

Integrating Hybrid Sharia Contracts in Letter of Credit (L/C) Transactions for Export and Import in Islamic Banking in Indonesia

Eva Sumanti^{1*}, Camelia Sofwan Al-Rasyid², Pitriani³,
Muhamad Izazi Nurjaman⁴, Raid Alghani⁵

Abstract: This study aims to analyze the application of the hybrid contracts concept in the Sharia export and import of L/C products in Indonesia to contribute to developing a practical or theoretical framework in Sharia banking. This article is a juridical-normative study using qualitative data from a literature study. Primary data comes from several DSN-MUI Fatwas related to L/C products, plus secondary data from a review of other reading materials relevant to the research topic. The data analysis techniques used are condensation, data presentation, and conclusion. This study found that the concept of hybrid contracts in sharia import and export L/C products has changed the status of L/C products, which were initially dominant service products with a single contract (*wakâlah bi al-ujrah*) into various hybrid contract schemes with status as financing products. One of the hybrid contract schemes that are widely used is the *murâbahah bi al-wakâlah* contract, where the bank (issuing/advising bank) also provides funds in the form of purchasing imported goods, which are then resold to the importer or representing the sale of imported goods to the exporter.

Keywords: Export Letter of Credit, Fatwa DSN-MUI, hybrid contracts, Import Letter of Credit Islamic economic law

Abstrak: Penelitian ini bertujuan untuk mengetahui analisis penerapan konsep akad hybrid pada produk L/C ekspor dan impor syariah di Indonesia untuk berkontribusi pada pengembangan kerangka kerja praktis atau teoritis dalam perbankan syariah. Artikel ini merupakan penelitian yuridis-normatif, dan menggunakan data kualitatif dari studi kepustakaan. Data primer berasal dari beberapa Fatwa DSN-MUI yang berkaitan dengan produk L/C, ditambah dengan data sekunder yang berasal dari penelaahan bahan bacaan lain yang relevan dengan topik penelitian. Teknik analisis data yang digunakan adalah kondensasi, penyajian data, dan penarikan kesimpulan. Penelitian ini menemukan bahwa konsep akad hybrid dalam produk L/C impor dan ekspor syariah telah merubah kedudukan status produk L/C yang awalnya berupa produk pelayanan jasa yang dominan dengan akad tunggal (*wakâlah bi al-ujrah*) menjadi berbagai skema akad hybrid dengan status sebagai produk pembiayaan. Salah satu skema akad hybrid yang banyak digunakan adalah akad *murâbahah bi al-wakâlah*, di mana

*Corresponding Author

^{1,3}Institut Agama Islam Negeri Kerinci, Indonesia

^{2,4}UIN Sunan Gunung Djati Bandung, Indonesia

⁵Al-Azhar University, Egypt

E-mail: ¹evasumantii@kerinci77@gmail.com, ²cameliasofwan@gmail.com, ³pitriani@pit58@gmail.com,

⁴muhamadizazinurjaman@gmail.com, ⁵raidalghani4@gmail.com

pihak bank (*issuing/advising* bank) ikut memberikan dana berupa pembelian barang impor yang kemudian dijual kembali kepada pihak importir atau mewakilkan penjualan barang impor kepada eksportir.

Kata kunci: *Letter of Credit* Ekspor, Fatwa DSN-MUI, hukum ekonomi Islam, hybrid contracts, *Letter of Credit* Impor

Introduction

The *akad* (contract) system is a distinctive feature that distinguishes Islamic banks from conventional banks.¹ Through the *akad* mechanism, Islamic banks will gain profits by Islamic economic principles, namely business income that is free from interest (*ribâ*),² *gharar* (fraud), and *maysîr* (speculation).³ However, along with the development of modern transactions, a single contract can no longer be used in several product offerings in Islamic banks.⁴ This development is challenging for banking institutions, requiring them to increase their competitiveness by innovating existing products.

In line with these interests, Islamic banks no longer use only one contract in their product offering mechanisms but various contracts that follow customers' needs and desires. The contracts in question are included in the category of *mu'âwadhat* contracts, namely contracts whose primary purpose is profitable business activities. This contract differs

¹ Muhammed Habib Dolgun, Abbas Mirakhor, and Adam Boon Ka Ng, 'A Proposal Designed for Calibrating the Liquidity Coverage Ratio for Islamic Banks', *ISRA International Journal of Islamic Finance*, 2019.

² Muhamad Izazi Nurjaman and Syahrul Anwar, 'Praktik Riba dan Bunga Bank: Telaah Etika dalam Ekonomi Islam', *Al-Iqtishod: Jurnal Pemikiran dan Penelitian Ekonomi Islam*, 10.1 (2022): 1–15 <<https://doi.org/10.37812/aliktishod.v10i1.296>>. Compare Karimuddin, Karimuddin, Muhammad Haeqal, Rahmad Efendi, Marhadi Marhadi, and Ahmad Rezy Meidina. "Bank Interest in the Contemporary Era: Problem of Ad'afan Muda'afah Interpretation in Determining Law of Usury." *MILRev: Metro Islamic Law Review*, 3.1 (2024): 43-65..

³ Dyah Ochtorina Susanti, Aan Efendi, and Auliya Safira Putri, 'The Urgency of Sharia-Crowdfunding as an Alternative Funding in Development of Nusantara's Capital City', *Petita: Jurnal Kajian Ilmu Hukum dan Syariah*, 9.1 (2024): 114–128 <<https://doi.org/10.22373/petita.v9i1.242>>.

⁴ Darti Busni, Doli Witro, Iwan Setiawan, and others, 'Implementation of the Hybrid Contract Concept in Multiservice *Ijârah* Financing as a Financing Alternative Health Service in the Covid-19 Pandemic', *JURIS (Jurnal Ilmiah Syariah)*, 21.1 (2022): 11–25 <<https://doi.org/10.31958/juris.v21i1.5173>>.

from the *tabarru* contract, a business activity or cooperation agreement carried out in business without the lure of sure profits or rewards.⁵ One *mu'âwadhat* contract will determine Islamic banks' profit. Profit can be a margin obtained from a sale and purchase contract, dividends from a cooperation contract, or umrah from a lease contract.

According to Nazih Hammad, *al-'uqûd al-murakkab* (hybrid contract) is made by two parties to agree on two or more contracts, such as rent, sale, purchase, etc.⁶ The Islamic banking world is developing hybrid contracts as product innovation for Islamic banks to increase product marketing,⁷ customer satisfaction and increasing income.⁸ By using the multi-contract mechanism, Islamic banks can obtain two or three sources of income at once in one agreement.⁹

The Fatwa of the National Sharia Council of the Indonesian Ulama Council (DSN-MUI) supports using this hybrid contract mechanism.¹⁰ One of the hybrid contracts recommended by DSN-MUI, as stated in its three fatwas, is the Fatwa on Hybrid Contracts in Islamic Import Letter of Credit (L/C) Service Products (Fatwa No. 34 of 2002) and Islamic Export Letter of Credit (L/C) (Fatwa No. 35 of 2002). and

⁵ Pitriani and others, 'Re-Reading *al-Uqûd al-Murakkabah*: Types and Models of Hybrid Contracts Concept in Fatwa DSN-MUI', *Khazanah Hukum*, 6.2 (2024): 172–188 <<https://doi.org/10.15575/kh.v6i2.34717>>.

⁶ Nazih Hammad, *al-'Uqûd al-Murakkabah fî al-Fiqh al-Islâmî* (Damaskus: Dâr al-Qalam, 2005). See also Akmal, Haerul, and Mohammad Hanief Sirajulhuda. "Tinjauan Fiqh Muamalah Terhadap Transaksi Multi Akad dalam Fatwa DSN-MUI Tentang Pembiayaan Likuiditas Jangka Pendek Syariah." *Al-Istinbath: Jurnal Hukum Islam*, 4.2 (2019): 195–212.

⁷ Darti Busni, Doli Witro, Raid Alghani, and others, 'Hybrid Contracts in Leasing and *Ijârah Muntahiya Bit Tamlik* in Indonesia Sharia Financial Institutions', *EkBis: Jurnal Ekonomi dan Bisnis*, 6.1 (2022): 59–73 <<https://doi.org/10.14421/ekbis.2022.6.1.1505>>. See also Khadijah Amira Abdul Rashid, Mohd Mahyeddin Mohd Salleh, and Mohd Soberi Awang. "Concept and Application of *Ijârah*, *Wakâlah* and *Ji'âlah* Contract in the Public Donation: a Comparative Study between Non-Governmental Organizations (NGOs) in Malaysia." *Malaysian Journal of Syariah and Law*, 8.2 (2020): 54–61.

