



## A CRITICAL REVIEW OF MURABAHAH PRACTICES IN INDONESIA ISLAMIC BANKS: A SHARIA PERSPECTIVE

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### Abstract

*Murabahah* is the most favored financing product among customers, contributing significantly to the growth of Islamic banking. With a straightforward scheme resembling typical sales transactions, *murabahah* focuses on fulfilling consumptive needs, similar to credit offered by conventional banks. As a result, banks do not need to worry about customers' profits or losses, as the profit margin is predetermined from the outset. However, the adoption and adaptation of *murabahah* financing by Islamic banks have not been free from scrutiny and debate. Along with the development of the Islamic financial industry, questions have arisen about the extent to which *murabahah* truly reflects the spirit of authentic Islamic economic law. This research employs a *qualitative* methodology and is a library-based study emphasizing a scientific approach without involving statistical procedures. The study critiques various points of contention and debates surrounding *murabahah* products within the context of Islamic banking.

Keywords: Critical Review, *Murabahah*, Islamic Bank, Islamic Finance

### Abstrak

*Murabahah* adalah produk pembiayaan yang paling diminati oleh nasabah, yang telah memberikan kontribusi signifikan terhadap pertumbuhan perbankan syariah. Dengan skema yang sederhana dan bersifat seperti transaksi jual beli pada umumnya, *murabahah* berorientasi pada pemenuhan kebutuhan konsumtif, mirip dengan kredit yang ditawarkan bank konvensional, sehingga bank tidak perlu khawatir mengenai keuntungan atau kerugian nasabah karena bank menetapkan kepastian keuntungan sejak awal. Namun, Adopsi dan adaptasi pembiayaan *murabahah* oleh bank syariah tidak lepas dari sorotan dan perdebatan, seiring dengan perkembangan industri keuangan syariah, muncul pertanyaan sejauh mana produk keuangan syariah *murabahah* benar-benar mencerminkan semangat hukum ekonomi Islam yang sesungguhnya. Penelitian ini bersifat kualitatif dan merupakan penelitian studi kepustakaan yang menekankan pendekatan ilmiah tanpa melibatkan prosedur statistik. Penelitian ini mengkritisi beberapa sorotan dan perdebatan produk *murabahah* dalam konteks perbankan syariah.

Kata Kunci: Kajian Kritis, *Murabahah*, Bank Syariah, Keuangan Islam

### A. INTRODUCTION

The Islamic finance industry has witnessed remarkable growth over the past few decades, both in terms of asset volume, number of institutions, and the diversification of its products and services. This expansion has occurred not only in Muslim-majority countries but also across various regions such as Europe, East Asia, and Africa, indicating

the widespread acceptance of Islamic finance within the global financial system. One of the key indicators of this dynamic development is the increasing number of Islamic financial institutions actively operating in different jurisdictions and offering financial products that comply with Shariah principles. As a result, the Islamic financial market has become increasingly competitive and complex (Tlemsani et al., 2020).

In this context, Islamic finance plays a vital role not only as an alternative to the conventional financial system but also as an inclusive and equitable solution. One of its tangible contributions is the promotion of financial inclusion by expanding access to financial services for underserved and unbanked populations. Moreover, the foundational principles of Islamic finance—such as the prohibition of *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (gambling), along with a commitment to productive and *halal* (permissible) economic activities—promote ethical, sustainable, and value-based business practices (Asyiqin & Alfurqon, 2024).

As a financial intermediary institution, Islamic banks have a strategic role in mobilizing funds from the public and channeling them into the real sector through various Shariah-compliant financing instruments. In their operations, Islamic banks utilize a variety of contracts for fund mobilization (funding) such as *wadī'ah yad al-ḍamānah* and *muḍārabah*, and for fund utilization (financing) including sale-based contracts (*murābaḥah*, *salam*, and *istisnā'*), lease-based contracts (*ijarah* and *ijarah muntahiyah bi-tamlik*), profit-and-loss sharing contracts (*mušārah* and *muḍārabah*), benevolent loan contracts (*qard hasan*), and other complementary contracts such as *ḥiwālah*, *rahn*, *wakālah*, *ṣarf*, and *kafālah* (Adi Purwanto, 2018; Ghozali et al., 2024).

