

The Development of Islamic Economic Thought and the Role of the DSN MUI on Musyarakah Mutanaqishah Products in Islamic Banking in Indonesia

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Submitted : 2025-03-27 ; Accepted: 2025-04-20 ; Published: 2025-04-21

Abstract

This article examines the development of Islamic economic thought related to Musharakah Mutanaqishah products in Islamic banking in Indonesia, against the background of complex modern economic challenges that require innovation of financial products according to sharia principles. The research aims to investigate the historical evolution and contemporary significance of Musharakah Mutanaqishah through tracing its conceptual origins from the time of the Prophet Muhammad to the period of Imam Mahzab, analyzing the transformation of Islamic economic thought in the development of modern fatwas, and examining the critical role of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) in promoting and implementing Islamic economic principles in the banking sector. Using a qualitative research method with a literature study approach, this study collects secondary data from primary sources such as DSN-MUI fatwas, Islamic legal texts, official documents of financial institutions, and secondary sources in the form of academic books, scientific articles, and research publications. Data collection techniques are carried out through systematic literature search, document analysis, and material categorization. Data analysis uses a qualitative content approach including descriptive, interpretive, comparative, and thematic analysis. The findings of the study show that the concept of Musharakah Mutanaqishah has undergone a significant evolution from the basic principles of help-help and capital cooperation during the time of the Prophet Muhammad to become an innovative solution in contemporary banking, with fatwa DSN-MUI No. 73/DSN-MUI/XI/2008 as an important milestone in providing the foundation of sharia law for financing products, although it still faces various obstacles such as limited legal regulations, public perception, and human resources.

Keywords: Thought, Fatwa, Sharia Economics, Sharia Banking musyarakah mutanaqishah, hybrid contract

INTRODUCTION

Islamic banking in Indonesia has experienced significant development over time. The move became the foundation of the sharia-based financial system in Indonesia, following the introduction of a package in December 1983 that allowed banks to provide loans at zero percent interest. Furthermore, in 1988, Finance Minister Radius Prawiro introduced the October 1988 Package (Pakto 88). This was a banking deregulation that facilitated the establishment of new banks and encouraged rapid growth in the banking sector at that time (Syukron, 2014).

The Sharia economic movement in Indonesia gained momentum with the establishment of Bank Muamalat Indonesia in 1991 as the first bank to operate based on Sharia principles. This bank was followed by a series of banks that operated entirely in accordance with Sharia principles or had Sharia departments or divisions. In addition to banking, various financial institutions have now emerged, such as insurance companies founded on Sharia, capital markets engaged in Sharia products, and non-banking financial institutions that adhere to Sharia principles (Husnan, 2017).

With the development of Islamic banking, transaction models have changed in this new era. Today's social, economic and commercial world has changed dramatically compared to the past. Therefore, the application of the ma'alimah principle must be studied in depth. The more time passes, the more economic problems religions have to face. The new version must refer to the Koran and Sunnah and be interpreted by mujtahids or scholars. By issuing a fatwa, the ulama express their opinions regarding the application of the law. Fatwa is the social role of the mujtahid as an advisor to ijtihad. Historically, fatwas have existed since the time of the Prophet Muhammad (pbuh), who issued them through hadith and many authentic traditions with his companions. After the death of the Prophet Muhammad, the Tabi'in and Tabi'in made it easier for ordinary people to ask questions about Islamic legal issues.

Economy sharia has develop rapid as Wrong One alternative system economy Which offer solution based on principles Sharia Islam. According to report Authority Service Finance (OJK) year 2023, asset banking sharia in Indonesia reach more from Rp720 trillion, show growth annual as big as 14% (OJK, 2023). Besides That, data from Islamic Finance Development Indicator (IFDI) take notes that Indonesia is at in ranking top in development economy sharia in a way global. System This expected capable give balance between need worldly And spiritual, as well as support creation justice social. Wrong One sector Which become attention main in implementation economy sharia is banking sharia, Which play a role as pillar main in provide service finance based on principle sharia (GIFR, 2023).

The development of Islamic banking in Indonesia is faced with various challenges and problems related to its operations. According to reports from Bank Indonesia (BI) and the Financial Services Authority (OJK), the main challenges faced are the low awareness of Islamic finance in the community, the lack of new products based on Islamic principles, and the lack of integration of Islamic regulations (Unimed, 2024). Report from Islamic Financial Services Board (IFSB) Also highlight importance increase Power competition banking sharia through transformation digital And strengthening order manage. Efforts This very important so that banking sharia can compete in a way effective And give solution finance Which in accordance with principles sharia in era modern This (Board, 2022).

The development of hybrid contracts (multiple contracts) is a main pillar in creating Islamic banking and financial products that meet the needs of modern society. Hybrid contracts are a form of ijtihad that aims to develop Islamic banking capabilities and products so that they

can meet the economic transaction needs of modern Islamic society. Innovation in development contract Which still in accordance with rules sharia very required. With hybrid contract, various contract can combined For create solution finance Which flexible And efficient. This allow banking sharia For offer product And service Which more diverse And in accordance with various situation transaction. Example hybrid contract Which popular is Musharaka Mutanaqishah, Which allow cooperation between bank sharia And Customer For ownership a asset in a way gradually (Yunus, 2019).