⁸ Ferlangga Al Yozika and Nurul Khalifah, 'Development of Financial Product Innovation and Islamic Banking in Maintaining and Increasing Customer Satisfaction', *Jurnal Ilmiah Edunomika*, 1.2 (2017): 100–107 <<https://doi.org/10.29040/jie.v1i02.154>>.

⁹ Jaih Mubarak and Hasanudin Hasanudin, *Fikih Mu'amalah Maliyyah: Prinsip-Prinsip Perjanjian* (Bandung: Simbiosis Rekatama Media, 2017).

¹⁰ Muhamad Izazi Nurjaman and Doli Witro, 'The Relevance of the Theory of Legal Change According to Ibnu Qayyim al-Jauziyyah in Legal Products by Fatwa DSN-MUI Indonesia', *El-Mashlahah*, 11.2 (2021): 164–186 <<https://doi.org/10.23971/elma.v11i2.3181>>.

the Fatwa on L/C with *Kafâlah bi al-Ujrah* Contract (Fatwa No. 57 of 2007). The three products above are banking service facilities for payment mechanisms for sales and purchases carried out by exporters and importers who are separated geographically and geopolitically.¹¹ With the role of banks providing payment services, L/C is the safest payment instrument from the risk of fraud. That is why L/C products are the most popular payment model in international business transactions.¹²

Furthermore, based on the import and export L/C fatwa, there are several types of contracts used in the banking service mechanism, namely: First, in the type of single contract: There are single contracts which are classified as *mu'âwadhat* (*wakâlah bi al-ujrah*, *murâbahah*, *salam*, *istishnâ'*, and *mushârah*) and there are also those which are *tabarru'* (*wakâlah* and *hiwâlah*). Second, a mixed contract with a hybrid contract scheme, namely between a *wakâlah bi al-ujrah* contract and a *mudhârah*¹³ contract between a *tabarru'* contract and a *mu'âwadhat* contract (a hybrid contract scheme between a *wakâlah bi al-ujrah* contract and a *qardh* contract, a *wakâlah bi al-ujrah* contract with a *hiwâlah* contract and a sale and purchase contract with a *wakâlah* contract). Based on the L/C fatwa regarding the *kafâlah bi al-ujrah* contract, it is possible to create a hybrid contract scheme as in the two previous fatwas through this contract.

The rise of Islamic banking at a crucial moment in the modern financial landscape over the past few decades has attracted the attention of many observers. Several previous studies concluded that of the many contracts above, the *wakâlah bi al-ujrah* contract and the *murâbahah* contract are the most widely used by Islamic banks to develop Sharia L/C products. This is concluded by Widyastuti, one of several existing L/C products; the *wakâlah bi al-ujrah* contract is the most widely used at Bank XYZ.¹⁴ Likewise, according to Suhendar, *wakâlah bi al-ujrah*

¹¹ Meisa Yutika and Diah Siti Sa'diyah, 'Sharia Letter of Credit Mechanism at PT Bank BNI Syariah', *Jurnal Hukum Ekonomi Syariah*, 5.1 (2018): 38–46 <<https://doi.org/10.15575/am.v5i1.9654>>.

¹² Muh. Suhendar, 'Penerapan Hybrid Contract Pada Letter of Credit', *Jurnal Ilmu Akuntansi dan Bisnis Syariah*, 2.1 (2020): 111–122 <<https://doi.org/10.15575/aksy.v2i1.7865>>.

¹³ About *mudhârah* see Moh. Rasyid, "Problematics of Implementation of the *Mudhârah* Contract on Sharia Banking in Indonesia." *J. Islamic L.* 2 (2021): 22.

¹⁴ Shinta Widyastuti, 'Accounting for Sharia-Based Letter of Credit (L/C) Products: A

contracts and *murâbahah* contracts can be applied to sharia L/C products because they are very efficient and safest in minimizing risks.¹⁵ Maulana also conveyed a similar conclusion: Before Bank Syariah Mandiri became part of BSI, this bank used *wakâlah bi al-ujrah* contracts and *murâbahah* contracts to develop its Sharia L/C products.¹⁶

The problem is that these contracts are still single, whereas DSN-MUI offers many hybrid contract schemes. Therefore, whether the hybrid contract scheme offered by DSN-MUI in its Fatwa has weaknesses that make it difficult for Islamic banks to implement it or whether there are various risk considerations arising from the hybrid contract scheme; for this reason, this study tries to analyze the application of hybrid contracts in L/C transactions in Islamic banking to obtain an overview of the concept's application in Indonesia. Thus, the findings of this study are expected to contribute to the development of a practical or theoretical framework in Islamic banking science, especially in the development of Islamic L/C products.¹⁷

Research Methods

This research is classified as a juridical-normative study.¹⁸ Normative legal research is legal research that places law as a norm for system development.¹⁹ This study describes the hybrid contract scheme DSN-MUI offers in product development in Islamic banking, especially for

Case Study of PT Bank XYZ', *JIAFE (Jurnal Ilmiah Akuntansi Fakultas Ekonomi)*, 5.1 (2019): 65–78 <<https://doi.org/10.34204/jiafe.v5i1.1222>>.

¹⁵ Suhendar.

¹⁶ Irwan Maulana, 'Application of Akad *Wakâlah* in Bank Syariah Mandiri Letter of Credit', *Jurnal Asy- Syukriyyah*, 21.2 (2020): 175–193 <<https://doi.org/10.36769/asy.v21i02.117>>.

¹⁷ Sharia economic law can be understood as an integral aspect of Sharia or Islamic law that has become well-known worldwide and in Indonesia. See Miftakhul Huda, Umi Sumbulah, and Nasrulloh Nasrulloh, 'Normative Justice and Implementation of Sharia Economic Law Disputes: Questioning Law Certainty and Justice', *Petita: Jurnal Kajian Ilmu Hukum dan Syariah*, 9.1 (2024): 340–356. <https://doi.org/10.22373/petita.v9i1.279>.

¹⁸ Mhd Rasidin and others, 'The Mapping Verses and Application of the Linguistic Approach and Ushûl Fiqh Toward the Law of Adultery', *El-Mashlahah*, 14.1 (2024): 21–42 <<https://doi.org/10.23971/el-mashlahah.v14i1.7354>>.

¹⁹ Ramdani Wahyu Sururie and others, 'Co-Parenting Model in Resolving Child Custody Disputes in Urban Muslim Families', *Petita: Jurnal Kajian Ilmu Hukum dan Syariah*, 9.1 (2024): 250–268 <<https://doi.org/10.22373/petita.v9i1.277>>.

Islamic import and export L/C products. The contract is a mixture of the *mu'awadhat* contract (commercial purpose) and the *tabarru'* contract (social purpose). Applying the hybrid contract concept to a banking product is believed to provide various sources of income for Islamic banks.

This study uses qualitative data from primary legal literature/documents, including theories, concepts, legal principles, and relevant laws and regulations, especially DSN-MUI Fatwas related to L/C products.²⁰ In addition, this study uses other secondary data sources that function to support primary data sources. This data includes information from various literature, such as scientific articles and books.²¹ Furthermore, the collected data is processed using condensation and presented to conclude.²²

Results and Discussion

The Concept of Letter of Credit (L/C) in Conventional and Islamic Banking

Letter of Credit (L/C), commonly referred to as a document of credit certificate, is defined as a means of payment issued by an authorized institution (bank) at the request of the Importer in trade transactions between countries or International trade.²³ In simple terms, L/C can also be interpreted as taking over the responsibility for payment of transactions by another party; the other party in question is a bank based on a request from a guaranteed party, namely an importer who is a buyer or a customer of the bank concerned to make payment transactions to

²⁰ Helmina Helmina and others, 'Compromising and Repositioning the Meaning of Corruptors as Thieves in Applying the Provisions of Shara' into the Modern Era Context', *Al-'Adalah*, 21.1 (2024): 25–52 <<https://doi.org/10.24042/adalah.v21i1.21251>>.

²¹ Dena Ayu and others, 'A Sociological Approach to Consumer Protection in E-Commerce Transactions During the Covid-19 Pandemic', *Khazanah Hukum*, 4.3 (2022): 181–191 <<https://doi.org/10.15575/kh.v4i3.18690>>; Shinta Azzahra Sudrajat, Arzam Arzam, and Doli Witro, 'Legal Protection in Labor Dispute Settlement Through Industrial Relations Mechanism', *Khazanah Hukum*, 4.1 (2022): 1–9 <<https://doi.org/10.15575/kh.v4i1.17027>>; Nurjaman and Witro, 'The Relevance of the Theory of Legal Change According to Ibnu Qayyim al-Jauziyyah in Legal Products by Fatwa DSN-MUI Indonesia'.

