

From Classical Jurisprudence to Modern Practice: Forms of Named Contracts in Islamic Financial Institutions

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Abstract: - Islam, as a comprehensive religion, is founded on universal values that guide both spiritual and social dimensions of human life. As social beings, humans depend on one another to meet diverse needs that cannot be fulfilled individually. Such interactions necessitate legal frameworks to regulate relationships, particularly through contracts that ensure stability and compliance with sharia principles. The concept of *ijab-qabul* serves as a symbol of mutual consent between contracting parties, reflecting the voluntary agreement essential in upholding the validity of contracts. This study employs a literature review with a descriptive-analytical approach, drawing primarily on data from Islamic financial institutions. It examines various forms of named contracts and their practical implementation within these institutions. The discussion highlights that understanding the legal implications of these contracts is a fundamental requirement for parties engaging in muamalah activities.

Keywords: Forms of contracts named, Islam, Islamic Financial Institutions.

1. Introduction

Islam, as a comprehensive religion, is founded upon universal values that govern not only the relationship between humans and God but also the interactions among individuals in society. As social beings, humans inevitably depend on one another to fulfill their diverse needs, which cannot be met individually. These interactions necessitate legal frameworks that regulate human relationships, where contracts (*uqud*) serve as a cornerstone for ensuring stability, fairness, and compliance with sharia principles. In this regard, *ijab-qabul* symbolizes the mutual consent of contracting parties and reflects the voluntary agreement essential in upholding the validity of contracts (Djuwaini, 2010)

The Qur'an explicitly emphasizes the importance of honoring agreements and fulfilling obligations between parties (Q.S. al-Māidah [5]:1). However, rapid developments in contemporary economic activities have created new challenges and potential deviations from Islamic legal provisions, requiring continuous reinterpretation and contextualization of classical fiqh. Recent studies highlight that Islamic law is dynamic and capable of

addressing emerging issues in mu'amalah, especially in the context of financial institutions and Islamic business practices (Ahmad & Hassan, 2021; Haniffa et al., 2022).

The expansion of Islamic financial institutions—including Islamic banking, takaful (insurance), sukuk (Islamic bonds), pawnshops, and microfinance institutions—demands a more robust legal framework that adapts classical principles of contracts to modern financial needs. Scholars argue that aligning traditional *uqud musammāh* (named contracts) such as *murābahah*, *ijārah*, *mushārakah*, and *mudhārabah* with contemporary regulatory and market conditions is essential for ensuring both sharia compliance and financial sustainability (Alam et al., 2021; Hassan et al., 2023). Moreover, hybrid and innovative contracts have emerged in practice, reflecting the necessity of harmonizing classical jurisprudence with contemporary financial realities (Rahman, 2024).

Given these dynamics, examining named contracts remains crucial for both academics and practitioners. A deeper understanding of their principles, classifications, and

applications within Islamic financial institutions can bridge the gap between classical jurisprudence and modern financial practices. This study, therefore, focuses on exploring the forms of named contracts and their implementation in Islamic financial institutions, with particular attention to their legal and practical implications in today's rapidly evolving economic landscape.

2. Research Methods

Research requires methods to uncover problems. These methods are expected to yield relevant research results. The use of methods in research is crucial for defining the research problem and achieving the planned objectives. This research employed a literature review with a descriptive-analytical method based on primary data obtained from Islamic Financial Institutions. A literature review is a technique that attempts to identify the target research problem and then analyze it by connecting it with relevant literature. The purpose of this research is to generate concepts that serve as a foundation for muamalah activities using sound and appropriate contracts to respond to economic and business developments.