Among the various financing products available, the *murābaḥah* contract is the most dominant in Islamic banking practices in many countries, including Indonesia. *Murābaḥah* is a sale contract in which the selling price is determined by adding a pre-agreed profit margin to the original cost of the goods. In this arrangement, the seller is obligated to disclose the original purchase price and the agreed profit margin. This transparency distinguishes *murābaḥah* from other sale contracts, such as *musāwamah* (Anees et al., 2024; Fahmi et al., 2024).

The dominance of *murābaḥah* in Islamic finance is driven by several factors, including its relatively simple structure, lower financing risk compared to profit-and-loss sharing contracts, and the ease of profit determination at the outset. However, despite its strong *fiqh* foundation and recognition by the majority of scholars, the implementation of *murābaḥah* in modern banking systems has not been free from criticism and controversy. One major issue is the use of legal stratagems (*ḥīlah*) by Islamic banks, such as selling goods that are not yet owned or merely acting as a fund provider without actual involvement in the transaction, potentially deviating from the true spirit of Shariah principles (S & Setiaji, 2021).

Furthermore, several studies indicate that *murābaḥah* practices in Islamic financial institutions have undergone distortions, raising concerns about their Shariah compliance. For instance, the widespread use of commodity *murābaḥah* executed electronically and within very short timeframes has led many to question the validity of such sales, especially when no actual delivery of goods occurs, rendering the contract closer to an interest-bearing loan (Hafsa Abbasi & Khadija Aziz, 2023). Additionally, issues such as the imposition of high profit margins, fluctuating rates, and a lack of price transparency for customers are

critical concerns that warrant deeper examination (Furwanti et al., 2023; Chaudhry et al., 2024).

Given this background, a critical examination of the implementation of *murābaḥah* contracts in Islamic banking is essential. This study aims to evaluate the extent to which the principles of Islamic economic law are consistently applied in *murābaḥah* financing, and to assess its implications for the overall integrity and credibility of the Islamic finance industry. In this regard, it is important to revisit the principles of *fiqh mu'āmalah* and consider the need to reformulate contract mechanisms to ensure alignment with the *maqāṣid al-sharī'ah* and the elimination of implicit elements of *riba*. This research is expected to offer both academic insights and practical recommendations for Shariah financial authorities, regulators, and industry practitioners in strengthening a sound, just, and sustainable Islamic financing system.

## B. LITERATURE REVIEW

Islamic banks are financial institutions that operate based on the principles of Islamic Shariah. As intermediaries in the financial system, Islamic banks mobilize funds from the public through two main contracts: *wadī'ah yad al-ḍhamānah* (safekeeping) and *muḍārabah* (profit-sharing), which are then channeled into the real sector through various financing contracts. These financing contracts include: (1) sales-based contracts (*murābaḥah*, *salam*, and *istisnā'*); (2) lease-based contracts (*ijarah* and *ijarah muntahiyah bi-tamlik*); (3) profit-sharing contracts (*mušarakah* and *muḍārabah*); (4) benevolent loan contracts (*qard ḥasan*); and (5) supporting contracts (*ḥiwālah*, *rahn*, *qardh*, *wakālah*, *ṣarf*, and *kafālah*) (Adi Purwanto, 2018; Fahmi et al., 2024; Ghazali et al., 2024). In practice, the financing system of Islamic banks tends to be dominated by sales-based contracts, especially the *murābaḥah* contract.

