

MUDHARABAH CONTRACT IN ISLAMIC ECONOMIC PERSPECTIVE

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Abstract: This study focuses on the mudharabah contract, which is a form of cooperation in Islamic economics between mudharib (manager) and shahibul maal (capital owner). The purpose of this study is to analyze the basic principles of the mudharabah contract using a quantitative approach, and how it can be used to develop Islamic economics. This study uses a qualitative approach and explores the legal, social, and economic aspects of the mudharabah contract, as well as the difficulties faced in its implementation. The study shows that the mudharabah contract not only functions as a financing tool, but also functions as a way to encourage sustainable economic growth and community empowerment. It is shown that this agreement encourages both parties to help the business succeed by providing a fair sharing of risks and profits. It is hoped that this study will provide deeper insight into how the Mudharabah Contract strengthens the Islamic economic system.

Keywords: Mudharabah, Islamic Perspective and Business Financing

Introduction

Islamic principles can be described as the foundation of the public financial system to obtain funds to support the Islamic economy in society. In accordance with Islamic law, Islamic banking activities do not involve transferring money to the general public, or if they do, it is not in accordance with the law and does not involve much friction between the bank and the customer. The rewards made by Islamic banks, whether paid to customers or not, are based on Islamic law, whether it is a bank transaction with the customer in storing money or returning it. Every agreement (akad) that is in accordance with Islamic law must comply with the terms and conditions mentioned above.

Financing, or transactions, between Islamic banks and customer banks are not significantly different from conventional banks and customers are not significantly different from conventional banks. The difference is that Islamic bank financing is not based on the name of the product, but on the principles applied. One of the financing principles carried out by Islamic banks is the Mudharabah contract. The Mudharabah contract is a contract between two parties, related to one party submitting capital and the other party empowering the capital in the context of business activities or establishing a business, with the aim of obtaining profits that can be shared together according to the time of the contract. In the Mudharabah contract, the bank acts as the owner of the capital (shahibul maal) and the customer acts as the manager of the capital (mudharib) with a certain business and the profit sharing ratio (profit) according to the agreement at the time of the contract.

In the fundraising products offered by capital owners using the wadi'ah and Mudharabah contract systems, but more dominantly using the Mudharabah contract. Funds obtained from fundraising products based on the Mudharabah contract are then managed through financing to customers with a certain profit sharing ratio according to the agreement so that they can get profit or gain. One of the financing principles used by capital owners is

also based on the Mudharabah contract system. Financing carried out by capital owners must be in accordance with the provisions of the terms, pillars and sharia review of the Mudharabah contract. The use of the mudharabah contract system is an effort to increase the distribution of funds in society by avoiding usury elements in profit sharing. This system is also an effort or to improve the economy in society. Therefore, if there is a capital owner and a borrower (customer), the capital system will run smoothly. After that, there will be an agreement between the two parties in accordance with the contract. borrower (customer), the contract system will run smoothly. After that, there will be an agreement between the two parties in accordance with the contract. the system has three indicators that both capital owners must be known by the owner and recipient And: sighat, object of the contract, and the perpetrator of the contract. the recipient must know: Sighat, Object of the Contract, and the Contract Perpetrator.

Literature Review

Mudharabah is the result of cooperation between Shahibul Mal (capital owner) and Mudharib (business owner). Shahibul does not provide capital, while mudharib runs the business. While losses are borne by the investor if not due to mudharib's negligence, profits are sorted according to agreement (Antonio, 2001). Al-Qur'an: QS. Al-Baqarah (2): 275 adheres to usury and supports transactions based on cooperation. Hadith: "Three things in which there is blessing: strong buying and selling, mudharabah, and mixing wheat with flour for the family" (HR. Ibnu Majah). Fiqh Muamalah: Sharia principles regulate profit sharing and risk management (Wahbah Zuhaili, 2003). Mudharabah is found in Islamic banks, sukuk, and Islamic micro financial institutions such as BMT which support MSMEs without requiring fixed capital (Kasmir, 2014). According to Antonio (2001), (2001), it is based on justice, avoiding usury, and supporting partnerships. Excellence is based on justice, avoiding usury, and supporting partnerships. partnership . Challenges: Risk of moral hazard and lack of public understanding (Ascarya, 2006).risk and lack of public understanding (Ascarya, 2006).