3. Results and Discussion

3.1. Form of Akads (Al-'Uqud Al-Musamma)

A named contract is a contract whose purpose and name are determined by the lawmaker and has special rules that apply to one contract and not to others. Named contracts that have specific rules in practice certainly have different purposes, namely the transfer of ownership rights by performing work, delegation, partnership, guarantee, or transfer with compensation.⁴ Scholars have varying views on classifying named contracts, the differences being evident in the number and non-sequential arrangement of these contracts. First, Al-Zuhaily views named contracts as having 13 types, ⁵ namely: buying and selling (al-bai'); debt transfer (al-hiwalah); grant (al-grant); accounts payable (al-qardh); granting power of attorney (al-wakalah); leasing (al-ijarah); underwriting (al-kafalah); fellowship (al-shirkah); borrowing and using (al-'ariyah); peace (al-shulh); promise of reward/contest (al-

jualah); safekeeping (al-ida'); and pawning (ar-rahnh). The second opinion according to Al-Kasani in his view there are 18 types of named contracts, the same as those put forward by Al-Zuhaily only added as follows: forging (al-istishna'); profit sharing (al-mudharabah); will (al-Washaya); plant maintenance (al-musaqah); land cultivation (al-muzara'ah); distribution (al-qismah), and does not use the promise of reward/contest (al-jualah) contract as put forward by Al-Zuhaily.

Meanwhile, according to Al-Zarqa, ⁶ in his view, he divides 25 types of named contracts, similar to the opinion expressed by Al-Kasani, there are additional names of contracts as follows: sale and purchase of choice (bai' al-wafa); appointment of guardian (al-isha'); release of inheritance rights (al-mukharajah); right to use the house (al-'umra); determination of heirs (al-muwalah); arbitration (al-tahkim); termination of agreement by agreement (al-qalah); marriage (al-zawaj), and the difference is that Al-Zarqa does not use the term forging (sl-istishna'). The above opinion has different classifications of named contracts, therefore the form of named contracts will be explained empirically in Islamic Financial Institutions, as follows:

Buying and selling (Al-bai')

Buying and selling in Islamic jurisprudence terminology is defined as al-bai' which means replacing, selling, or exchanging something with something else, either in the form of goods or services. In Islamic terms, buying and selling is defined as the activity of exchanging objects that have value with the mutual consent of both parties who make the buying and selling. ⁷ Hanafiah views in interpreting buying and selling, namely the exchange of an object that is carried out with a value objects that are equivalent and have utility value.⁸

Meanwhile, the views of the Malikiyah, Shafi'iyah, and Hanabilah, in interpreting buying and selling (al-bai') as the activity of exchanging one object for another with the practice of transferring ownership of the object and ownership of the object.⁹ Many verses of the Qur'an touch on buying and selling activities,

"People who eat (take) usury cannot stand but stand like those who are possessed by the devil because of (the pressure of) insanity. Their condition is like that, because they say (opinion), In fact buying and selling is the same as usury, even though Allah has permitted buying and selling and forbidden usury. Those who have come to the prohibition from their Lord, then continue to stop (from taking usury), then for him what he had taken previously (before the prohibition came); and the matter is (up to) Allah who returns (takes usury), then that person is the inmate of hell, they will remain there forever." (QS. Al-Baqarah [2] : 275).10

From the definition and verse above, buying and selling is interpreted as the exchange of an object with another with a predetermined agreement, this exchange must be based on mutual consent/willingness between the two parties and obey the rules of sharia.¹¹ The noun above can be interpreted very broadly, namely goods and money, while the nature of the object must be able to be assessed, namely objects that are valuable and can be justified in their use according to sharia. including divisible and indivisible, movable and immovable, etc. There is no prohibition on the use of property until there is evidence that prohibits it.

Debts and receivables (Al-qardh)

Al-qardh Etymologically, it means to cut,¹² while in terminology, al-qardh in the view of Hanafiyah scholars is a gift of something taken out of mitsil assets with the aim of fulfilling needs. The view of Malikiyah scholars in interpreting al-qardh is the transfer of assets to another person without any iwadah (reward) or without any addition when returning an asset. Shafi'iyah scholars in interpreting al-qardh is an ownership that is returned with something of the same type or has an equivalent value. The legal basis used as the legal basis in debt agreements or al-qardh in the Qur'an and Hadith, namely:

