

Comparative analysis of murabahah and musyarakah mutanaqisah contract in Islamic home financing ownership at Islamic bank: Case in BTN Syariah Surakarta

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ISSN Print: 2809-6738

ISSN Online: 2809-5855



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Receive on: July 1, 2022

Accepted on: July 7, 2022

Published on: July 7, 2022

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Declaration of conflicting interests:

The authors declare that there is no conflict
of interest

How to Cite:

Abdullah, A. (2022). Comparative analysis of
murabahah and musyarakah mutanaqisah
contract in Islamic home financing
ownership at Islamic bank : Case in BTN
Syariah Surakarta. *NUSantara Islamic Economic
Journal*, 1(2), 226-232.

<https://doi.org/10.34001/nuiej.v1i2.260>

Abstract

This research aims to determine the implementation of the murabahah contract and *musyarakah mutanaqisah* on ownership financing houses in Islamic Banks, as well as the use of *musyarakah mutanaqisah contracts* as financing product innovations house ownership with a qualitative method. The data in this study were obtained by interview, observation, and documentation. The data sources used are primary data and data secondary. Results from study proofs that the use of *musyarakah mutanaqisah* contract on home financing ownership in Islamic banks can be product innovation because its use is more flexible and can be used for various product financing. Whereas part big product home financing ownership in Islamic banks still uses a *murabahah* contract because of a fix installment. Otherwise, *musyarakah mutanaqisah* contract is an that should not be missed, although not familiar, this contract provides more benefits for the bank and convenience for the customer.

Keywords: *Murabaha, Musharaka mutanaqisah*, Islamic bank, home financing

JEL Classification: G21, G32

INTRODUCTION

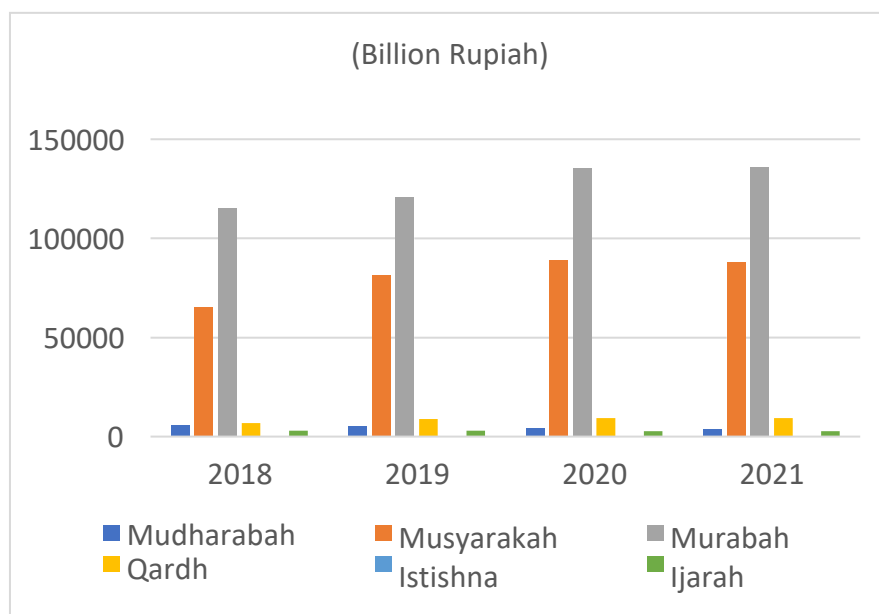
Indonesia is one of the countries with a high population density. It could be seen from data enhancement population in every year. Enhancement amount high population in Indonesia could influenceneeds life, since Januari 2020 until June 2021 the population the increase 879,000 people (Kusnandar, 2021). The fast growth of population had impact on height needs residence. Having a home is a people basic needs. As a place to shelter from natural challenges, animal threats as well as a forum for social interaction family at each activity (Nurani & Ali, 2019)

The fast of enhancement population in Indonesia causes the need for house to live to become a must-have asset by every family. This has impact on enhancement land price so that people have no ability to buy by cash. Then the existence of Home Financing Ownership (KPR)

product is an alternative choice in provide loans (Najib, Bado, Imam, & Ruf, 2020). Home Ownership Loan (KPR) both in institutions Islamic and non Islamic Bank finance have different systems and characteristics (Fauziah, 2016).

The difference between non islamic mortgages and islamic mortgages is in the contract that conducted in beginning agreement (Fauziah, 2016). Profit which gained from mortgage non islamic originated from bank interest or addition cost, whereas profit which gained mortgage from Islamic Bank originated from ratio or profit sale assets to customer. Home ownership financing in islamic bank use a several contract are *murabahah* , *musharakah* , *ijarah* (rent) and *ijarah bittamlik* (lease) (Kurniawan, 2019).