²² Matthew B. Miles, A. Michael Huberman, and Johnny Saldaña, *Qualitative Data Analysis: A Methods Sourcebook* (California: SAGE Publications, Inc., 2014), pp. 31–33.

²³ Rian Alfi and Tubagus Rifqy Thantawi, 'Analysis of the International Trade Regulation Uniform Customs and Practice for Documentary Credit (UCPDC) Revision 600 in Islamic Economic Review', *Nisbah: Jurnal Perbankan Syariah*, 1.1 (2015): 23–37 <<https://doi.org/10.30997/jn.v1i1.214>>.

the exporter who is domiciled as the seller or the party receiving the guarantee based on the terms and conditions previously determined and mutually agreed upon.²⁴

L/C products for conventional banks are used to finance long-distance sales contracts between importers and exporters in a condition where the two do not know each other. Meanwhile, L/C for Islamic banks can be regarded as financing or service that facilitates customer transactions through imports and exports.²⁵ The legal basis for L/C transaction rules in International trade is the Uniform Custom and Practice (UCP 600), a revision of the UCP 500. The International Chamber of Commerce publishes this UCP containing standard rules and L/C implementation mechanisms. In addition, rules relating to the anticipation of irregularities in L/C transactions, whether intentional or due to the negligence of certain parties, can harm other parties.²⁶ For example, banks that receive fake documents for L/C transactions will receive legal protection and can take legal action per the rules stated in the UCP.²⁷ Establishing the UCP will help overcome national legal conflicts between countries in L/C transactions. Therefore, it is expected that UCP will realize the unification and harmonization of legal provisions relating to L/C transactions and achieve uniformity in its implementation in banking.²⁸

In practice, L/C is divided into import L/C and export L/C. For Islamic banks, these products are stipulated through DSN-MUI Fatwa Numbers 34 and 35 concerning import L/C and sharia export L/C. The Sharia import and export L/C in the two fatwas are interpreted as a statement letter that will be paid to the exporter issued by the bank for

²⁴ Suhendar.

²⁵ Adiwarman A. Karim, *Bank Islam: Analisis Fiqih dan Keuangan* (Jakarta: PT. RajaGrafindo Persada, 2006).

²⁶ Maulana.

²⁷ Trisna Alysianingrum, Budiharto Budiharto, and Sartika Nanda Lestari, 'Legal Protection for Advising Banks Receiving False Documents in Transactions Using Letter of Credit (L/C)', *Diponegoro Law Journal*, 8.4 (2019): 23–34 <<https://doi.org/10.14710/dlj.2019.27786>>.

²⁸ Zaned Zihan Sosa Elsera Lubis, M. Nur, and Sanusi Sanusi, 'The Principle of Balance in Letter of Credit Issuance Agreement as an International Business Transaction', *Jurnal Magister Hukum Udayana (Udayana Master Law Journal)*, 8.2 (2019): 261–281 <<https://doi.org/10.24843/JMHU.2019.v08.i02.p09>>.

the interest of the Importer in International trade transactions based on the fulfilment of specific requirements by Sharia principles. Based on this, several parties are involved in L/C transactions for both imports and exports.²⁹ First, the Applicant or Importer is the buyer who applies to the bank to open an L/C addressed to the seller or exporter. Second, Issuing or opening a bank that issues the L/C in the form of a payment guarantee letter from the Importer to the exporter with a predetermined amount. Third, the Advising bank is the bank that provides correspondence between the opening bank and the exporter. This means that the advising bank will convey what is stated in the L/C issued by the opening bank to the exporter on behalf of the Importer. Fourth, the Beneficiary or exporter, namely the seller, is given a guarantee of payment for the sale and purchase transaction with the Importer by the opening bank, and the guarantee of payment can be disbursed based on what is stated in the issued L/C letter. Fifth is the negotiating bank, which is the bank chosen by the exporter to pour the L/C in the event of disbursement of payment funds that meet the requirements set out in the L/C provisions. However, funds can also be disbursed at the Advising Bank.

The bank's involvement in the L/C product that benefits the parties is related to the bank's role in legally guaranteeing the delivery of goods and the price payment.³⁰ L/C will give rise to rights and obligations for importers, exporters, and the bank. The rights and obligations are that the exporter cannot disburse the payment funds if he cannot show legal documents. Vice versa, the Importer will not take the goods he bought from the exporter if he cannot show documents to the bank. So, the L/C product will provide legal certainty for the parties, guarantee transaction security, and provide payment methods.³¹

²⁹ Indah Puji Astuti Utami, Djuwityastuti Djuwityastuti, and Anugrah Adiasuti, 'Letter Of Credit (L/C) Sebagai Cara Pembayaran Transaksi Perdagangan Internasional dalam Kerangka ASEAN Economic Community', *Privat Law*, 4.1 (2016): 63–71 <<http://jurnal.hukum.uns.ac.id/index.php/PRIVATLAWII/article/view/960>>.

³⁰ Karbela Karbela, 'Misuse of Letter of Credit in Export Import Trade to Conduct Trade-Based Money Laundering Study of BNI Fictitious L/C Case', *Jurnal Hukum & Pembangunan*, 39.2 (2009): 145–172 <<https://doi.org/10.21143/jhp.vol39.no2.207>>.

³¹ Utami, Djuwityastuti Djuwityastuti, and Adiasuti.

Significant differences exist between the L/C products of Islamic and conventional banks. One is in terms of the mechanism for implementing the product, especially in the part of the agreement used, the period for payment of transaction payments, and the existence of late fees for the agreed payments.³² In the part of the contract used, it is clear that there is a very crucial difference. As in the introduction, the two institutions differ in the contract agreement and the L/C product. With regard to the repayment period, for conventional banks, this can be done no later than seven days from the date the bank receives the L/C document, while for Islamic banks, the repayment period can be made no later than 14 days from the date of the L/C document by the third party bank. Meanwhile, the two institutions determine special calculations regarding late fees. As for the notes for Islamic banks, the income funds from the results of late penalties cannot be recognized as profits but are recognized as benevolent funds (*qord al-hasan*), which are designated for social activities.

Implementation of Hybrid Contracts in Letter of Credit (L/C) Transactions in Islamic Banking

As previously explained, sharia L/C products and import and export sharia L/Cs refer to the DSN-MUI Fatwa Numbers 34 and 35 of 2002. Along with its development, the DSN-MUI Fatwa Number 57 of 2007 regarding L/C products using the *kafâlah bi al-ujrah* contract. In addition, regarding settlement mechanisms for payment of debts and receivables caused by import-export transactions in International trade, DSN-MUI issues Fatwa numbers 60 and 61 of 2007 concerning settlement of receivables and debts in exports and imports.³³ Based on the substance of the fatwas, various contracts that can be used and even made an option in the mechanism for implementing L/C products in Islamic banking are explained. Whether the contract is single or hybrid, it is compiled

³² Yutika and Sa'diyah.

³³ Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), *Kumpulan Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) 2000-2007* (Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2008).

in a hybrid contract scheme between *mu'âwadhat* contracts or a hybrid contract scheme between *tabarru'* contracts and *mu'âwadhat* contracts. For more details, the following will explain the issues.

a. Implementation of Sharia Hybrid Contracts on L/C Products for Import Activities

Based on the substance of the general provisions of the Fatwa concerning Sharia Import L/C (Fatwa Number 34 of 2002), it is stated that the Sharia Import L/C is interpreted as a statement letter that will make payments to the exporter issued by the bank for the benefit of the Importer by fulfilling specific requirements following sharia principles.³⁴ As for Sharia Import L/C products, several contract schemes can be used in its implementation, including:³⁵

First, a single contract. This contract scheme consists of the *wakâlah bi al-ujrah* contract scheme. The implementation mechanism is that importers must first have funds in Islamic banks. The funds follow the total price of imported goods purchased from the exporter. The importer and the bank perform a *wakâlah bi al-ujrah* contract to manage the documents required for the import L/C transaction. The Islamic bank is entitled to an *ujrah* from the Importer for services providing services as representatives in preparing the document. The *ujrah* must be agreed in advance regarding the form and amount. The form must be nominal, not in the form of *ujrah* in the form of a percentage.³⁶

Another contract scheme is through *mushâarakah*. The mechanism is implemented before importing and purchasing imported goods between importers and exporters. The Importer cooperates with the bank using a *mushâarakah* contract. It includes capital for importing goods. Imported

³⁴ Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 34 Tahun 2002 Tentang Letter of Credit Impor Syariah* (Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2002).