*Murābaḥah* is a sales contract in which a profit margin is added to the original cost of the goods, and the seller discloses both the cost price and the margin to the buyer in a transparent manner. It is classified as a sale of trust (*bay' al-amānah*) due to the requirement of price disclosure, and as a general sale (*bay' muṭlaq*) since the subject matter may consist of tangible goods or monetary value (Arifin & Hatoli, 2021; Asyiqin & Alfurqon, 2024; Suzuki et al., 2019). Although there is no explicit textual evidence from the Qur'an or authentic Hadith regarding *murābaḥah*, the majority of scholars across various schools of thought recognize its validity based on general legal evidences permitting trade in Islam, such as the verse in Surah Al-Baqarah (2:275): "Allah has permitted trade and forbidden usury." (Fahmi et al., 2024; Ibrahim & Salam, 2021).

The fundamental difference between *murābaḥah* and ordinary sales contracts such as *musāwamah* lies in price transparency. In *musāwamah*, the seller is not obligated to disclose the acquisition cost of the goods, whereas in *murābaḥah*, disclosure of both the cost price and profit margin is a core requirement (Anees et al., 2024). In Islamic banking, *murābaḥah* is implemented by having the bank first purchase the goods requested by the customer from a third-party supplier, and then resell them to the customer at an agreed profit margin. This process implies that the bank must possess real ownership of the goods before reselling them to the customer (Sapuan, 2016). However, in practice, banks often function merely as fund providers without actual possession of the goods, making the contract resemble a conventional credit facility (S & Setiaji, 2021).

The dominance of murābahah products in Islamic bank financing portfolios has attracted considerable criticism. Abdullah (2023) and Anas (2020) point out that the implementation of murābahah frequently deviates from Shariah principles, particularly when banks sell goods they do not yet own. This practice violates the fiqh maxim *“lā tabi’ mā laysa ‘indaka”* (do not sell what you do not possess). Moreover, the imposition of excessively high profit margins is perceived as burdensome to customers and contrary to the Islamic principle of fairness. Additional criticism is directed at the use of *hīlah* (legal stratagems) as a means to circumvent the prohibition of *riba*, resulting in contracts that are substantively similar to conventional interest-based loans.

Hafsa Abbasi and Khadija Aziz (2023), in their study, criticized the practice of commodity murābahah, particularly in the form of fast-paced, large-scale electronic transactions. In such transactions, there is often no physical delivery of goods, and customers may be unaware of the specific commodities involved in the contract. This obscures the real asset element in the transaction, effectively turning murābahah into a backdoor mechanism for interest-based lending. The authors even suggest the application of the principle of *sadd al-dharī’ah* (blocking the means to harm) to prevent practices that closely resemble *riba* within the Islamic financial system.

Another issue associated with murābahah is the use of fluctuating profit margins, which contradicts the fixed-rate nature of murābahah as stipulated in the original contract. Research by Furwanti et al. (2023) and Chaudhry et al. (2024) shows that variable margins undermine the transparency and public trust in Islamic banks. Transparency is a fundamental element of murābahah, as customers must clearly know the purchase price and the profit margin being charged. The lack of clear information gives rise to negative perceptions of murābahah, with many people believing that Islamic financing is no different from, or even more expensive than, conventional loans (Wandi & Saudi, 2021).

Some scholars, including S & Setiaji (2021), emphasize that consumer-based murābahah often contains elements of *hīlah* leading to the legalization of *riba*. In some cases, banks do not conduct actual sales transactions but merely provide funds and then collect repayments with an added margin. If a contract is merely a tool to profit from money lending, then the transaction is essentially *riba*. This criticism is grounded in a classical fiqh maxim: *“Kullu qarḍin jarrā manfa’atan fa huwa ribā”* (Every loan that brings a benefit is *riba*).

Taking these perspectives into account, it can be concluded that although murābahah is normatively valid in classical fiqh literature, its implementation in the modern banking system presents serious challenges to the integrity of Islamic economic law. These challenges include non-compliance with asset ownership principles, transparency issues, unfair margin practices, and the use of *hīlah* that undermine the essence of Shariah. Therefore, a comprehensive evaluation of murābahah practices is necessary to ensure that Islamic financing truly reflects Islamic values that uphold justice, honesty, and blessings in financial transactions.