Picture 1
Average Financing Islamic Commercial Bank



Source : (OJK RI, 2021)

Based on the graph of the average Islamic Bank financing from 2018 until 2021, the financing which most public interested community is based on *murabahah* and *musyarakah* contracts. Both of them could give benefit for the people and get a significant increase from year to year because the factor support both internal and external. One support is from Indonesian Ulama Council (MUI) that give fatwa to support Islamic Bank (Nurhasanah, 2019).

RESULT AND DISCUSSION

One of Islamic banks with superior product in home ownership financing is Bank Tabungan Negara (BTN) Syariah. BTN Syariah has product home financing ownership based on islamic finance. BTN Syariah have several product Islamic financing mortgage including KPR BTN Platinum IB, KPR BTN Indent IB, Bangun Rumah BTN IB, BTN IB Property Financing, and IB Subsidized KPR BTN. In 2021 BTN Syariah get quota creditownership house subsidy through scheme Liquidity Facility Financing House (FLPP) as many as 76.381 units or 11,08 Billion Rupiah (btn.co.id, 2021).

The finding in preliminary research in BTN Syariah branch Surakarta is Islamic financing mortgage product that many interested public that is use *murabahah* and *musyarakah mutanaqisah* contract. The use of *murabahah* contracts is more dominant than *musyarakah mutanaqisah* contract. Author find that use *musyarakah mutanaqisah* contract more profitable than *murabahah* contract. The use of *murabahah contracts* in financing home ownership loans in Islamic banks is considered inappropriate because the amount of credit is almost the same with non islamic banks (fixed rate). Whereas, the use of *murabahah contracts* is more dominant than *musyarakah mutanaqisah* contract. Even though by using the *musyarakah mutanaqisah contract*, customers can be offered at relatively affordable prices with a step-up pattern in line with the increasing capabilities of customers (Yulianto, 2019).

This study uses SWOT analysis theory which examines the decision-making process in accordance with the vision, goals, and objectives policy certain (Maulidiyah & Auwalin, 2021). The type of data used by the author in the study is qualitative data with a descriptive method that served in the form of a verbal explanation (Sugiyono, 2010). The sources of data in this study were obtained by direct interviews with bank employees and home ownership financing customers at Bank BTN Syariah.

Implementation *Murabaha* and *Musharakah Mutanaqisah* Contract on Home financing ownership in BTN Syariah Surakarta

Islamic financing mortgage with a *murabahah contract* can be interpreted as: financing draft sell buy. Draft sell buy on mortgage Sharia could minimize public trend in use product financing at non Islamic banks. We can know that mortgage financing in non Islamic Bank use cost addition or interest which prohibited by Islamic bank. Islamic sharia bank will set a number of draft in give financing with contract which already in accordance sharia. One of contract which used is a *murabahah* or sell buy contract. Islamic financing mortgage using payment by concept annuity or payment permanent from beginning installment until end repayment. Islamic financing mortgage using a *murabahah contract* is considered more helpful for the people to fulfill needs the place stay because price which relatively cheap, fixed installments, protected by life and fire insurance, the financing process is easy and fast. But in this Islamic financing mortgage still have costs which suspended to customer and must paid at the beginning of installment payments such as administrative fees, appraisals, and notary. The term of Islamic financing mortgage uses *murabahah contract* start from 1 year until 20 year. Margin which set by BTN Syariah varies between other (btn.co.id, 2021):

1. For a period of 1-5 years, the margin charged is 6.24% per year
2. Period time 6-10 year quantity margin which worn as big as 7.50% per year
3. Period time 11-15 year quantity margin which worn as big as 8.32% per year
4. Period time 16-20 year quantity margin which worn as big as 9.10% per year

As for the provision of financing with the *musyarakah mutanaqisah* contract scheme, it is a cooperation between two or more parties where one of the parties owns the same assets ownership may decrease due to gradual selling by the parties other. Islamic financing mortgage with a *musyarakah mutanaqisah* contract is assessed can provide convenience for customers because the installment period is relatively more long from contract other so that cost installment every month more affordable. The implementation of mortgage by *musyarakah mutanaqisah* contract, the BTN Syariah cooperate with several developers to simplify the ownership process. With a down payment of 1% of the house price, customers get a portion ownership house the. After deal portion capital ownership, customer could pay an installments

cost to bank so that could reduce portion ownership bank. This contract end with the displacement ownership house from the bank to the customer in last period of installment.