Method

The method applied by the author in this study is a qualitative approach. The type of research used is descriptive qualitative, by collecting data through documentation, where researchers collect various historical research aimed at digging up information from the past systematically and neutrally. To obtain the required data, the initial step taken by the researcher is to collect various books or works from experts that have been published in the form of books, journals, and others related to the research .

Results and Discussion

Transactions carried out by Islamic banks with customers are not much different from transactions carried out by conventional banks. that is done by Islamic banks - Customers are not much different from those done by conventional banks. The difference is that bank financing that Islamic law based on the name of the product, but rather on the principles applied. Bank financing is not based on the name of the product, but rather on the principles applied. One of the basic principles of English Islamic banking is a Mudharabah contract. Sharia banking is a Mudharabah contract. The Mudharabah contract is an agreement between two companies, between two one company uses capital and the other company uses it in various business activities or companies, with sufficient caution so that the profits can be divided equally according to the agreement made at the time of the contract. Split company, namely one company uses capital and the other company uses capital in various

business activities or activities related to the company, with sufficient caution so that the profits can be divided equally according to the agreement made at the time of the contract. In the mudharabah contract, the bank is considered the owner of the capital (shahibul maal) and the customer plays the role of the capital owner (mudharib) for a business and the profit sharing ratio (profit) according to the agreement at the time of the contract .capital (shahibul maal), and the customer is considered the owner of the capital (mudharib) for a particular business and the ratio of the results (profit) is in accordance with the agreement at the time of the contract (Antonio, 2001).

Understanding Mudhrabah

Mudharabah is a partnership contract in Islamic finance, this contract consists of two parties, the first party is the Rabbul Mal. or capital owners and provide capital who then entrust the money to a second party, called mudharib (business owner or worker) to then manage the capital into a profitable business. If the business experiences a loss, then the loss is borne by the capital owner as long as the loss is not due to the manager's negligence. If the loss occurs due to the manager's negligence or negligence, the manager must be responsible for the loss. The Qur'an never discusses Mudharabah in detail, once even when using root dh-rb containing the word " mudharabah " in several different ways mudharib contract containing the word " mudharabah " in several different ways . Although interpreted as having a distant relationship , some verses of the Qur'an that may have something to do with mudharabah also refer to " travel " or " travel for the purpose of trade " . It can be said that the Prophet and some other companions were present in the mudharabah of the partnership . According to Ibn Taymiyyah , the jurists stated the permissibility of mudharabah based on relevant narrations discussed with several Companions , but there is no authentic hadith regarding mudharabah discussed with the Prophet 19 . Ibn Taymiyyah , the jurists stated the permissibility of mudharabah based on relevant narrations discussed with several Companions , but there is no authentic hadith regarding mudharabah discussed with the Prophet . in discuss with the Prophet. Islamic banking issues a mudharabah contract as one of the financial partnerships in Islam. The mudharabah contract can be found in Law Number 21 of 2008 concerning Islamic Banking Article 19 letter (b) and letter (c), which Law that the mudharabah contract is a contract used by Islamic Banks, including UUS, to invest money in the form of deposits, savings, or other forms that are equated with that. Number 21 of 2008 concerning Islamic Banking Article 19 letter (b) and letter (c), which states that the mudharabah contract is a mudharabah contract. used by Islamic Banks, including UUS, to invest their funds in the form of deposits, savings, or other forms that are equated with that. In addition to functioning as a fundraising, the mudharabah contract also functions as a study improvement contract for obtain results²⁴.

According to previously established laws, the mudharabah contract is a contract between the first party (rabbul mal, shaihbul mal, Islamic Bank, and Islamic Business Unit) who provides all the capital and the second party (amil, muadharib, customer) who manages the funds and shares the profits according to the agreement.

Number of numbers the capital in the mudharabah contract must be clarified from the capital in the mudharabah contract must be clarified. This can be represented in one currency unit. On the other hand, the mudharib executes the mudharabah contract starting as soon as the mudharib provides the capital to start a partnership. When carrying out a mudharabah contract, the mudharabah capital given in the middle of the day must be based on debts and loans.the mudharabah given in the middle of the day days must be based on debt and loans. As soon as the mudharib provides capital to start the partnership.