### C. DATA & METHOD

This study employs a qualitative approach because it helps gain new insights, evaluate existing practices, and obtain expert observations on the selected issue (Richardson et al., 2022). The qualitative approach paves the way to understand the

perspectives of a group of participants and present a comprehensive narrative on an issue (Cho et al., 2022; Tümen & Ahmed, 2021). In line with the objectives of this research, which aims to critically evaluate various Sharia adaptations and *murabahah* financing practices in Islamic banking, the qualitative method is considered appropriate, as suggested by (Valtakoski, 2019) and (Creswell, 2013). This study uses secondary data obtained through a literature review of sources relevant to the research topic. According to Creswell, (2013), a literature review is a systematic process for finding, evaluating, and summarizing studies related to a specific topic.

Additionally, this research aims to provide Sharia adaptation recommendations for financing through *murabahah*, which will be achieved through qualitative analysis techniques. This approach involves in-depth analysis with criticism and interpretation of legal and fiqh principles, specifically applied in the context of *murabahah* financing activities in Islamic banking. The results of the analysis are presented descriptively and structurally within the framework of the Islamic Sharia perspective. With this approach, the study aims to provide an in-depth understanding, evaluate existing practices, and ensure coherence and relevance between Sharia concepts and the implementation of *murabahah* financing practices in operational execution. Through a systematic and literature-based methodology, this research also highlights important aspects of Sharia adaptation in *murabahah* financing practices and evaluates how these practices reflect Sharia principles in Islamic banking. The findings are expected to make a significant contribution to developing a framework that better aligns with the *maqashid* Sharia.

#### D. RESULT & DISCUSSION

##### Implementation of the *Murabahah* Contract in Islamic Banking

Etymologically, *murabahah* is a verbal noun derived from the word *râbahayurâbihi-murabahah*, which means gaining profit from a sales transaction. This term originates from the word *ribh*, which means profit. Terminologically, *murabahah* has various meanings according to Islamic jurisprudence scholars, but all definitions share the core principle of selling an item with a profit agreed upon and known by the buyer. Al-Dasuqi defines *murabahah* as a sales transaction where the purchase price and profit are agreed upon by the seller and the buyer. In the context of Islamic banking, *murabahah* refers to a sales transaction of goods where the acquisition cost and profit margin are agreed upon by both parties, and the seller (the Islamic financial institution) must inform the buyer (the customer) of the goods' acquisition cost (Shah & Niazi, 2019; Arfan et al., 2024).

In Islamic banking, *murabahah* sales have become the most dominant financing scheme (Gani & Bahari, 2021). There are three models or types of *murabahah* sales implementation frequently used. The first type adheres to *fiqh muamalah*, where the bank first purchases the goods desired by the customer after reaching an agreement. Once the goods are purchased in the bank's name, they are sold to the customer at the acquisition cost plus an agreed profit margin. The second type is similar to the first, but in this case, ownership transfer occurs directly from the supplier to the customer, while payment is made by the bank to the supplier. The customer, as the end buyer, receives the goods after signing the *murabahah* agreement with the bank. The third type involves the bank entering into a *murabahah* agreement with the customer and simultaneously acting as the customer's representative to purchase the desired goods (Fahmi et al., 2024; Wulandari et al., 2016).

Among these three types, Type II and Type III are more commonly used in Islamic banking due to procedural effectiveness and efficiency, particularly concerning value-added tax. Meanwhile, Type I, which is the most ideal in the context of *fiqh muamalah*, is often avoided. In fact, Types II and III have become subjects of debate in contemporary *fiqh muamalah* among modern scholars due to fundamental differences with classical *fiqh muamalah*, although there are some similarities in certain aspects (Arfan et al., 2024).