أَضْعَافًا مِنْ Aَلَّذِي يُفْرَضُ فِي صَنْعَ حَسَنًا فَيُضَعِّفُهُ
Allah In the name of Allah, كثيرون والله وَإِلَيْهِ تُرْجَعُونَ

Meaning: "Who wants to give a loan to Allah, a good loan (spend his wealth in the way of Allah), then Allah will multiply the payment to him many times over. And Allah narrows and expands (the sustenance) and to Him you will be returned" (QS. Al-Baqarah [2]: 245).13

From Ibn Mas'ud, Rasulullah SAW said:

Meaning: "It is not a Muslim who lends to another Muslim twice, unless the one time is (the value of) charity." (HR Ibn Majah).14

The implementation of the debt-credit agreement or (al-qardh) in Islamic Financial Institutions, namely:¹⁵

- a. As part of a complementary product offered to customers loyal to a reputable and reputable Islamic financial institution, al-qardh is used as short-term advance in urgent situations. Therefore, the customer is obligated to repay the same amount as quickly as possible.
- b. It is a product for customers who need quick funds and cannot withdraw their saved funds because the funds are used in deposit products
- c. This product was created to contribute to small businesses and is also used to help socially. This product uses a special scheme in practice, namely al-qardh al-hasan.

Renting (Al-ijarah)

According to Sunnah Fiqh as viewed by Sayyid Sabiq, al-ijarah originates from the word al-ajru (wages), which means replacement or compensation (al-iwadah). According to Islamic law, al-ijarah is defined as the transfer of the right to use goods or services accompanied by rental fees or wages, but not accompanied by the transfer of ownership of the goods or services.¹⁶

Hanafi scholars view ijarah as a contract that transfers benefits with a substitute. Shafi scholars, in their view, define ijarah as a contract that has a benefit that has a specific purpose and is permissible, accompanied by a predetermined substitute. Meanwhile, Hanabilah and Malikiyah scholars define ijarah as a form of ownership of benefits that is permissible for a specified period of time with a substitute.¹⁷

DSN MUI Fatwa No. 09/DSN-MUI/IV/2000 concerning financing using al-ijarah,¹⁸ is a contract that transfers benefits (usage rights) to a good or service for a certain period of time by paying rent or wages, without transferring ownership rights to the goods or services.

Therefore, the al-ijarah contract only transfers the usufructuary rights of a good or service, without transferring ownership rights. The legal basis used in the al-ijarah contract is the Qur'an and the Hadith, including:

أَسْكُنُوهُنَّ مِنْ حَيْثُ سَكَنُوكُمْ مِنْ وُجُودُكُمْ وَلِصَارُوهُنَّ لِيُضْبَغُوا عَلَيْهِ وَلَنْ كُنَّ أُولَئِكَ حَمْلٌ فَأَنْفَقُوا عَلَيْهِنَّ حَتَّى يَضْعَفُنَ حَمْلُهُنَ فَإِنْ أَرْضَعْنَ أُخْرَى لَكُمْ فَأُنْثُوهُنَّ God willing ^{فَإِنْ أَرْضَعْنَ} عَسَارُوكُمْ فَسَتْرُضْعُ لَهُ

Meaning: "Place them (wives) where you live according to your ability and do not make it difficult for them to narrow their (hearts). And if they (wives who have been divorced) are pregnant, then give them their living until they give birth, then if they breastfeed your (children) for you, then give them their wages, and discuss between you (everything) well; and if you encounter difficulties Then another woman may breastfeed (the child) for her" (QS. At-Thalaq [65]: 6). 19

Hadith narrated by Ibn Majah from Ibn Umar, that the Prophet Muhammad SAW said:

Meaning: "Give the worker his wages before his sweat dries."

The hadith narrated by Ahmad, Abu Daud, and Nasaiy from Sa'd bin Abi Waqas states:

Meaning: "In the past we rented land by paying with the crops that grew there."