³⁵ Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), *Kumpulan Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) 2000-2007*.

³⁶ Abdul Hakim, Nanang Sobarna, and Agustini Solihatin, 'Praktek *Wakâlah* dan *Hiwâlah* dalam Ekonomi Islam: Perspektif Indonesia', *Eco-Iqtishodi: Jurnal Ilmiah Ekonomi dan Keuangan Syariah*, 1.2 (2020): 68–84 <<https://journal.ikopin.ac.id/index.php/ecoiqtishodi/article/view/171>>.

goods become capital goods that can be managed together. Both parties will benefit in the form of profit sharing by the ratio agreed in the agreement.

Second, hybrid contracts. This contract scheme comprises the *wakâlah bi al-ujrah* and the *qardh* contract. The implementation mechanism is the condition that the Importer does not have sufficient funds from Islamic banks to pay the price of imported goods purchased from the exporter. The importer and the bank enter a *wakâlah bi al-ujrah* contract to manage the documents required for the import L/C transaction. As for making the payment for the imported goods, the bank provides a bailout fund (*qardh*) according to the total price of the imported goods or the customer's lack of funds in the bank which can be combined according to the price of the goods. Through this contract scheme, the bank can apply *ujrah* for services providing services as a representative in preparing the document. The *ujrah* must be agreed in advance regarding the form and amount. The form must be nominal, not in the form of *ujrah* in the form of a percentage.³⁷ The determination of *ujrah* is also not based on the amount of bailout provided by the bank because it includes usury. So, there is no connection between the *wakâlah bi al-ujrah* contract and the *qardh* contract. Even the clause of the agreement must be separated. The choice of this contract scheme shows a hybrid contract scheme between the *mu'âwadhah* contract (*wakâlah bi al-ujrah*) and the *tabarru'* (*qardh*) contract.

Next is the *murâbahah* contract scheme. The implementation mechanism is before buying and selling imported goods between importers and exporters. The bank acts as a buyer representing the importer in purchasing goods from the exporter. This makes imported goods the property of the bank. The bank manages documents and pays the price of goods to exporters, whether the payment is made in cash when the document is received or responsibly until maturity. Then, the bank sells the imported goods to the Importer with a *murâbahah* contract, both payments are made in cash or installments. The costs incurred by the

³⁷ Hakim, Sobarna, and Solihatin.

bank can be calculated as the selling price of the imported goods.³⁸ On the sale, the bank will get a profit in the form of a margin. As for this contract scheme, the mechanism is the same as *murâbahah* financing, which involves the customer representing the bank in terms of ownership of goods. Then this contract scheme includes a hybrid contract scheme between a *murâbahah* contract and a *wakâlah* contract, which is called a *murâbahah bi al-wakâlah* contract, namely a scheme hybrid contract between *mu'âwadhat* (*murâbahah*) and *tabarru'* (*wakâlah*) contracts.

Salamlistishnâ' and *murâbahah* contract schemes. The implementation mechanism is the same as the *murâbahah* contract mechanism above. The difference lies in the mechanism for purchasing imported goods, which the Importer represents in the *murâbahah* contract scheme above, which is carried out using a general sale and purchase agreement. In this contract scheme, the Importer represents the bank in purchasing imported goods using a *salam* or *istishnâ'* sale and purchase contract. Then, the imported goods are sold by the bank to the Importer under a *murâbahah* contract, whether the payment is made in cash or installments.³⁹ The advantage for the bank is in the form of a margin from the difference in profit, which is the selling price of the goods. This contract scheme shows the existence of hybrid contracts between *mu'âwadhat* (*salamlistishnâ'* and *murâbahah*) contracts and *tabarru'* (*wakâlah*) contracts.

Wakâlah bi al-ujrah contract scheme with *mudhârabah* contract. The implementation mechanism is that the Importer and the bank enter into a *wakâlah bi al-ujrah* contract for document processing and payment of imported goods' prices. Like the hybrid contracts scheme number one above, the bank hands over funds to the Importer at the price of the imported goods purchased from the exporter. If the submission of funds in scheme number one is in the form of bailout funds (*qardh*). Then, the Importer must pay according to the bailout. Meanwhile, in this contract scheme, the funds submitted are used as capital through a *mudhârabah* contract. The bank is located in *shâhibu al-mâl*, and the

³⁸ Suhendar.

³⁹ Suhendar.

Importer is *mudharib*, while imported goods are capital the Importer must manage.⁴⁰ Through this hybrid contracts scheme, the bank will benefit from the Importer in the form of *ujrah* from the *wakâlah bi al-ujrah* contract for document processing and payment services and also profit sharing from the *mudhârabah* contract for capital participation to the Importer. Likewise, importers will benefit from profit sharing. With this contract scheme, the bank gets two sources of income in one agreement. This is due to hybrid contracts between *mu'âwadhat* contracts (*wakâlah bi al-ujrah* and *mudhârabah*).

Based on the substance of the Fatwa regarding sharia import L/C, it also explains a condition when the exporter has carried out the delivery of imported goods. At the same time, if the price payment has not been made, there are two alternative hybrid contracts: First, the *wakâlah bi al-ujrah* contract scheme with the *qardh* contract. The implementation mechanism is the same as the number one contract scheme mechanism above. The Islamic bank will get *ujrah* from the *wakâlah bi al-ujrah* contract for document processing and payments. Meanwhile, the bank provides bailout funds (*qardh*) at the price of imported goods. So, for the bailout, the Importer must pay the debt to the bank, whether the payment is made in cash or installments. However, the amount of debt did not increase at all, it was due to the bailout provided by the bank.

Second, the *wakâlah bi al-ujrah* contract scheme with *hiwâlah* contract. The implementation mechanism is the same as the mechanism of the contract scheme above. The difference is that the Importer transfers the debt on the sale and purchase of imported goods to the exporter into the Importer's debt to the bank by asking the bank to pay the debt to the exporter in advance at the agreed selling price of the imported goods so that the Importer has a debt to the bank that must be paid according to the amount of payment of the price of the imported goods. As for the bank in this contract scheme, it will only benefit in the form of *ujrah* from the *wakâlah bi al-ujrah* contract for services for processing import transaction documents. This shows the existence of

⁴⁰ Suhendar.

hybrid contracts between the *mu'âwadhat* contract (*wakâlah bi al-ujrah*) and the *tabarru'* (*hiwâlah*) contract.

DSN-MUI issued a fatwa (Fatwa Number 61 of 2007) to settle debt in imports that do not use the above hybrid contracts.⁴¹ Based on the imports, it uses a single contract, namely the *hiwâlah bi al-ujrah* contract. The implementation mechanism is the same as the *hiwâlah* hybrid contract scheme above. However, the debt transfer service, originally from the importer to the exporter, became from the importer to the bank. So, the position of the Importer is as *muhâl*, namely, the party who has debts to the *muhâl*, this debt comes from buying and selling transactions whose price payments are cash. The exporter is domiciled as *muhâl*, that is, the party who has receivables from *muhâl*. The bank is located as *muhâl 'alaih*, the party who must pay off the *muhâl* party's debt to the *muhâl*. The bank can get an *ujrah* for the debt transfer service.⁴²

b. Implementation of Sharia Hybrid Contracts on L/C Products for Import Activities

Based on the substance of the general provisions of the Fatwa concerning Sharia Export L/C (Fatwa Number 35 of 2002), it is stated that the Sharia Export L/C is interpreted as a statement letter that will make payments to exporters issued by the bank to facilitate export trading activities by meeting specific requirements following sharia principles.⁴³ As for sharia export L/C products, several contract schemes can be used in its implementation, including:⁴⁴

⁴¹ Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 61 Tahun 2007 Tentang Pelunasan Utang Impor* (Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2007).

⁴² Achmad Lubagul Chadziq, 'Islamic Financial Institutions and National Sharia Council Analysis', *MIYAH: Jurnal Studi Islam*, 15.1 (2019): 1–11 <<https://doi.org/10.33754/miyah.v15i01.160>>. See also Tri Hidayati, Muhammad Syarif Hidayatullah, Parman Komarudin, and Atika Atika. "Digitalization of Islamic Finance: Epistemological Study of the National Sharia Board-Indonesian Council of Ulama's Fatwa." *Al-Ahkam*, 33.2 (2023): 255-278.