The use *musyarakah mutanaqisah* contract on Islamic financing mortgage could give opportunity for bank with method review to money rent which could give a profit. If an Islamic bank obey, they can losses because they occur imbalance. Among source fund in short period with distribution fund financing in long period. BTN Sharia apply cost rent (*ujrah*) by 7.75% for the first three years and 8.25% for the next five years. Installments payment on Islamic mortgages financing use *musyarakah mutanaqisah* contract is step up payment or the payment in the beginning is different to repayment installment. The period of installment on Islamic financing mortgage use *musyarakah mutanaqisah* contract is 1 year until 30 year. Margin which offered to customer variety start from 8-12%. According to Board Supervisor Sharia (DPS), if there is object such a land can be use *musyarakah mutanaqisah* contract to be rented to customer (Kurrohman, 2017).

Comparison between *Murabaha* and *Musharakah Mutanaqisah* Contract on home financing ownership in BTN Syariah Surakarta Use Analysis SWOT

a. Formulation Internal and External Factor Use Contract *Murabaha*

Formulation of internal and external factors using a *murabahah* contract is obtained from the results of interviews with respondents consisting of bank officers and Islamic financing mortgage customers at BTN Syariah. With the formulation of the results of interviews, researchers obtained internal and external factors as following :

1. Strength

- a. *Murabaha* becomes contract which popular and many interested by community compared to other contracts
- b. If object *murabahah* not available, could conducted agreement contract
- c. Legality law guaranteed
- d. Payment installment with *murabahah* contract character *flat* / fixed in every months until payment.

2. Weakness

- a. Islamic financing mortgage use *murabahah* contract more susceptible to non performing finance
- b. Islamic financing mortgage using a *murabahah contract* can only be used for home financing.
- c. Lack of understanding of the concept of *murabahah* contract

3. Opportunity

- a. The use of *murabahah* contracts can be a solution for Islamic financing mortgage
- b. Increased growth of Islamic financing mortgages
- c. The growth of property investment in Indonesia
- d. *Murabahah* contracts can be used for various Islamic financing mortgage products.

4. Threats

- a. The customer does not pay the installments on purpose
- b. Non performing finance should be happened
- c. Transfer of ownership at the beginning of the contract
- d. Competition in Islamic financing mortgage is tougher

b. Formulation of internal and external factors using a *musyarakah mutanaqisah* contract
Obtained from the results of interviews with respondents who consisting of bank officers and Islamic financing mortgage customers at BTN Syariah. With formulation results Interview, author get internal and external factor as follows :

1. Strength
 - a. Customer and sharia bank have assets which becomes object financing
 - b. Islamic financing mortgage with *musyarakah mutanaqisah* contract could minimize financing risk on inflation
 - c. Legality law guaranteed
 - d. No interest system and confiscation house
 - e. Islamic financing mortgage based on profit sharing system
2. Weakness
 - a. The decrease of income sharia bank on margin rent which charged on contract object
 - b. Additional cost which charged to customer
 - c. Handover risk burden cost transaction and payment tax
 - d. Installment payment character step up/tiered
3. Opportunity
 - a. Islamic financing mortgage with *musyarakah mutanaqisah* contract becomes innovation on sharia bank
 - b. Islamic financing mortgage with *musyarakah mutanaqisah* contract combine both *musyarakah* and *ijarah* contract (rent)
 - c. Increase growth mortgage Sharia
 - d. The growth of property infestation in Indonesia
4. Threat
 - a. Business competition on sharia banking more strict
 - b. Ownership status assets still becomes owned by customer and sharia bank
 - c. Implementation financing assets with *musyarakah mutanaqisah* contract in accordance with the term and condition applied.

From the description, it can be analyzed that the application of Islamic financing mortgage with *murabahah* contract using a buying and selling scheme between Islamic banks as sellers and customers as buyers. As for the implementation of Islamic financing mortgage with *musyarakah mutanaqisah* contract using an investment scheme through cooperation Among two party or more where wrong one party have assets that can be reduced in ownership due to purchase by gradually by the other party. The use of *musyarakah mutanaqisah* contract on Islamic financing mortgage can be said to be a product innovation because more flexible, can be used for a variety of products, and time long financing.

The terms and processes that must be met in Islamic financing mortgage with a *murabahah contract* and The *musyarakah mutanaqisah* contract is no different , because it is regulated in regulations issued by the Financial Services Authority in the context of mitigating financing risk. The difference is in the implementation of financing, asset transfer and financing period. As for comparison implementation financing with *murabahah* contract and *musyarakah mutanaqisah* contract on SWOT analysis consist from internal factors and factor external, Both of them the could influence people in determine product Islamic financing mortgage in BTN Syariah Surakarta.

CONCLUSION

Murabahah contract become the biggest product home financing ownership in Islamic banks in uses, because of a fix installment. But, *musyarakah mutanaqisah* contracton home financing ownership in Islamic banks can be product innovation because its use is more flexible and can be used for various product financing. More over, although not familiar, this contract provides more benefits for the bank and convenience for the customer.

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