The implementation of financing in Islamic Financial Institutions, namely: al-ijarah mutlaqah or commonly known as leasing, is a rental activity that often occurs in economic activities. This hire contract or lease contract is the practice of al-ijarah, in Conventional Financial Institutions al-ijarah or lease contract in practice Conventional Financial Institutions provide equipment rentals such as machines, equipment, and so on, to customers with the provision of charging fees for the rental carried out with a predetermined fixed charge.20

In practice at Islamic financial institutions, ijarah, or leasing, is accompanied by the transfer of ownership of goods or services, known as the ijarah muntahiyah bit-tamlik (IMBT) contract. Of course, this contract differs from its practice at non-Islamic financial institutions, where the objects used by Islamic Financial Institutions can be goods, services or labor.21

Partnership (Al-syirkah)

Al-musyarakah what is often called syirkah is a cooperation agreement made by two or more parties to carry out a business that mutually provides capital or financial contributions by making an agreement that profits and risks are shared responsibility according to the agreement of the two or more parties.22 Meanwhile, syirkah is an agreement between two or more parties, who agree to carry out a business with the aim of making a profit.

Syirkah is broadly divided into two types, namely ownership syirkah (syirkah al amlak) and transaction syirkah (syirkah al-uqud). Syirkah Amlak is an association between two or more people to own property together without going through a syirkah contract; while syirkah uqud is a capital association between the two parties who enter into an association both in terms of capital and profit sharing. Fiqh scholars have different opinions on the division of syirkah uqud. For example, scholars of the Shafi'iyah school of thought divide it into two forms, namely mudharabah and syirkah inan. Scholars of the Hanbaliyah school of thought divide syirkah uqud into five forms, including: syirkah wujuh, abdan, inan, mudharabah, and muwafadah. According to the Hanafi school of thought, it is divided into three forms: partnership in work, partnership in capital and assets, and partnership in wujuh (partnership without capital). Meanwhile, according to the Malikiyah school of thought, it is divided into four forms: partnership in abdan, inan, muwafadah, and mudharabah. The Qur'anic and Hadith arguments used as the legal basis for partnership are:

لَلَّهُمَّ ظَلَمَكَ بِسُؤَالِ نَعْجَنَكَ إِلَى نَعَاجِهِ وَلَنْ كَثِيرًا مِنَ الْخَلَطَاءِ لَيْتَنِي بَغْضُهُمْ عَلَى God bless you وَقَلِيلٌ مَّا هُمْ بِهِ وَظَنَّ دَاؤُدْ أَنَّمَا فَتَنَّنَ قَاسْتُعَفْرَ رَبَّهُ وَخَرَّ رَاكِعًا وَأَنَابَ

Meaning: "David said: Indeed, he has done wrong to you by asking for your goat to be added to his flock. And indeed, most of those who joined together did wrong to others, except those who believe and do righteous deeds; and these are very few. And David knew that we were testing him; So he asked forgiveness from his Lord then fell down and repented" (QS. Shaad [38] : 24).23

In Islamic Financial Institutions, the implementation of musyarakah contracts can be seen in various types of financing, such as musyarakah mutanaqisah, venture capital, sharia bonds or sukuk, and project financing. In project financing, the implementation of musyarakah is that both the customer and the bank contribute capital, after the project is completed, the customer returns the capital along with the profit sharing agreed upon by both parties. The implementation of venture capital in Islamic Financial Institutions allows investment in company ownership, the implementation of musyarakah contracts in venture capital schemes, capital investments made over a certain period, then after that the bank sells part of its shares or divests them briefly or gradually. While musyarakah mutanaqisah where the capital or assets experience a reduction in one party due to a gradual purchase by one party, musyarakah contracts have two forms of contracts, namely musyarakah or syirkah and bai'. Meanwhile, sharia bonds or sukuk are the most ideal contract because in their implementation they have a very clear sharia concept because profits are accompanied by risks and business results are accompanied by costs or capital incurred.