Legal basis for mudharabah

The legal basis for mudharabah is: The Qur'an, in the Qur'an it is not clearly stated about mudharabah, however, scholars among Muslims have agreed on the permissibility of carrying out this kind of business cooperation. In general, the legal basis for mudharabah more reflective of the recommendation to do business. This can be seen in the legal basis of mudharabah as follows: in the legal basis of mudharabah as follows:

1. Al-Qur'an

love الله

(Al-Masjid an-Nabawi:20)

Meaning: " And those who travel through the land seek of Allah's bounty." (QS Al-Muzammil: 20)

فَإِذَا قُضِيَتِ الصَّلَاةُ فَانْتَشِرُوا فِي الْأَرْضِ وَابْتَغُوا مِنْ فَضْلِ

اللَّهِ (الجمعة: ١٠)

Meaning: "When the prayer has been performed, then scatter you on the face of the earth; and seek the grace of Allah and remember Allah ". (Al-Jumua'ah:10)

لَيْسَ عَلَيْكُمْ جُنَاحٌ أَنْ تَبْتَغُوا فَضْلًا مِّن رَّبِّكُمْ... (البقرة: ١٩٨)

Meaning: "There is no sin for you in seeking bounty (good fortune from business) from your Lord." (Al-Baqarah: 198)

2. Al - Hadith (Sunnah)

God willing, God willing, God willing: كَأَنَّ God willing

God willing به واديا ول يشتري به ذات كبد

God willing ص فأجاز مُضَارَبَةَ

Meaning: From Ibn Abbas RA that Al-Abbas bin Abdil Mutthalib RA when handing over property through mudharabah stipulated to his partner not to carry the property across the sea, or down a valley and not to spend it on animals that have dry hearts. His partner agreed to the condition then he guaranteed it. Then the condition was raised to the Messenger of Allah SAW. and he SAW. permitted it. (HR. Al-Baihaqi) .

It was narrated by Ibn Majah that the Prophet SAW. Said;

“There is blessing in three transactions: credit sales, mudaraba and mixing wheat with barley for household consumption, not for trade.”

From the Sunnah, clear evidence regarding the validity of mudharabah is the actions of the Prophet SAW. himself who previously worked as mudharib for Khatijah. Implicit evidence of the Prophet is found in the following cases:

Ibn 'Abbas narrated that whenever his father, Al 'Abbas ibn 'Abdal Mutallib, gave money to establish a mudaraba, he set some conditions that the mudarib should not take the money across the sea, to any village, or give any animal that was weak. If the mudarib did any of these things, then he would be held accountable. The Prophet SAW heard about this practice and allowed it (Al-Bayhqi, Al-Sunan, Al-Kubra, 6/184 (No.11611).

3. consensus

A spec of Another mudharabah is the practice of mudharabah by the companions, namely ijma (consensus opinion) among them. According to his father, Zayd bin Aslam stated:

traveling together in Iraq, "Abdullah and "Ubaydullah," two sons of "Umar," joined Abu Musa al-Ash'ari, the governor of Basrah. He mentioned them and gave them something. His offer was to provide assistance to them to have enough national currency. currency becomes to be transferred to the Bayt al-mal (treasury), and they could trade with that currency. They were able to give the Caliph his profit and his capital (a sum of real money). They then proceeded as instructed. When they finally arrived in Medina and informed the Caliph, he was disappointed. Because their answer was no, Umar was angry and believed

that Abu Musa had only given them money because they were the sons of the Caliph. I asked them whether Abu Musa had given them the same capital as the rest of the army. It is believed that Abu Musa had only given them money because they were the sons of the Caliph.

"Ubaydullah strongly believes that if the money in question that is perishable, then we must be careful of it. "perishable, then we must be careful of it . " However, 'Umar agreed that the money (profit) must be handed over to the bayt al-mal, and they are not allowed to not to throw away throw it away. from it. When Allah subjected the truth of one of the companions of the saying: "O Caliph, perhaps you can make it as qiradh." is: "O Caliph, perhaps you can make it as qiradh." The purpose of this arrangement is explained by Lalu 'Umar the arrangement is explained by Lalu 'Umar. After the money was transferred and the profit was separated for bayt al-mal, then Umar separated the remaining profit in the manner of Abdullah and Ubaydullah. From the money and the separation of profit for bayt al-mal, "Umar" separated the remaining profit in the manner of "Abdullah" and "Ubaydullah". (Al-Sunnah, Al-Kubra, Al-Bayhaqi, 6/183).