⁴³ Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 35 Tahun 2002 Tentang Letter of Credit Ekspor Syariah* (Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2002).

⁴⁴ Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), *Fatwa Dewan Syariah*

First, a single contract. This contract scheme consists of the *wakâlah bi al-ujrah* contract scheme. The implementation mechanism is that the bank manages the documents needed for export activities. Then, the bank collects the L/C issuing bank, and the result of the collection is given to the exporter after deducting the *ujrah* for his services.⁴⁵ The provisions of the previous *ujrah* must be agreed upon in nominal terms, not in the form of a percentage, which can lead to disputes due to ambiguity-*mushâraakah* contract scheme. The implementation mechanism is that the bank provides part of the funds to the exporter to produce goods that the Importer has previously ordered. Then, the bank takes care of the required documents and collects the L/C issuing bank. As in the substance of the Islamic import L/C fatwa, the issuing bank can make payments when the documents are received in cash or when the maturity expires strictly. The collection proceeds from the issuing bank can be used to return the *mushâraakah* funds in the production process of goods and share the results of the *mushâraakah* contract made.⁴⁶ So that the bank will benefit from profit sharing.

Second, hybrid contracts. This contract scheme comprises the *wakâlah bi al-ujrah* and the *qardh* contracts. The implementation mechanism is that the bank manages the documents needed for export activities and collects the L/C issuing bank. Because the issuing bank makes payments on the due date, while the exporter needs fast funds. Then the bank provides bailout funds (*qardh*) worth the price of imported goods sold. For the *wakâlah bi al-ujrah* contract, the bank will get an *ujrah* as mutually agreed with the amount and

Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 35 Tahun 2002 Tentang Letter of Credit Ekspor Syariah.

⁴⁵ Bagus Samsul Fahmi, Zaini Abdul Malik, and Ifa Hanifia Senjiati, 'Analysis of the Implementation of the National Shari'ah Council (DSN) Fatwa of the Indonesian Ulema Council (MUI) No. 34 and 35 Concerning Export-Import Letter of Credit (L/C) on Upas Letter of Credit Issuance Products at Bank Syariah Mandiri Pusat, Jakarta', *Prosiding Keuangan dan Perbankan Syariah*, 4.1 (2018): 64–70 <https://karyailmiah.unisba.ac.id/index.php/hukum_ekonomi_syariah/article/download/8741/pdf>.

⁴⁶ Fahmi, Malik, and Senjiati.

form.⁴⁷ Determination of *ujrah* may not be based on the amount of bailout funds. So between the *wakâlah bi al-ujrah* contract and the *qardh* contract, there should be no attachment, so the clauses of the agreement must be separated. The bailout fund made by the bank to the exporter will be repaid by the issuing bank of the L/C (issuing bank). This scheme includes hybrid contracts between the *mu'âwadhat* contract (*wakâlah bi al-ujrah*) and the *tabarru'* (*qardh*) contract.

Wakâlah bi al-ujrah contract scheme with *mudhârabah* contract. The implementation mechanism is that the bank provides all funds to the exporter to be used in the production process of goods that the Importer previously ordered. Then, the bank takes care of the documents needed for export activities and collects the L/C issuing bank. As in the substance of the Islamic import L/C fatwa, the issuing bank can make payments when the documents are received in cash or when the maturity expires strictly. The collection proceeds from the issuing bank can be used to return *mudhârabah* funds in producing goods and for profit sharing on the *mudhârabah* contract made.⁴⁸ So that the bank and the importer will benefit from profit sharing; in addition, the bank through the *wakâlah bi al-ujrah* contract for the services of managing export documents and making collections, the bank is entitled to get *ujrah* by the amount and nominal form agreed in the contract. Through this contract scheme, the bank gets two sources of income in one agreement: *ujrah* and profit sharing. This is because hybrid contracts exist between *mu'âwadhat* contracts (*wakâlah bi al-ujrah* contracts with *mudhârabah* contracts).

The sale and purchase contract scheme is in line with the *wakâlah* contract. The implementation mechanism is that before the transaction between the Importer and the exporter, the bank purchases the goods imported from the exporter. Then, the bank sells the goods to the Importer by representing it to the exporter. Then, the bank makes

⁴⁷ Suhendar.

⁴⁸ Suhendar.

a payment to the exporter after the goods to be imported are sent to the Importer. The purchase of goods the bank makes will be replaced with payments made by the L/C issuing bank. The bank will profit from a margin from the sale and purchase contract. The contract scheme shows the occurrence of hybrid contracts between the *mu'âwadhat* (sale and purchase) contract and the *tabarru'* (*wakâlah*) contract.

Regarding the settlement of receivables in exports, DSN-MUI issues a fatwa regarding the settlement of receivables in exports (Fatwa Number 60 of 2007). Based on the substance of the Fatwa, the settlement of receivables in exports uses a hybrid contract, namely a *wakâlah bi al-ujrah* contract accompanied by a *qardh* contract. The implementation mechanism is that the settlement of export receivables is a form of export factoring. The debtor (exporter) represents the bank to manage documents and collect receivables from the debtor (Importer) represented by the L/C issuing bank. The party provides *qardh* bailout funds to the exporter in the amount of the selling price of the goods to be imported, and the *qardh* contract is paid from the results of the bank's collection to the L/C issuing bank. For services in managing documents and collecting receivables, the bank is entitled to an *ujrah* following the agreement. *Ujrah* may come from bailouts. However, the determination of *ujrah* may not be based on the amount of the bailout funds, so hybrid contracts between the *mu'âwadhat* contract (*wakâlah bi al-ujrah*) and the *tabarru'* (*qardh*) contract may not be tied, so the clauses of the agreement between the two contracts must be separated to avoid income interest from bailout funds (*qordh*).⁴⁹

⁴⁹ Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 60 Tahun 2007 Tentang Pelunasan Piutang Ekspor* (Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2007).

c. Implementation of the *Kafâlah bi al-Ujrah* Contract on Import-Export L/C Products

Based on the substance of the DSN-MUI fatwa regarding L/C using the *kafâlah bi al-ujrah* contract (Fatwa Number 57 of 2007) explained that the L/C of the *kafâlah bi al-ujrah* contract is interpreted as a form of guarantee carried out by the guarantor (*kâfil*/bank party) to the party receiving the guarantee (*makfûl lahu*/exporter) to fulfil the obligations of the guaranteed party (*'âshil*/Importer). For this guaranteed service, the bank will get an *ujrah*.⁵⁰ The mechanism for implementing this contract as in the substance of the Fatwa is explained that the application of the *kafâlah bi al-ujrah* contract in L/C transactions, both exports and imports, refers to the Fatwa on sharia Import L/C (DSN-MUI Fatwa Number 34 of 2002) and the Fatwa on Islamic L/C /C Sharia Exports (DSN-MUI Fatwa Number 35 of 2002). So, the hybrid contracts scheme in the two fatwas can be implied using the *kafâlah bi al-ujrah* contract. That is, the hybrid contract scheme, which is dominated by the *wakâlah bi al-ujrah* contract scheme with other contracts (*qardh*, *wakâlah*, *mudhârabah*) in sharia import and export L/C can become a hybrid contract scheme between *kafâlah bi al-ujrah* contracts and these contracts. As for using the *kafâlah bi al-ujrah* contract in each of these L/C schemes, the bank will benefit in the form of *umrah* for the guarantee it does.⁵¹

Critical Analysis of the Application of Hybrid Contracts in Letter of Credit (L/C) Transactions in Islamic Banking

Based on the results of the implementation of hybrid contracts on the above L/C products, both imported L/C products and sharia export L/C products, they can be classified in the table below, namely:

⁵⁰ Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 57 Tahun 2007 Tentang Letter of Credit Dengan Akad Kafalah Bi Al-Ujrah* (Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2007).

⁵¹ Khozainul Ulum, 'Settlement of Import Debt, Ju'alah and Sharia Bank Indonesia Certificates (SBIS) Perspective of DSN-MUI Fatwa', *Jurnal Ekonomi Syariah*, 3.1 (2018): 78–86 <<https://doi.org/10.30736/jesa.v3i1.38>>.