Safekeeping (Al-wadi'ah)

Al-wadi'ah In terms of language, wadi'ah is defined as an item entrusted to another person for safekeeping. Terminologically, wadi'ah is defined as a gift to another person in the form of an item accompanied by the authority to safeguard it firmly and clearly.²⁴

Scholars from the Hanafi school of thought define wadi'ah as involving another person in safeguarding property properly and clearly, both through actions and gestures.²⁵ Meanwhile, the majority of scholars, namely the Hanbaliyah, Shafi'iyah, and Malikiyah schools of thought, define wadi'ah as representing another person to safeguard property in a certain way. The legal basis for this is the Qur'anic verse:

اللَّهُ يَأْمُرُكُمْ أَنْ تُؤْتُوا الْمُنْتَهَىٰ إِلَيْهَا وَإِذَا حَكَمْتُمْ
تُحَكُّمُوا بِالْعُدْلِ إِنَّ اللَّهَ فِي سَبَّٰلِ الْفَٰتِرِ عُوْدًا مَا تَبَرَّأْ مِنْهُ
or الله يأمركم أن تؤتوا المنتهى إلى أهليها وإذا حكمتم
تحكموا بالعدل إن الله في سبل الفاتر عودًا ما تبرأ منه
Al-Nayyy'

Meaning: "Indeed, Allah orders you to convey the message to those who are entitled to receive it, and (orders you) when you determine a law between people, so that you determine it fairly. Indeed, Allah gives you the best teaching.

Indeed, Allah is All-Hearing, All-Seeing" (QS. An-Nisaa'[4]: 58).²⁶

In Islamic financial institutions, the wadi'ah contract is implemented in current accounts and savings accounts. Islamic financial institutions receive profits and losses from the funds deposited by customers, while customers receive benefits in the form of guaranteed security for their assets, as is the case with other current accounts.

Profit sharing (Al-mudharabah)

Al-mudharabah is a cooperation agreement between two parties who undertake a cooperative business, the capital owner or first party as the capital provider and the capital manager or second party as the manager of the capital that has been provided, then the profits are given according to the agreed ratio and losses are the responsibility of the capital owner.²⁷ The legal basis used in the al-mudharabah agreement describes the order to make an effort, as described in this verse:

عِلْمَانْ لَنَا مَرْضَىٰ وَاحْرُونَ يَضْرِبُونَ فِي الرُّضْنِ
فِي سَبَّٰلِ اللَّهِ فَاقْرَءُوا مَا تَبَرَّأْ مِنْهُ
God willing love

Meaning: "...he knows that there will be among you sick people and people traveling through the land seeking of Allah's bounty; and others fighting in the way of Allah..." (QS. Al-Muzzamil [73] : 20).²⁸

The correlation of the verse with al-mudharabah lies in the argument or wajhud dilalah in the word yadhribuna which has the same root word as al-mudharabah which means carrying out a business journey, "people who travel the earth seeking the bounty of Allah". Thabrani narrated, originating from Ibn Abbas that if he gave some of the finances to a business partner through al-mudharabah, he stipulated that the money that had been given to the business partner should not be taken across the ocean, down a dangerous valley, or to buy it for livestock. If there is a deviation in the use of the money with the signal that has been notified, then the manager has responsibility for the funds, the conditions were conveyed to the Prophet Muhammad and he permitted it.

The implementation of al-mudharabah in Islamic financial institutions is typically applied to financing or funding product

segments. In this segmentation, al-mudharabah is used for:

Term savings are savings that are created specifically, such as savings for sacrifice, pilgrimage, etc.

A deposit is a type of savings with a predetermined return. Deposits have a fixed term, meaning customers cannot withdraw their funds at any time. Deposits typically have maturities of 1, 3, 6, or 12 months. If a customer withdraws their deposited funds before the specified maturity date, they will be subject to sanctions or penalties.

- a. In financing segmentation, Islamic Financial Institutions apply mudharabah in various forms, including:
- b. Working capital, this type of financing is provided for working capital for trade and services.
- c. Mudharabah muqayyadah or special investment is financing sourced from special funds which are then distributed specifically with provisions regulated by the shahibul mal.