4. Qiyas

Mudharabah is likened to al-musyaqah (asking someone to manage a garden). In addition, among humans there are poor and rich people. On the one hand, many rich people cannot manage their wealth. On the other hand, there are many poor people who want to work, but do not have capital. Thus, the existence of mudharabah is intended, among other things, to meet the needs of the two groups above, namely for the welfare of humans in order to meet their needs.

Mudharabah or also known as profit sharing is one form of contract that has existed since the time of the Prophet Muhammad SAW until before the advent of Islam. As a result, it is one type of contract that has existed since the time of the Prophet Muhammad SAW and before the advent of Islam. However, Islam currently provides it in the form of profit and investment. In the form of profit and investment. For example, the Prophet Muhammad who worked with Siti Khadijah as a merchant, went to the land of Syam to trade or trade from goods owned by Siti Khadijah, with a full sense of Syam knowing the results. to trade or trade from goods owned by Siti Khadijah, with a full sense of curiosity about the results. For the results, there are several principles that are guidelines in its activities, namely as follows:

a. The principle of fairness and prudence is reflected in the calculation of the basic profit sharing and the calculation of the profit margin agreed upon between the bank and the customer. Furthermore, the bank will act as a manager to allocate funds available from customers to profitable businesses in a professional manner.

b. The principle of equality, which is aimed at depositors, user fund customers, or banks in the same and equal manner. There are several factors that affect depositors and banks, including rights, obligations, risks, and benefits.

c. Principle of peace: Sharia Bank products have been made in accordance with Islamic law and the rules of Muamalah, including the prohibition of usury and the imposition of zakat on wealth. Thus, customers will be able to achieve peace both physically and mentally. has been made in accordance with Islamic law and the rules of Muamalah, including the prohibition of usury and the imposition of zakat on wealth. Thus, customers will be able to achieve peace both physically and mentally.

The distribution of profits or business results given by Islamic banks is known as profit sharing or nisbah. This profit sharing system (profit sharing) is fairer than the interest system, even the interest system can be classified into the category of usury which is clearly forbidden by law, according to the word of Allah SWT in the Qur'an in the letter Al-Baqarah verse 275 which reads:

اللَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ۗ God bless you God willing
 'فَمَنْ جَاءَهُ' The Most High My name is Allah is the Most Gracious FINA Allah is the Most
 High Mo Allah is the Most Gracious And I will be with you O Allah Allah is the Most
 Gracious And I will O Allah Allah is the Most Gracious The Most High Allah is the Most
 Gracious Allah FYI And Allah is the Most Gracious

Meaning: Those who consume (transact with) usury cannot stand, except like one who stands staggering because of being possessed by Satan. That is because they say that buying and selling is the same as usury. Whereas, Allah has permitted buying and selling and forbidden usury. Whoever has been reminded by his Lord (regarding usury), then he stops until what he had acquired before becomes his own and his affair is (up to) Allah. Whoever repeats (usury transactions), those are the people of the Fire. They will abide therein forever.

The purpose of Islam in promoting usury is because it ...

The distribution of legitimate and acceptable profits is the basis for the development and implementation of Islamic banking. As the basis for the development and implementation of Islamic banking. According to Islam, capital owners can safely receive part of the profits obtained from their business operations. Islam capital owners can safely receive part of the profits generated from their business operations. Islam has a system for results, because as previously mentioned, this system is a ratio for results, not a rate of return as in the interest system. for results because, as previously stated, this is a ratio for results and not a rate of return as in the interest system.

The risks involved in mudharabah, especially in its implementation, are relatively high. including:

- a. Streaming slides and data collection using this modal is not the same as what is called an agreement or contract. Data collection using this modal is not the same as what is called an agreement or contract.
- b. Negligence or problem issues that is being faced or being handled.
- c. Managers concealing profits if the manager is dishonest.