Table 1. Implementation of Hybrid Contracts in Sharia Import L/C

Product name	Hybrid Contract Scheme			Type of Akad	Profit
	<i>Mu'âwadhat</i>	<i>Mu'âwadhat</i>	<i>Tabarru'</i>		
Sharia Import L/C (DSN-MUI Fatwa Number 34 of 2002)	<i>Wakâlah bi al-ujrah</i>			Single contract	<i>Ujrah</i>
	<i>Mushâarakah</i>				Profit Sharing
	<i>Wakâlah bi al-ujrah</i>		<i>Qardh</i>	Hybrid contracts	<i>Ujrah</i>
	<i>Murâbahah</i>	<i>Wakâlah</i>			Margin
	<i>Murâbahah</i>	<i>Salam/ Istishnâ'</i>			
	Wakâlah bi al-ujrah	<i>Mudâarabah</i>			<i>Ujrah</i> + Profit Sharing
Goods Sent, Not Paid	<i>Wakâlah bi al-ujrah</i>		<i>Qardh</i> <i>Hiwâlah</i>		<i>Ujrah</i>
Repayment of Import Debt (DSN-MUI Fatwa Number 61 of 2007)	<i>Hiwâlah bi al-ujrah</i>			Single contract	<i>Ujrah</i>

Source: Fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI)

Table 2. Implementation of Hybrid Contracts in Sharia Export L/C

Product name	Hybrid Contract Scheme			Type of Akad	Profit
	<i>Mu'âwadhat</i>	<i>Mu'âwadhat</i>	<i>Tabarru'</i>		
Sharia Export L/C (DSN-MUI Fatwa Number 34 Year 2007)	<i>Wakâlah bi al-ujrah</i>			Single contract	<i>Ujrah</i>
	<i>Mushâarakah</i>				Profit Sharing
	<i>Wakâlah bi al-ujrah</i>		<i>Qardh</i>	Hybrid contracts	<i>Ujrah</i>
	<i>Wakâlah bi al-ujrah</i>	<i>Mudhârabah</i>			<i>Ujrah</i> + Profit Sharing
Repayment of Export Receivables (DSN-MUI Fatwa Number 60 of 2007)	<i>Bai'</i>		<i>Wakâlah</i>		Margin
	<i>Wakâlah bi al-ujrah</i>		<i>Qardh</i>		<i>Ujrah</i>

Source: Fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI)

Based on the two tables above, the *wakâlah bi al-ujrah* contract is the most dominating contract in the mechanism of Sharia import L/C and export L/C products. The position of the *wakâlah bi al-ujrah* contract is the result of the transformation of the *tabarru'* contract into a *mu'âwadhah* contract, which has the same position as the *hiwâlah bil al-ujrah* contract and also the *kafâlah bi al-ujrah* contract. These three contracts are equivalent to *ijârah ala al-ashkhash* contracts (*ijârah* services). Moreover, in the name of the contract, the word *ujrah* is used, which is identical to the *ijârah* contract.⁵²

The *ujrah* in *wakâlah bi al-ujrah* contract in Sharia imported L/C products is in the form of the role of the L/C issuing bank representing the Importer in terms of processing import documents and paying off the price of imported goods. The *ujrah* in *wakâlah bi al-ujrah* contract in sharia export L/C products is in the form of the role of the bank (advising bank) representing the exporter in terms of document management and collecting receivables from the L/C issuing bank.⁵³ The determination of *ujrah* must be determined in nominal terms and based on both parties' agreement.⁵⁴ In addition, *ujrah* in the *kafâlah bi al-ujrah* contract on L/C products, as stated in the DSN-MUI Fatwa Number 57 of 2007, is in the form of the role of the bank providing guarantees for payment of debts from the Importer to the exporter.⁵⁵ The position of the *wakâlah bi al-ujrah* or *kafâlah bi al-ujrah* contract scheme singly on imported L/C products and Islamic export L/C is a form of Islamic bank service product. In the contract scheme, the bank only provides services representing customers' interests (importers

⁵² Muhamad Izazi Nurjaman and Doli Witro, 'Transformasi Akad *Tabarru'* Menjadi Akad *Mu'âwadhah*; Analisis Akad *Hiwâlah* dan Akad *Kafâlah* di Lembaga Keuangan Syariah', *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah*, 6.2 (2021): 162–172 <<https://doi.org/10.24235/jm.v6i2.8748>>.

⁵³ Destri Budi Nugraheni, 'Analysis of the National Sharia Council Fatwa on *Wakâlah*, *Hawâlah*, and *Kafâlah* in the Activities of Islamic Finance Company Services', *Jurnal Media Hukum*, 24.2 (2017): 124–136 <<https://doi.org/10.18196/jmh.2017.0088.124-136>>.

⁵⁴ Muhammad Nurul Alim, 'Review of Muamalah Jurisprudence on Fee Based Services of Conventional Banks (Product Samples of Bank Mandiri and BCA)', *Jurnal Asy-Syukriyyah*, 19.2 (2018): 144–168 <<https://doi.org/10.36769/asy.v19i2.39>>.

⁵⁵ Anita Marwing, 'Fatwa Ekonomi Syariah di Indonesia', *Al-Amwal : Journal of Islamic Economic Law*, 2.2 (2017): 211–227 <<https://doi.org/10.24256/alw.v2i2.639>>.

and exporters) or guarantees for payment of debts, as Islamic banks are entitled to receive *ujrah* for their services.

As for when there are single contracts and hybrid contracts (both hybrid contracts between *mu'âwadhat* contracts and hybrid contracts between *mu'âwadhat* contracts and *tabarru'* contracts), the position of the L/C product is not a service product but a form of Islamic bank financing product. The bank funds the parties (importers and exporters) in single and hybrid contract schemes. Both are in the form of bailout funds (*qardh*), purchase funds with sale and purchase contract schemes, and capital participation funds in *mudhârabah* and *mushâarakah* contracts. Hence, the bank's position is not only as a payment mediator for L/C products but also as a funder in facilitating International trade activities.⁵⁶

The single contract scheme that changes the position of Sharia import and export L/C products, from service products to financing products, is in the *mushâarakah* contract. This happens when the Importer lacks funds to make payments, and the bank includes the capital to increase the payment amount for the price of imported goods. So that the imported goods become the property of both parties (the L/C issuing bank and the Importer). Meanwhile, imported goods become capital in developing joint ventures that will generate income for both parties (the L/C issuing bank and the Importer) through profit sharing. Likewise, when the exporter has a shortage of funds to produce goods to be imported and has been ordered by the Importer, the bank (advising bank) includes funds for the lack of production costs. Then, the goods to be imported become jointly owned capital (bank/advising bank and exporter), and the profit comes from the payment made by the importer through the L/C issuing bank. The exporter can use the proceeds from the sale of imported goods to return the capital participation funds belonging to the bank/advising bank, and the proceeds can also be shared.

Notes on the hybrid contract scheme that needs to be considered are that in the event of hybrid contracts between *mu'âwadhat* contracts,

⁵⁶ Cindawati Cindawati, 'Activity of International Trade With Letter of Credit Payment Method', *Journal Research and Analysis: Accounting and Financial*, 1.1 (2018): 8–14.

the bank can get one source of income (such as hybrid contracts with *murâbahah* contracts with *salamlitishnâ'* contracts) in the form of margin and two sources of income (such as hybrid contracts *wakâlah bi al-ujrah* with *mudhârabah* contract) in the form of *ujrah* and profit sharing. Meanwhile, there is a hybrid contract between the *mu'âwadhat* contract and the *tabarru'* contract. In that case, the bank only gets one source of income from the *mu'âwadhat* contract (such as hybrid contracts between *murâbahah bi al-wakâlah* contracts, buying and selling with *hiwâlah* contracts and contracts), buying and selling with a *wakâlah* contract, the bank's income is in the form of margin, hybrid contracts between the *wakâlah bi al-ujrah* contract and the *qardh* contract, the bank's income is in the form of *ujrah*).

As for the contract scheme above, the *wakâlah bi al-ujrah* contract (single contract) is the contract that dominates the L/C product mechanism (Islamic imports and exports) with its status as a service product. Because the bank only performs the service mechanism (document management, payment and billing). Meanwhile, the *murâbahah bi al-wakâlah* contract is the preferred contract widely used in the L/C product mechanism (Islamic imports and exports) with the status of its position as a financing product. This is because the *murâbahah bi al-wakâlah* contract is a financing contract widely used to distribute financing products. The position of the nature of the contract, which is part of the exchange contract or natural certainty contracts, namely contracts that provide certainty of income based on the amount and period and have low risk, to increase the profitability of Islamic banks.⁵⁷ The change in the status of L/C products from service products to financing products is due to the role of the bank (issuing bank and advising bank), which includes its capital when the condition of the customer (Importer and exporter) is a condition of lack of payment funds (Importer) or funds production of goods (exporters).

