business capital, for rental activities or services and so forth.

So that in practice all business activities of Islamic banks, be it fund raising, financing business activities, providing services and other activities must have a clear underlying purpose so that it must use contracts in accordance with sharia principles.

The contracts adopted by Islamic banking in Indonesia are as follows:³²

1. **Murabahah**, the principle of buying and selling goods and assets by gaining profits;
2. **Mudharabah**, giving business capital based on the principle of profit sharing;
3. **Musharakah**, business capital participation based on the principle of profit sharing;
4. **Ijarah**, financing of capital goods based on the principle of pure rent without choice;
5. **Ijarah Muntahiyah bi at-Tamlik**, cooperation with the principle of leasing and with the transfer of ownership options at the end, either with grants or selling-buying;
6. **Musyarakah Mutanaqishah**, cooperation in capital participation in the framework of ownership of an asset with the gradual transfer of ownership to one of the parties to 100%;
7. **Hawalah, Kafalah, Wakalah**, provision of services with the concept of representation, guarantee and transfer of debt;
8. **Rahn**, the concept of pawn to get a loan;
9. **Qardh**, the concept of lending without any additional benefits or interest, etc. Especially in the *qardh* contract, Islamic banking only uses it for social activities (not profit oriented). Such as financing to internal employees, corporate social responsibility (CSR) activities and so on, without any benefits taken by the bank.

³²Buku Himpunan Fatwa Keuangan Syariah, Dewan Syariah Nasional - Majelis Ulama Indonesia.

In addition, differences also occur in the process when fines occur, customers have problems until the execution of the guarantee.³³

Regarding supervision, to safeguard and ensure that Islamic banking runs on its corridors, in accordance with sharia principles, then in addition to being supervised by OJK (Otoritas Jasa Keuangan) as financial services authority and BI (Bank Indonesia). Islamic banks are also supervised by DSN-MUI (Dewan Syariah Nasional- Majelis Ulama Indonesia) related to the application of sharia principles in each of its activities. Of course, this adds to the sense of comfort and calm for Muslims in carrying out economic activities in Islamic banking, which is guaranteed.

The following are examples of products found in Islamic banking which are compiled based on fiqh studies and regulations that apply in Indonesia:

Table 4. Product and Activity of Islamic Banking and Its Benefits

No	Product and Activity	Contract	Benefits
Financing			
1	Demand Deposit	<i>Mudharabah</i>	Profit sharing is expressed in the form of a profit-sharing ratio agreed between the bank and the customer.
		<i>Wadi'ah</i>	There is no reward, except in the form of voluntary gifts from the bank (<i>'athaya</i>).
2	Saving	<i>Mudharabah</i>	Profit sharing is expressed in the form of profit-sharing ratio agreed between the bank and the customer.
		<i>Wadi'ah</i>	There is no compensation required, except in the form of voluntary giving from the bank (<i>'athaya</i>).
3	Deposit	<i>Mudharabah</i>	<ul style="list-style-type: none"> - Capital must be expressed in cash rather than receivables. - Distribution of profits is stated in the form of profit-sharing ratio agreed between the bank and the customer.
Financing			

³³Selengkapnya pada Fatwa DSN-MUI tentang *Ta'zir* dan *Ta'widh*

1	Purchase of assets (land, buildings, vehicles, etc.)	<i>Murabahah</i>	Margin (Difference between the cost of goods and the selling price of an asset).
		<i>Musyarakah Mutanaqishah (MMQ)</i>	Profit sharing ratio and <i>ujrah</i> (fee) of assets leased.
		<i>Ijarah Muntahiyah Bittamlik (IMBT) & Ijarah Maushufah fi Dzimmah (IMFZ)</i>	<ul style="list-style-type: none"> - <i>Ujrah</i> (fee) of assets leased with an option to transfer ownership at the end of the lease period (IMBT). - Indent assets (IMFZ).
2	Working capital	<i>Musyarakah</i>	Profit sharing is expressed in the form of profit-sharing ratio agreed between the bank and the customer.
		<i>Mudharabah</i>	Profit sharing is expressed in the form of profit-sharing ratio agreed between the bank and the customer.
		<i>Musyarakah Mutanaqishah (MMQ)</i>	Profit sharing ratio and fee (fee) of assets leased.
3	Investing	<i>Murobahah</i>	Margin (Difference between the cost of goods and the selling price of an asset).
		<i>Musyarakah Mutanaqishah</i>	Profit sharing ratio and <i>ujroh</i> (fee) of assets leased.
		<i>Ijarah Muntahiyah Bittamlik (IMBT) & Ijarah Maushufah fi</i>	<ul style="list-style-type: none"> - <i>Ujrah</i> (fee) of assets leased with an option to transfer ownership at the end of the lease period (IMBT). - Indent assets (IMFZ).

18 | *Asgaft Asy-syad Rasyid: Fiqh Solutions Against Usury (Riba) Practices in Conventional Banking*

		<i>Dzimmah</i> (IMFZ)	
4	Take over from fellow Islamic banks	<i>Musyarakah Mutanaqishah</i> (MMQ)	Profit sharing ratio and <i>ujrah</i> (fee) of assets leased.
		<i>Ijarah Muntahiyah Bittamlik</i> (IMBT)	<i>Ujrah</i> (fee) of assets leased with an option to transfer ownership at the end of the lease period.
		<i>Hawalah Bil Ujroh</i>	<i>Ujrah</i> (fee) for debt payment services.
5	Take over from a conventional bank	- <i>Qardh</i> - <i>Murabahah</i>	<i>Margin</i> (The difference between the cost of goods and the selling price of an asset).
		- <i>Musyarakah</i> (<i>Syirkatul Milk</i>) - <i>Murabahah</i> Atau <i>MMQ</i>	<i>Margin</i> (The difference between the cost of goods and the selling price of an asset).
		- <i>Ijarah</i> - <i>Qardh</i>	<i>Ujroh</i> (fee) for bank services.
		- <i>Qardh</i> - <i>IMBT</i>	<i>Ujroh</i> (fee) of assets leased with an option to transfer ownership at the end of the lease period.
6	<i>Sharia Refinancing</i>	<i>Musyarakah Mutanaqishah</i> (MMQ)	Profit sharing ratio and <i>ujroh</i> (fee) of assets leased

CONCLUSION

Yusuf Qaradhawi stated that in Islamic economic concepts, religious values and morals cannot be separated from economic behavior. When an economic act is not in accordance with religious values and morals, it is a mistake.

Islamic banks only carry out matters justified by the Islamic Shari'a, and to obtain benefits - both in terms of funding, landing and services - Islamic banks use *tijârî* (business) contracts as a basis for business transactions that are carried out.

Selling-buying is part of the business category (*tijârî*), while usury is included in the social domain (*tabarru*). Although both transactions are both profit-oriented, they both have different laws. The advantages of selling-buying are *halal* while the benefits of usury are illegal. This happens because basically, in buying and selling, there is a huge potential between profit and loss, while in usury, in any context, whether profit or loss, it must always benefit the party giving the loan.

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Undang-Undang Perbankan Syariah No. 21 tahun 2008 pasal 2