The *murabahah* applied in Islamic banking is *murabahah li al-amir bi al-syira'*, where the customer requests the bank to purchase the required goods. The bank promises to purchase the goods through a *murabahah* scheme, explaining the acquisition cost plus the profit margin and other agreed fees. The customer then pays in installments according to the agreed schedule. In this process, the bank is obligated to provide honest information about the acquisition cost, profit margin, and other associated costs. The *murabahah* financing procedure can be applied to various customer needs, such as procuring goods, working capital, building houses, and others (Fahmi et al., 2024). However, it is important to note that within the Sharia framework, a transaction is considered invalid if the seller does not own the goods being sold. Therefore, when a customer seeks *murabahah* facilities, the bank as the financing provider must first purchase and claim ownership of the goods from a third party before selling them to the customer (Asyiqin & Alfurqon, 2024; Iqbal & Quibtia, 2017).

### Critical Review of the *Murabahah* Contract in Islamic Banking

Islamic finance views money as a medium of exchange, not as a direct source of income. Therefore, every investment or financing project must be connected to the real economy through tangible assets (Marlinda & Syahputra, 2024; Orhan et al., 2024). The prohibition of *riba* further reinforces this perspective ((Ahroum et al., 2020). *Murabahah* in Islamic banks has attracted attention and criticism from Islamic economics and finance observers (Samireh, 2020). *Murabahah li al-amir bi al-syir'* or *Murabahah to the Purchase Orderer (MPO)* is considered a potential backdoor for *riba* practices, requiring extra caution (Saifurrahman & Kassim, 2023). In this regard, Shah & Niazi, (2019) also highlight that although *murabaha* appears valid within the Islamic legal structure, its implementation in some Islamic banks often carries the risk of incorporating elements of usury if not strictly adhered to Sharia principles. Sometimes, an agreement can result in synthetic *murabaha*, where the bank's role is limited to providing financing and receiving repayments in the form of installments with additional costs, without assuming any risk. Therefore, critics label it a backdoor to *riba*, not a sales contract. In this context, the bank's role is merely lending money and receiving repayments in installments with additional fees, which can be considered *riba* for two reasons. First, the *wa'd* (promise) is required to ensure that after the bank purchases the commodity, the customer will buy it. Second, the deferred payment, which constitutes a credit sale. These two characteristics are crucial in MPO and form the basis for the transaction's continuity (Abbasi & Aziz, 2023).

Islamic bankers explain in their documents that banks are not retailers or traders but merely financial service providers. They appoint customers as agents to purchase commodities for themselves based on a binding promise (Saifurrahman & Kassim, 2024). However, the Sharia standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) explicitly state that *murabahah* in Islamic banks must not be based on a binding promise; otherwise, the transaction will be considered a buy-back sale

(Abbasi & Aziz, 2023; Manangin, 2022). In classical *murabahah* practices, deferred payments are neither mentioned nor applied, so there is no discussion of payment differences in *murabahah* sales. Shah & Niazi, (2019) note that the main challenge in the implementation of *murabaha* is the uncertainty regarding the acquisition cost and profit margin, which are often not clearly agreed upon by both parties, potentially leading to unfairness in the transaction. Imam Kasani defines *murabahah* as “A sale at exactly the same price as the initial price, plus profit.” In the context of deferred payments, the initial price will not remain the same due to changes in time and the value of the product. This is because the delay affects the value and certainty of the initial price. Nevertheless, Mufti Taqi Usmani and Sharia standards permit deferred payments. He stated that in MPO, “Payments can be made immediately or at a later specified date, and this does not necessarily mean there must be a concept of deferred payment” (Abbasi & Aziz, 2023; Bhatti et al., 2024).