⁵⁷ Yudhistira Ardana, Wulandari Wulandari, and Winda Rika Lestari, 'Error Correction Model in Measuring the Effect of Financing Agreements on Profitability at Bank Muamalat Indonesia', *Jurnal Masharif Al-Syariah: Jurnal Ekonomi & Perbankan Syariah*, 5.1 (2020): 43–58 <<https://doi.org/10.30651/jms.v5i1.4514>>.

Conclusion

Based on the description above, Islamic import L/C and export L/C products have practical implications and contributions to Islamic banking innovation in Indonesia and facilitate payment mechanisms for international trade activities. Both products are part of service products with the dominance of a single contract, namely *wakâlah bi al-ujrah*. Therefore, the bank will benefit through *ujrah* for its services in managing the documents required in export and import activities (issuing/advisory bank) and collecting payments (advising bank). The status of L/C products as service products will change to financing products, with various hybrid contract schemes that allow banks to get two sources of income in one contract, be it profit in the form of *ujrah*, margin or profit sharing. The change in the status of L/C products occurs when banks participate in providing funds to the parties (importers and exporters), either in the form of bailout funds (*qardh*), purchase funds (sale and purchase) or equity participation funds (*mudhârabah/mushâraakah*) in order to help settle payments (importers) and provide capital financing for the production of imported goods (exporters). The change in the status of the L/C product makes the hybrid contracts scheme in the *murâbahah bi al-wakâlah* contract widely used in the implementation mechanism. Such is because the nature of the contract includes exchange contracts (natural certainty contracts), a stable level of security, and low risk, so it is expected to increase the profitability of Islamic banking.

Author Contribution

Eva Sumanti is responsible in conceptualization, funding acquisition, and project administration resources. Camelia Sofwan Al-Rasyid is responsible in funding acquisition and project administration. Pitriani is also responsible in funding acquisition, and project administration. Muhamad Izazi Nurjaman is responsible in conceptualization, analysis, methodology, and writing first draft. Raid Alghani is responsible in funding acquisition, and project administration.

Bibliography

- Akmal, Haerul, and Mohammad Hanief Sirajulhuda. "Tinjauan Fiqh Muamalah Terhadap Transaksi Multi Akad dalam Fatwa DSN-MUI Tentang Pembiayaan Likuiditas Jangka Pendek Syariah." *Al-Istinbath: Jurnal Hukum Islam*, 4.2 (2019): 195-212.
- Alfi, Rian, and Tubagus Rifqy Thantawi, 'Analysis of the International Trade Regulation Uniform Customs and Practice for Documentary Credit (UCPDC) Revision 600 in Islamic Economic Review', *Nisbah: Jurnal Perbankan Syariah*, 1.1 (2015): 23–37 <<https://doi.org/10.30997/jn.v1i1.214>>.
- Alim, Muhammad Nurul, 'Review of Muamalah Jurisprudence on Fee Based Services of Conventional Banks (Product Samples of Bank Mandiri and BCA)', *Jurnal Asy-Syukriyyah*, 19.2 (2018): 144–168 <<https://doi.org/10.36769/asy.v19i2.39>>.
- Alysianingrum, Trisna, Budiharto Budiharto, and Sartika Nanda Lestari, 'Legal Protection for Advising Banks Receiving False Documents in Transactions Using Letter of Credit (L/C)', *Diponegoro Law Journal*, 8.4 (2019): 23–34 <<https://doi.org/10.14710/dlj.2019.27786>>.
- Ardana, Yudhistira, Wulandari Wulandari, and Winda Rika Lestari, 'Error Correction Model in Measuring the Effect of Financing Agreements on Profitability at Bank Muamalat Indonesia', *Jurnal Masharif Al-Syariah: Jurnal Ekonomi & Perbankan Syariah*, 5.1 (2020): 43–58 <<https://doi.org/10.30651/jms.v5i1.4514>>.
- Ayu, Dena, Mursal Mursal, Putri Jianti, Doli Witro, and Rifqi Nurdiansyah, 'A Sociological Approach to Consumer Protection in E-Commerce Transactions During the Covid-19 Pandemic', *Khazanah Hukum*, 4.3 (2022): 181–191 <<https://doi.org/10.15575/kh.v4i3.18690>>.
- Busni, Darti, Doli Witro, Raid Alghani, Iwan Setiawan, and Nana Herdiana Abdurrahman, 'Hybrid Contracts in Leasing and *Ijârah Muntahiya Bit Tamlik* in Indonesia Sharia Financial Institutions', *EkBis: Jurnal Ekonomi dan Bisnis*, 6.1 (2022): 59–73 <<https://doi.org/10.14421/ekbis.2022.6.1.1505>>.

- Busni, Darti, Doli Witro, Iwan Setiawan, Nana Herdiana Abdurrahman, and Raid Alghani, 'Implementation of the Hybrid Contract Concept in Multiservice *Ijârah* Financing as a Financing Alternative Health Service in the Covid-19 Pandemic', *JURIS (Jurnal Ilmiah Syariah)*, 21.1 (2022): 11–25 <<https://doi.org/10.31958/juris.v21i1.5173>>.
- Chadziq, Achmad Lubagul, 'Islamic Financial Institutions and National Sharia Council Analysis', *MIYAH: Jurnal Studi Islam*, 15.1 (2019): 1–11 <<https://doi.org/10.33754/miyah.v15i01.160>>.
- Cindawati, Cindawati, 'Activity of International Trade With Letter of Credit Payment Method', *Journal Research and Analysis: Accounting and Financial*, 1.1 (2018): 8–14.
- Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 34 Tahun 2002 Tentang Letter of Credit Impor Syariah*, Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2002.
- _____, *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 35 Tahun 2002 Tentang Letter of Credit Ekspor Syariah*. Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2002.
- _____, *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 57 Tahun 2007 Tentang Letter of Credit dengan Akad Kafâlah bi al-Ujrah*. Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2007.
- _____, *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 60 Tahun 2007 Tentang Pelunasan Piutang Ekspor*. Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2007.
- _____, *Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) Nomor 61 Tahun 2007 Tentang Pelunasan Utang Impor*. Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2007.
- _____, *Kumpulan Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) 2000-2007*. Jakarta: Dewan Syariah Nasional-Majelis Ulama Indonesia, 2008.

- Dolgun, Muhammed Habib, Abbas Mirakhor, and Adam Boon Ka Ng, 'A Proposal Designed for Calibrating the Liquidity Coverage Ratio for Islamic Banks', *ISRA International Journal of Islamic Finance*, 2019.
- Fahmi, Bagus Samsul, Zaini Abdul Malik, and Ifa Hanifia Senjiati, 'Analysis of the Implementation of the National Shari'ah Council (DSN) Fatwa of the Indonesian Ulema Council (MUI) No. 34 and 35 Concerning Export-Import Letter of Credit (L/C) on Upas Letter of Credit Issuance Products at Bank Syariah Mandiri Pusat, Jakarta', *Prosiding Keuangan dan Perbankan Syariah*, 4.1 (2018): 64–70 <https://karyailmiah.unisba.ac.id/index.php/hukum_ekonomi_syariah/article/download/8741/pdf>.
- Hakim, Abdul, Nanang Sobarna, and Agustini Solihatin, 'Praktek Wakalah dan Hiwalah dalam Ekonomi Islam: Perspektif Indonesia', *Eco-Iqtishodi: Jurnal Ilmiah Ekonomi dan Keuangan Syariah*, 1.2 (2020): 68–84 <<https://journal.ikopin.ac.id/index.php/ecoiqtishodi/article/view/171>>.
- Hammad, Nazih, *al-'Uqûd al-Murakkabah fî al-Fiqh al-Islâmî*. Damaskus: Dâr al-Qalam, 2005.
- Helmina, Helmina, Hermanto Harun, Doli Witro, Muh Zaitun Ardi, and Darti Busni, 'Compromising and Repositioning the Meaning of Corruptors as Thieves in Applying the Provisions of Shara' into the Modern Era Context', *Al-'Adalah*, 21.1 (2024): 25–52 <<https://doi.org/10.24042/adalah.v21i1.21251>>.
- Huda, Miftakhul, Umi Sumbulah, and Nasrulloh Nasrulloh, 'Normative Justice and Implementation of Sharia Economic Law Disputes: Questioning Law Certainty and Justice', *Petita: Jurnal Kajian Ilmu Hukum dan Syariah*, 9.1 (2024): 340–356 <<https://doi.org/10.22373/petita.v9i1.279>>.
- Hidayati, Tri, Muhammad Syarif Hidayatullah, Parman Komarudin, and Atika Atika. "Digitalization of Islamic Finance: Epistemological Study of the National Sharia Board-Indonesian Council of Ulama's Fatwa." *Al-Ahkam*, 33.2 (2023): 255-278.