Granting power of attorney (Al-wakalah)

Al-wakalah literally means to maintain, or provide the application of expertise in the name of another person, *tawkeel* is a word that is derived and has the meaning of appointing another person to transfer something that aims to delegate tasks to another person.²⁹ In the Shafi'iyyah circles, *al-wakalah* is interpreted as an expression or granting of power of attorney (*al-muwakkil*) to another person (*al-wakil*) so that they can carry out a job that has been determined by the grantor of the power of attorney.³⁰ The *al-wakalah* contract is essentially granting power of attorney to another person to carry out a job, while the grantor of the power of attorney is not in a state of carrying out the activity. The legal basis that permits *al-wakalah* is the word of Allah SWT which reads:

اصنلَا يُوقِّعُ اللَّهُ بَيْنَهُمَا إِنَّ اللَّهَ كَانَ عَلَيْهَا خَيْرًا

Meaning: "And if you fear a dispute between them, then send a judge from the man's family and a judge from the woman's family. If the two judges intend to make amends, Allah will surely give success to the husband and wife. Indeed,

Allah is Knowing and Acquainted" (QS. An-Nisaa'[4]: 35).³¹

This verse concludes that the implementation of muamalah activities can be carried out by representatives in their implementation, someone who in certain circumstances cannot carry out muamalah activities independently, then in circumstances like this can carry out transactions using *al-wakalah*, either by giving orders to other people or by personal awareness in the context of helping each other.

The application of *al-wakalah* in activities at Islamic Financial Institutions is that the customer grants power of attorney to the bank as a form of his/her representative in carrying out the specified work, in the implementation such as factoring, financing of Islamic current accounts, collection and money transfers, Islamic mutual fund investments, Islamic insurance, L/C bookkeeping (Islamic import letters of credit & Islamic export letters of credit), Islamic insurance, trusteeship, and custody. The requirements of the *al-wakalah* contract are that the bank and the customer listed in the power of attorney contract must be legally competent.³²

Collateral (Al-kafalah)

Al-kafalah can be interpreted as the provision of guarantees originating from the guarantor (*kafil*) to a third party to fulfill the obligations of the second party or the party given the guarantee, *al-kafalah* in another sense is the transfer of one's responsibility with a guarantee given by another person as the party responsible as the guarantor.³³ *Al-kafalah* is required by Allah SWT in His words:

فَأَلْوَنَا نَقْدَ صُوَاعَ وَلَمْ جَاءَ بِهِ جَمِلٌ بَعْثَرٌ وَّأَنَا بِهِ زَعِيمٌ

Meaning: "The callers said: "We lost the king's cup, and whoever can return it will get food (as heavy as) a camel's load, and I guarantee it" (QS. Yusuf [12]: 72).³⁴

Given the current development of the *al-kafalah* concept, its implementation takes various forms, and the parties involved are increasingly diverse. Among these are those implemented by the government, which in practice is implemented by the Deposit Insurance Corporation (LPS) and Bank Indonesia (BI). In this program, the LPS and BI collectively protect the rights of depositors in times of

financial liquidity at the bank where the depositor holds the deposit.

Debt transfer (Al-hiwalah)

In the language al-hiwalah means moving from one place to another others.³⁵ Hanafiyah ulama interpret al-hiwalah as transferring the burden of the debt of the person responsible for the muhil (the person who owes the debt) to the muhal 'alaih (another person who is also responsible for paying the debt). Shafi'iyah, Hanbaliyah and Malikiyah scholars define al-hiwalah, namely the transfer or transfer of debt from the party responsible to another party to demand payment of the debt.³⁶

Some of the definitions above mean that al-hiwalah is a transfer of debt originating from a person who is in debt to another person who is responsible for the debt. This is a transfer of responsibility from one party to another. The legal basis for the al-hiwalah contract is the Qur'an in the letter:

وَإِنْ كَانُواْ عُسْرَةً فَنَظِرْهُ اللَّهُ مَبِيرَةٌ وَلَنْ يَصَدِّقُواْ حِلْزُ أَكْثَمَ الْكُلُّمَنْ
وَلَنْ يَعْلَمُونَ