In the MPO financing model, customers first search for the desired goods and then inform the bank, which processes the request and enters into a binding contract with both parties. However, this type of *murabahah* contract is often criticized by scholars because when the bank binds the customer in a *murabahah* sales contract, it appears as though the bank has sold the goods to the customer even though the bank does not yet own the goods (Abdullah, 2023). Another fundamental issue is the similarity between *riba* and *murabahah* in terms of profit-taking at the outset of the contract (Samireh, 2020). *Riba* is defined as an addition to the principal amount charged without a transaction that complies with Sharia. On the other hand, *murabahah* is a sales contract in which the capital and profit are agreed upon by both parties, namely the seller and the buyer. The similarity between *riba* and *murabahah* lies not only in profit-taking from the principal capital but also in the determination of profit at the beginning of the contract. Furthermore, the root words of *riba* and *murabahah* share a similar meaning, which is growth or increase (Abdullah, 2023).

Islamic finance researchers, such as Siddiqi, (2004) dan Saeed, (2007), argue that *murabahah* financing is similar to *riba*; in some cases, Islamic banks even charge higher profits compared to conventional financing. However, Islamic teachings do not prohibit profit-taking in transactions, especially in sales contracts. Allah Subhanahu wa Ta’ala states, “And Allah has permitted trade and forbidden usury” (QS. Al-Baqarah: 275) and “O you who have believed! Do not consume one another’s wealth unjustly but only [in lawful] business by mutual consent among you” (QS. An-Nisa: 29). The *murabahah* contract is considered a sales contract agreed upon by scholars, so the profits obtained from this transaction are deemed lawful and recommended in Islam. The prohibition of profit-taking applies to debt contracts, which constitute *riba*, based on the general principle of scholars: “Every loan contract that generates profit or benefit is *riba*.” Therefore, if the principles of *murabahah* are applied in accordance with Sharia, the profits earned by Islamic banks are lawful (Rahman, 2024).

A common dilemma in *murabahah* financing in Islamic banks is the perception that *murabahah* financing margins are higher compared to interest rates in conventional banks (El Amri et al., 2021). People often believe that Islamic banks are synonymous with cheaper prices. As a result, when Islamic banks offer relatively high margins, they are perceived as no more religious than conventional banks. However, Islamic economics is not solely concerned with the affordability of prices but also involves more complex considerations. Therefore, affordable pricing does not automatically ensure the validity of a product in meeting Sharia compliance. One reason Islamic banks set high margin rates in *murabahah*

financing contracts is to mitigate the risk of loss due to interest rate changes or inflation (Rusydiana & Sanrego, 2018; Furwanti et al., 2023).

The study also found that cases of fluctuating margins in Islamic banks are still common in practice. However, the issue with fluctuating margins is that Islamic banks do not provide clear information to customers regarding this matter (Orhan et al., 2024). Although Islamic financial institutions allow for margin negotiations, the final decision is still based on conditional factors such as installment terms and customer characteristics, making negotiation play a minor role in determining margin levels (Furwanti et al., 2023). This phenomenon of fluctuating margins contradicts the rule stating that the margin rate in *murabahah* financing contracts should be fixed as stipulated in the contract. Additionally, the determination of margins in *murabahah* contracts should be based on mutual agreement between both parties, as outlined in classical *fiqh* studies. In *fiqh mu'amalah*, one of the conditions for a sales contract is mutual benefit and no undue burden on either party, as explained in QS. An-Nisa: 29. Therefore, if the contract imposes a burden on one party or does not involve mutual consent, it can be indicated as a *riba* practice, as mentioned in QS. Al-Baqarah: 275. The connotation of *riba* is not always related to "profit" but can also be understood as behavior considered detrimental or unpleasant to a particular party (Furwanti et al., 2023).

Criticism is also directed at *murabahah bil wakalah* contracts. The *wakalah* contract conducted before the *murabahah* contract is merely theoretical. In reality, this contract is conducted simultaneously with the *murabahah* contract, where the bank does not yet own the inventory or the goods have not been purchased by the customer, so the object being sold lacks a clear form and ownership. However, banks are prohibited from holding inventory for sale, raising concerns that Islamic banks may fall into *riba* practices (Abdullah, 2023). The transfer of cash provided by the bank to the customer before the object is sold adds further doubt, as this situation not only shows uncertainty regarding the form and ownership of the goods but also demonstrates that *murabahah* practices are essentially not much different from interest-based loans applied in conventional banking (Alhammadi et al., 2022; Asyiqin & Alfurqon, 2024).