In the process of process In the implementation of profit sharing or mudharabah agreements, there are several risks that can occur. Therefore, the pillars and conditions in the profit sharing or mudharabah agreement must be reduced. In carrying out profit sharing or mudharabah practices, there are several risks that may occur. Therefore, the pillars and conditions in the profit sharing or mudharabah agreement must be reduced. In terms of results, if a loss occurs during implementation, it will be resolved cooperatively and cannot be limited to transferring funds to the capital owner or capital operator only. During implementation, it will be handled cooperatively and cannot be limited to transferring funds to the capital owner or capital operator only.

Rukun and Requirements for M udharabah

There are different opinions of ulama (jumhur ulama) regarding the pillars of the mudharabah contract. According to the Hanafi (al-Hanafiyah) and Hambali (al-Hanabilah) schools of thought, the pillars of a mudharabah contract are consent and qabul. (Sabiq, p.: 212) Because the conditions have been fulfilled, the mudharabah contract becomes valid. However, some schools of thought, such as the Shafi'i school of thought, propose several elements of mudharabah, including consent and qabul and two parties: work, profit, and capital.

According to the majority of scholars, consist of :

- a. To explain the purpose of doing mudharabah activities, ijab and qabul must be clear. You can use words like mudharabah, Qiradh, Muqaradhah, Muamalah, or whatever has the same meaning there.

b. Ijab and Qabul must meet, which means that the first party's offer has been received and acknowledged by the second party, and the ijab uttered by the first party must be accepted and agreed to by the second party as proof of their willingness.

c. Ijab and Qabul must be in accordance with the intentions of the first party and match the wishes of the second party.

1. Two people who collaborate (al-'Aqidain)

Two people must be involved in a mudharabah contract: one acts as the capital owner (Shahib al-mal), and the other acts as the business executor (Mudharib or "Amil"). There is no mudharabah contract without these two actors (Karim, 1993: 181).

The parties (shahib al-mal and mudharib) are required (Muhammad, 2005: 60):

a. Capable of acting according to sharia law, meaning that the shahib al-mal can be the financier and the mudharib can be the manager.

b. Have the authority to delegate or grant power of attorney, because handing over capital to a capital manager is a form of granting power of attorney to manage capital.

c. Shahib al-mal is a person who has the freedom to choose, not forced or by his own will. While mudharib is a person who does his job. As mentioned above, he must be capable, honest, and good at trading because he holds money with the trust of the capital owner .

2. The existence of capital, as for capital, is required (Muhammad, 2005: 62-64):

a. So that there are no disputes in the distribution of profits due to unclear information about the type and amount of capital, the capital must be known by both parties at the time the mudharabah contract is made.

b. Must be in the form of money (not goods). Most scholars are of the opinion that capital must be in the form of money and not goods because it can cause ambiguity. Because these goods usually fluctuate .

c. Money is cash, not debt.

d. Capital is given directly to the manager rather than in installments.

e. The capital must be determined and given to the mudharib to enable the owner to provide it continuously.

3. The existence of work or business (Al-'aml)

Some scholars, especially Shafi'i and Maliki, say that this type of management business is only a trading business. They reject industrial business. Because industrial activities are like rental contracts, the investor (capital owner) is responsible for all profits and losses. while employees are paid regularly. However, apart from trading, Abu Hanifah allows any business, including industry and crafts. A person can give his capital to workers, who will use it to buy the raw materials needed to make goods, which can then be sold. This does not include pure trade, where a person is only involved in buying and selling.

It seems that every economic activity has an element of trade because every economic activity that includes making a product or service and then selling it or making a profit is part of trade. Therefore, it can be said that all types of business are permissible in this case. It must be profitable. However, it must meet the requirements of the Shari'ah so that it is a halal business. While running this business, the shahib al-maal should not interfere in the technical operations and management of the business, and he should also not limit the mudharib's efforts in such a way that the effort to obtain maximum profit is not achieved. However, the managers must always run their business in accordance with the overall rules of the Shari'ah. The business must meet the requirements of the shahib al-mal if it is carried out under a limited mudharabah contract (Muhammad, 2005: 64).