Meaning: "And if (the person who is in debt) is in difficulty, then give him respite until he is free. And give charity (some or all of the debt), it is better for you, if you know" (QS. Al-Baqarah [2]: 280).³⁷

Al-hiwalah contracts are usually applied by financial institutions in factoring or factoring, namely customers who own receivables from third parties transfer the receivables to the bank, then the bank pays the receivables and the bank collects from the third party; post-dated checks, in this case the bank has a role as a collector without making payments on the receivables first; bill discounting, this is the same as al-hiwalah, but with bill discounting the customer only pays a fee, while the discussion of fees is not found in the al-hiwalah contract.³⁸

Pawn (Ar-rahm)

The Islamic view of ar-rahm as a means of mutual assistance (ta'awun) given to Muslims without any compensation for the services rendered.³⁹ Terminologically, ar-rahm can be defined as a form of withholding the property of a person who is in the position of borrower as a form of collateral for a loan made, provided that the collateral has economic value. Thus, the

party who withholds the property obtains a guarantee to be able to reclaim all or part of their debt.⁴⁰

This ar-rahm contract is permitted by sharia with various arguments from the Qur'an and the Hadith of the Prophet SAW, including His words:

وَإِنْ كُلْمَنْ عَلَى سَفَرْ وَلَمْ يَجِدُواْ كَاتِبًا فَرَاهُ مَقْبُوضَهُ فَإِنْ أَمِنَ بِعَضْكُمْ بَعْضًا فَلَيَوْدِ
أَنْهُمْ الَّذِي اؤْتُمَنَ أَمَانَهُ وَلَيَقُولُواْ أَرَبَّهُ وَلَنْ تَكُنُمُوا الشَّهَادَهُ بِكُلْمَهَا فَإِنَّهُ
فَلَيَهُ وَاللَّهُ بِمَا تَعْمَلُونَ عَلَيْهِمْ

Meaning: "And if you are on a journey (and don't do your charity in cash) and you don't have a writer, then there should be a dependent that is held (by the debtor). However, if some of you trust others, then let the one who is trusted fulfill his trust (debt) and let him fear Allah his Lord; and do not you (witnesses) hide the testimony. And whoever hides it, then indeed he is a sinner at heart; and Allah is the Almighty. know what you are doing" (QS. Al-Baqarah [2]: 283).⁴¹

The majority of Islamic jurists agree that ar-rahm is permissible in a physical presence, provided that the collateral can be directly controlled by the lender. Some items can be used as collateral but cannot be directly held by the lender, so at least there is some form of security for the item. The application of the ar-rahm contract in Islamic financial institutions is used for complementary products, namely additional contracts (guarantee/collateral) for other products, such as in bai' al-murabahah financing, where the bank can retain collateral from the customer as a consequence of the contract.

4. Conclusion

The discussion of named contracts demonstrates that each contract is governed by specific purposes, legal definitions, and conditions established by Islamic law, resulting in distinct provisions that cannot be applied interchangeably. These contracts serve various functions, including the transfer of ownership with or without compensation, the provision of guarantees, the delegation of authority, the performance of services, and the establishment of partnerships between parties.

Scholarly opinions differ regarding the classification and sequencing of named

contracts, indicating the absence of a standardized framework. This article has examined key forms of contracts—such as *al-bay'*, *al-qardh*, *al-ijārah*, *al-shirkah*, *al-wadī'ah*, *al-muḍārabah*, *al-wakālah*, *al-kafālah*, *al-hiwālah*, and *ar-rahn*—and their practical application within Islamic financial institutions. Ultimately, a clear understanding of these contracts and their legal implications is essential for practitioners and stakeholders engaging in *mu'amalah* activities, particularly in ensuring compliance with sharia principles in modern financial contexts.

In addition, recent developments (2020–2025) highlight the growing use of hybrid and innovative contracts in Islamic finance, reflecting efforts to align classical jurisprudence with contemporary financial needs. This underlines the novelty of the present study, which not only revisits classical frameworks but also emphasizes their adaptability and relevance to the evolving landscape of Islamic financial institutions in the 21st century

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