- Karbela, Karbela, 'Misuse of Letter of Credit in Export Import Trade to Conduct Trade-Based Money Laundering Study of BNI Fictitious L/C Case', *Jurnal Hukum & Pembangunan*, 39.2 (2009): 145–172 <<https://doi.org/10.21143/jhp.vol39.no2.207>>.
- Karimuddin, Karimuddin, Muhammad Haeqal, Rahmad Efendi, Marhadi Marhadi, and Ahmad Rezy Meidina. "Bank Interest in the Contemporary Era: Problem of *Ad'âfan Mudâ'afah* Interpretation in Determining Law of Usury." *MILRev: Metro Islamic Law Review*, 3.1 (2024): 43-65.
- Karim, Adiwarman A., *Bank Islam: Analisis Fiqih dan Keuangan*. Jakarta: PT. RajaGrafindo Persada, 2006.
- Khalidin, Bismi, Armiadi Musa, and Andri Kiawan, 'Murâbaha Financing of the Indonesian Islamic Banks Under An Islamic Economic Law and the Fatwa DSN MUI', *Petita: Jurnal Kajian Ilmu Hukum dan Syariah*, 8.2 (2023): 203–18 <<https://doi.org/10.22373/petita.v8i2.238>>.
- Lubis, Zaned Zihan Sosa Elsera, M. Nur, and Sanusi Sanusi, 'The Principle of Balance in Letter of Credit Issuance Agreement as an International Business Transaction', *Jurnal Magister Hukum Udayana (Udayana Master Law Journal)*, 8.2 (2019): 261–281 <<https://doi.org/10.24843/JMHU.2019.v08.i02.p09>>.
- Marwing, Anita, 'Fatwa Ekonomi Syariah di Indonesia', *Al-Amwal: Journal of Islamic Economic Law*, 2.2 (2017): 211–227 <<https://doi.org/10.24256/alw.v2i2.639>>.
- Maulana, Irwan, 'Application of Akad *Wakâlah* in Bank Syariah Mandiri Letter of Credit', *Jurnal Asy- Syukriyyah*, 21.2 (2020): 175–193 <<https://doi.org/10.36769/asy.v21i02.117>>.
- Miles, Matthew B., A. Michael Huberman, and Johnny Saldaña, *Qualitative Data Analysis: A Methods Sourcebook*. California: SAGE Publications, Inc., 2014.
- Mubarok, Jaih, and Hasanudin Hasanudin, *Fikih Mu'amalah Maliyyah: Prinsip-Prinsip Perjanjian*. Bandung: Simbiosis Rekatama Media, 2017.

- Nugraheni, Destri Budi, 'Analysis of the National Sharia Council Fatwa on *Wakâlah*, *Hawâlah*, and *Kafâlah* in the Activities of Islamic Finance Company Services', *Jurnal Media Hukum*, 24.2 (2017): 124–136 <<https://doi.org/10.18196/jmh.2017.0088.124-136>>.
- Nurjaman, Muhamad Izazi, and Syahrul Anwar, 'Praktik Riba dan Bunga Bank: Telaah Etika dalam Ekonomi Islam', *Al-Iqtishod: Jurnal Pemikiran dan Penelitian Ekonomi Islam*, 10.1 (2022): 1–15 <<https://doi.org/10.37812/aliqtishod.v10i1.296>>.
- Nurjaman, Muhamad Izazi, and Doli Witro, 'The Relevance of the Theory of Legal Change According to Ibnu Qayyim al-Jauziyyah in Legal Products by Fatwa DSN-MUI Indonesia', *El-Mashlahah*, 11.2 (2021): 164–186 <<https://doi.org/10.23971/elma.v11i2.3181>>.
- _____, 'Transformasi Akad *Tabarru'* Menjadi Akad *Mu'âwadhah*; Analisis Akad *Hiwâlah* dan Akad *Kafâlah* di Lembaga Keuangan Syariah', *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah*, 6.2 (2021): 162–172 <<https://doi.org/10.24235/jm.v6i2.8748>>.
- Pitriani, Doli Witro, Muhamad Izazi Nurjaman, Iib Hibaturohman, and Imaro Sidqi, 'Re-Reading *al-Uqûd al-Murakkabah*: Types and Models of Hybrid Contracts Concept in Fatwa DSN-MUI', *Khazanah Hukum*, 6.2 (2024): 172–188 <<https://doi.org/10.15575/kh.v6i2.34717>>.
- Rasidin, Mhd, Doli Witro, Rahmi Diana, Moh Nailul Muna, Imaro Sidqi, and Hening Sukma Daini, 'The Mapping Verses and Application of the Linguistic Approach and Ushûl Fiqh Toward the Law of Adultery', *El-Mashlahah*, 14.1 (2024): 21–42 <<https://doi.org/10.23971/el-mashlahah.v14i1.7354>>.
- Rashid, Khadijah Amira Abdul, Mohd Mahyeddin Mohd Salleh, and Mohd Soberi Awang. "Concept and Application of *Ijârah*, *Wakâlah* and *Ji'âlah* Contract in the Public Donation: a Comparative Study between Non-Governmental Organizations (NGOs) in Malaysia." *Malaysian Journal of Syariah and Law*, 8.2 (2020): 54-61.
- Rasyid, Moh. "Problematics of Implementation of the *Mudhârabah* Contract on Sharia Banking in Indonesia." *J. Islamic L.* 2 (2021): 22.

- Sudrajat, Shinta Azzahra, Arzam Arzam, and Doli Witro, 'Legal Protection in Labor Dispute Settlement Through Industrial Relations Mechanism', *Khazanah Hukum*, 4.1 (2022): 1–9 <<https://doi.org/10.15575/kh.v4i1.17027>>.
- Suhendar, Muh., 'Penerapan Hybrid Contract Pada Letter of Credit', *Jurnal Ilmu Akuntansi dan Bisnis Syariah*, 2.1 (2020): 111–122 <<https://doi.org/10.15575/aksy.v2i1.7865>>.
- Susanti, Dyah Ochtorina, Aan Efendi, and Auliya Safira Putri, 'The Urgency of Sharia-Crowdfunding as an Alternative Funding in Development of Nusantara's Capital City', *Petita: Jurnal Kajian Ilmu Hukum dan Syariah*, 9.1 (2024): 114–28 <<https://doi.org/10.22373/petita.v9i1.242>>.
- Ulum, Khozainul, 'Settlement of Import Debt, *Ju'alah* and Sharia Bank Indonesia Certificates (SBIS) Perspective of DSN-MUI Fatwa', *Jurnal Ekonomi Syariah*, 3.1 (2018): 78–86 <<https://doi.org/10.30736/jesa.v3i1.38>>.
- Utami, Indah Puji Astuti, Djuwityastuti Djuwityastuti, and Anugrah Adiasuti, 'Letter of Credit (L/C) Sebagai Cara Pembayaran Transaksi Perdagangan Internasional dalam Kerangka ASEAN Economic Community', *Privat Law*, 4.1 (2016): 63–71 <<http://jurnal.hukum.uns.ac.id/index.php/PRIVATLAWII/article/view/960>>.
- Wahyu Sururie, Ramdani, Eva Nur Hopipah, Doli Witro, Rahmi Diana, and Muhammad Sopiyan, 'Co-Parenting Model in Resolving Child Custody Disputes in Urban Muslim Families', *Petita: Jurnal Kajian Ilmu Hukum dan Syariah*, 9.1 (2024): 250–68 <<https://doi.org/10.22373/petita.v9i1.277>>.
- Widyastuti, Shinta, 'Accounting for Sharia-Based Letter of Credit (L/C) Products: A Case Study of PT Bank XYZ', *JIAFE (Jurnal Ilmiah Akuntansi Fakultas Ekonomi)*, 5.1 (2019): 65–78 <<https://doi.org/10.34204/jiafe.v5i1.1222>>.
- Yozika, Ferlangga Al, and Nurul Khalifah, 'Development of Financial Product Innovation and Islamic Banking in Maintaining and Increasing Customer Satisfaction', *Jurnal Ilmiah Edunomika*, 1.2 (2017): 100–107 <<https://doi.org/10.29040/jie.v1i02.154>>.

Yutika, Meisa, and Diah Siti Sa'diyah, 'Sharia Letter of Credit Mechanism at PT Bank BNI Syariah', *Jurnal Hukum Ekonomi Syariah*, 5.1 (2018): 38–46 <<https://doi.org/10.15575/am.v5i1.9654>>.