4. Profit ratio

Both parties in the mudharabah are entitled to the rewards given by this ratio. The mudharib gets a reward for the effort he makes, and the Shahib al-Mal gets a reward for his capital contribution. This profit ratio will prevent conflict between the two parties regarding how to share profits. Regarding profits, it is required:

a. The profit provisions in the mudharabah agreement must be clear, such as half or a quarter of the profit. Thus, both parties are expected to have clarity and certainty. In addition, the mudharib will not receive a share of the capital, but of the profit.

b. The profit is only given to the two parties who work together, so it is not valid if some of the profit is given to another party. Except for their two slaves, the needs of one of the slaves must be combined with the needs of his parents. That is according to the Syafi'i school of thought.

Types of Mudharabah Contracts

Fiqh scholars divide Mudharabah contracts into two types:

1. Mudharabah Muthlaqah: absolute surrender of capital without any restrictions. The entrepreneur has the freedom to manage his capital with any business he considers profitable and anywhere he wants.

2. Mudharabah Muqayyadah: Mudharabah muqayyadah is the transfer of capital carried out with certain terms and conditions. Entrepreneurs in mudharabah muqayyadah must follow the terms and regulations made by the capital owner.

In both types of mudharabah contracts, the entrepreneur is free to undertake any business that can generate profits. The recipient of the capital, on the other hand, must comply with certain conditions and restrictions set by the capital owner.

Termination of Mudharabah Contract

A mudharabah contract is declared void in the following cases: 1) each party declares the contract void, the employee is prohibited from taking legal action against the capital provided, or the owner of the capital withdraws his capital, 2) one of the parties to the contract dies. If the capital owner dies, according to the majority of scholars, the contract is void, because the mudharabah contract is the same as the wakalah contract (representation which is terminated due to the death of the person who represents him). In addition, the majority of scholars are of the opinion that the mudharabah contract cannot be inherited. However, scholars of the Maliki school of thought are of the opinion that that if one of the parties to the contract dies, the contract is not cancelled, but it is not continued by his heirs because, according to them, the mudharabah contract can be inherited, 3) one of the parties to the contract is insane, because an insane person is no longer capable of acting legally, 4) the owner apostate capital (leaving Islam), according to Imam Abu Hanifah, the mudharabah contract is void, 5) the capital is used up in the hands of the capital owner before being managed by the workers. Likewise, mudharabah is void if the capital is spent by the capital owner so that there is nothing left for the capital owner to manage so that there is nothing left for the workers to manage (Ridwan, 2004: 99).

In both types of mudharabah contracts, entrepreneurs are free to undertake any business that can generate profits. The recipient of capital, on the other hand, must comply with certain requirements and limitations set by the capital owner. In Indonesia, Baitul Maal Wa Tamwil (BMT) is growing. This organization with the name of integrated independent business has two functions at once: developing assets (baitul tamwil) and receiving zakat, infak, and sedekah (baitul maal) while optimizing their distribution in accordance with its regulations and rules. BMT was established as a funding solution that is easy, fast, and free from loan sharks with sharia principles. Mudharabah financing, one of BMT's products intended to help people who have difficulty in obtaining business capital, is widely used by

the community to cover their capital shortages. Baitul Maal Wa Tamwil (BMT), one of the simplest Islamic financial institutions in Indonesia today, operates among the lower economic community and helps develop productive entrepreneurship and investment to improve the economy of small entrepreneurs through the application of Islamic principles through financing.

BMT Masalahah Sidogiri Pandaan in Pasuruan Regency is one of the many BMTs that have developed along with technological advances. In addition to functioning as an economic institution, BMT strives to increase the potential of the people in poverty alleviation programs, help weak entrepreneurs get loans, and create sources of financing and capital provision with sharia principles.

In business, capital is very important, even to measure income and increase productivity. In theoretical economics, income is the result received from the use of wealth (human services) in the form of money or others. The availability of sufficient capital will allow businesses to survive and carry out daily activities smoothly. Islamic banking (including BMT) uses mudharabah financing as the main tool to mobilize and move a very large population and provide various facilities, including financing for entrepreneurs.

The bank provides overall investment or working capital financing, and the customer provides a complete project or business with its management. With the provisions set out in accordance with the mutual agreement, the bank and the customer can share or bear together the profits and losses experienced by the client. Furthermore, at maturity, the customer must return the capital to the bank, either in installments or paid in full. The results between the customer and the bank last as long as the capital provided by the bank has not been fully returned.