Essentially, the *murabahah* contract is a sales contract. A sale is an act of transferring ownership; if an Islamic bank does not own the goods to be sold to the customer, the transfer of ownership cannot occur. In this situation, the contract cannot be considered *murabahah* because it must adhere to the basic principles of sales, which require ownership of the goods being sold (Andalusi & Selian, 2019). Therefore, Sharia compliance demands that Islamic banks conduct their activities in accordance with Sharia principles and avoid activities prohibited by Sharia, such as *riba*, *gharar*, *maysir*, and *dzolim*, which are still commonly found in practice (S & Setiaji, 2021).

To prevent misunderstandings about Sharia contracts applied in Islamic bank financing, especially in *murabahah* financing, a reconstruction is needed that includes conceptual improvements and the procedural flow of contracts (*tashawwur al-aqd*) in the simplest, most understandable, and quickest resolvable form (Savon & Yousfi, 2023). The fulfillment of Sharia principles must be carried out both before (*ex ante*) and after the contract is executed (*ex post*) (Anas, 2020). Considering that Islamic banking, which should reflect Sharia norms, has been influenced by elements not fully compliant with Sharia principles, this process is not an easy one. The reconstruction of contracts in Islamic banking must be based on the true objectives of Sharia, as reflected in *maqashid syariah*,



derived from the Qur'an and Sunnah. Therefore, contextual principles such as clarity and social justice must be integrated into the contracts, ensuring not only the fulfillment of each party's rights and obligations but also the realization of benefits for the community (Furwanti et al., 2023).

## E. CONCLUSION AND SUGGESTION

Although *murabahah* is the most dominant financing product in Islamic banking, its existence is not free from criticism and various emerging issues. *Murabahah li al-amir bi al-syira'* or *Murabahah to the Purchase Orderer (MPO)* is considered a potential backdoor for *riba* practices, thus requiring extra caution. It should be emphasized that Islamic banks act as sellers of goods in *murabahah* contracts, not as lenders. If the bank merely functions to lend money and receive repayments in installments with additional fees, this can be considered a *riba* practice for two reasons. First, the existence of *wa'd* (a promise) is necessary to ensure that the customer will purchase the commodity after the bank has made the purchase. Second, the deferred payment, which constitutes a form of credit sale or installment sale. These two characteristics are essential in the *Murabahah to the Purchase Orderer (MPO)* model and form the basis for the continuity of such transactions.

To address these issues and strengthen the integrity of Sharia contracts, a conceptual reconstruction and procedural flow of contracts are needed to emphasize the fulfillment of Sharia principles both before and after the contract is executed. By integrating contextual principles, such as clarity and social justice, Islamic banking can better reflect *maqashid syariah* and realize the well-being of the community.

## Limitations of the Research and Future Studies

This research has limitations as it focuses solely on critiquing the *Murabahah li al-amir bi al-syira'* or *Murabahah to the Purchase Orderer (MPO)* contract. While the findings contribute valuable insights into the specific challenges and critiques surrounding MPO in Islamic banking, the study does not explore other Islamic financing products. Future research could expand the scope to include comparisons between *murabahah* and other Islamic banking products, such as *ijarah*, *mudharabah*, or *musyarakah*, particularly in terms of their effectiveness, compliance with Sharia values, and their socio-economic impacts on the community. Additionally, comparative studies could examine the practical implementation of these products in different regions or institutions to identify best practices and highlight areas needing improvement. Such studies would further contribute to a comprehensive understanding of the dynamics and evolution of Islamic finance while reinforcing its alignment with the principles of *maqashid syariah*.

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