With mudharabah financing, BMT Masalahah Sidogiri, which has a branch in Pandaan sub-district, Pasuruan regency, offers options for small entrepreneurs in the Pandaan area and its surroundings in running their businesses. because of the consequences associated with the implementation of the mudharabah financing system. At least it can reduce the interest burden. The principle of yield is used in mudharabah financing, which is expected to benefit both parties.

Potentially increasing the business of business actors, including micro, small and medium enterprises (MSMEs) in Pandaan, Pasuruan Regency and surrounding areas, if this mudharabah financing is used properly and in accordance with sharia regulations. In addition to encouraging the people's economy, the goal of BMT is to increase economic efforts for the welfare of members and society as a whole. However, the provision of mudharabah financing to small entrepreneurs, especially small entrepreneurs, has not really shown an increase in business activities. This is due to the fact that many entrepreneurs financed by BMT still face obstacles in developing their businesses. In Islam and Sharia economics, usury is a very important concept. This is one of the elements that must be well understood by Muslims because it has a major impact on their economic and financial lives. Islamic religious law and the consensus of scholars determine the position of usury in human life. We must study these two laws carefully so as not to misunderstand how usury can affect our finances.

In Islam, usury is stated as something that is strictly prohibited. The Koran, the holy book of Muslims, clearly forbids the practice of usury . In the Al-Qur'an Surah Ali Imran verse 130, Allah SWT says:

"O you who believe, do not consume usury in doubles and fear Allah so that you will be successful." (QS. Ali Imran [3]: 130)

Then, in the Qur'an Surah Al-Baqarah verse 275, Allah says:

“People who consume usury cannot stand but stand like a person possessed by a demon because they are crazy. This is because they say that buying and selling is the same as usury. Even though Allah has permitted buying and selling and prohibited usury. Whoever receives a warning from his Lord, then stops, then what he has previously obtained becomes his and his business (is up to) Allah. Whoever repeats it, then they are the inhabitants of hell, they will remain there forever.” (QS. al-Baqarah [2]: 275)

Types of Usury:

1. Riba Al-Fadl: This is a type of riba that occurs when money is exchanged for money or consumer goods are exchanged for other consumer goods.

2. Riba Al-Nasi'ah: On the other hand, riba al-nasi'ah is the practice of taking or giving additional to an item or capital with delayed payment and final payment. It is very common in transactions involving goods whose equivalent is not clear. The situation where two individuals exchange 24 carat gold is an example of this riba. The first party hands over the gold, but the second party says they will give the gold within a month. Since the value of gold can fluctuate, this situation is considered riba.

How to avoid usury:

1. Avoiding Usury in Buying and Selling Transactions It is very important to ensure that all transactions are carried out in a clear and fair manner. Prices and payment terms must be clear, and there must be no usury. In buying and selling transactions, integrity and transparency are very important in Islam.

2. Avoiding Usury in Loan Transactions: Everyone can seek halal sources of funds to avoid usury in loan transactions. Usury-free loans are available at many Islamic financial institutions. In addition, it is important to stay disciplined with your personal finances and avoid unnecessary debt. It is essential to understand usury in Islam if you want to live more in accordance with your religious values. Usury is forbidden in the Qur'an and is recognized by the consensus of Islamic scholars. Individuals must be careful when borrowing and purchasing goods to avoid usury. By adhering to Islamic laws on usury, we can ensure that all our economic activities remain approved by Allah and kept away from sin.

Conclusion

Mudharabah is a cooperation between the owner of funds or investors (shaihb al-mal/rabb almal/investor) with the capital manager (mudharib) to conduct business with profit sharing based on the ratio. In Islam, this form of cooperation is permitted based on legal evidence in the Quran and Sunnah. Some Islamic jurists refer to mudharabah as muqaradhah or qiradh. Mudharabah contract has no basis in the Qur'an or the Sunnah implicitly, however this contract has been used to carry out trade by early Muslim generations. Contracts were developed by the Fuqaha based on the conditions of their time based on general principles of sharia about justice. As well as the conditions of mudharabah intended to protect the interests of both the mudharib and the rabbul mal.

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