Hybrid contracts apply to Islamic financial institutions (banks and non-banks) that compete to develop innovative and high-quality products. One contract is no longer enough to handle modern financial transactions. Therefore, the hybrid contract method is better for product development. In fact, classical books state that it is forbidden to make two contracts in one transaction. In Islam, this prohibition only applies to sales transactions since the time of the Prophet Muhammad SAW, namely buying and selling at a different price between the amount received in the transaction and the amount paid. limited. From an Islamic legal perspective, the basic law in Muammarra is that everything is permissible, unless there is evidence that prohibits it. Thus, hybrid contracts are permitted in Islam, because they are modern transactions that have never occurred during the time of the Prophet Muhammad and there has been no legal ijihad before that (Febriani, 2021).

One of the main instruments of Islamic economics is Musyarakah (partnership cooperation) which is implemented in various forms, one of which is Musyarakah Mutanakishah. This agreement has developed from the time of the Prophet Muhammad (saw) and his companions, through the Imamiyah, and to its implementation in various modern Islamic banking products. Fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN MUI) play an important role in determining Islamic banking policies and controls. Given the increasingly complex development of Islamic economics and the need for innovation in Islamic banking products, the Indonesian Ulema Council (MUI) through the National Sharia Council (DSN) has initiated the development of hybrid contract-based products. To ensure legal certainty and the sustainability of sharia practices in banking transactions, the MUI has issued several fatwas on the implementation of new contracts (Fatwa No. 73/DSN-MUI/XI/2008 on Musyarakah Mutanaqishah I) (Dewan Syariah Nasional MUI, 2008).

DSN MUI on duty emit fatwa as guide sharia in operational banking sharia. Fatwas Which issued covers various aspect, start from contract financing, management funds, until product finance based on sharia. However, change And adjustment fatwa often required For accommodate development technology, regulation government, as well as need public Which dynamic. In context This, article This aiming For discuss development thinking economy sharia as well as role strategic DSN MUI in respond change And challenge Which faced banking sharia in Indonesia. Through discussion This, expected can found solution And strategy Which support strengthening banking sharia as part from system economy national Which based on values Islam.

To accommodate the significant development of sharia economy in Indonesia, a set of laws and regulations is needed that can provide legal certainty to sharia economic actors in the application of sharia law. In addition to these laws and regulations, Islamic economic actors, citizens, and the government (regulators) seek fatwas on Islamic economics from Islamic scholars and recognized Islamic institutions and organizations. This body issues fatwas, which

are instructions and guidelines for carrying out economic activities in accordance with sharia law. The rapid development of Islamic economic institutions must be balanced with valid and accurate Islamic economic fatwas. To further improve services and meet the high expectations of the community for sharia economics, the Indonesian Ulema Council (MUI) established the National Sharia Council (DSN) in 1999. This body consists of fuqaha (Islamic legal experts). As an expert and practitioner in the field of economics, especially finance and banking, as well as the non-banking financial sector, I carry out the MUI's mission to advance and develop the national economy. In addition, this institution is also responsible for explaining, reviewing, and formulating the values and principles of Islamic law (Sharia) which must serve as guidelines for Sharia-compliant trading activities in financial institutions (Racmawati, 2020).

DSN-MUI (National Sharia Council of the Indonesian Ulema Council) is a fatwa institution that issues sharia economic fatwas. Fatwas issued by DSN are collective and organizational in nature and are considered *ijtihad in Usul Fiqh*. As Jamai Keras. (Group oppression).). (By scientists). The validity of community fatwas approaches the validity of *ijma*. The development of Islamic economic fatwas is in line with the development of human life and civilization which is increasingly advanced and complex compared to the modern era. In terms of reliable advice from Sharia experts, there needs to be regulations that ensure that Sharia business trends always reflect the spirit and goals of Sharia. The development of Islamic economics and finance requires extensive research and study to reveal the advantages of financial products. Considerations at the theoretical concept level based on empirical experience alone are not enough. Field visits will be conducted to verify the validity of the fatwa. Adjustments need to be made in the field first, and consideration needs to be given to whether the theoretical benefits will be justified when applied in practice after the economic fatwa ends (Wahid, 2019).

Development charity the mutant from time Prophet Muhammad SAW, friend, time Priest School of thought, until to publication fatwa DSN-MUI show dynamics Which very important in effort realize economy sharia Which fair, transparent, And relevant with need era. Change from system contract single going to implementation hybrid contract like charity the mutant give flexibility in transaction banking sharia, However Also bring challenge in matter understanding And implementation Which in accordance with principle sharia.

Based on the background of Islamic banking development in Indonesia, the research gap lies in the need for a comprehensive analysis of how hybrid contracts and innovative financial products can effectively address the challenges faced by Islamic banking, including low public awareness, limited product diversity, and the requirement for digital transformation, while simultaneously maintaining strict adherence to Islamic principles and creating flexible financial solutions that meet the evolving economic needs of modern society, particularly in bridging the gap between traditional Islamic financial practices and the rapidly changing technological and economic landscape.

The novelty of this research lies in a comprehensive approach in analyzing the development of Islamic economic thought, with a special focus on Mushararakah Mutanaqishah products through the strategic role of DSN MUI, which is different from previous research which was more partial; while previous research such as Ridwan, (2013) only discussed Mushararakah Mutanaqishah as an alternative financing, Setiawan et al., (2024) focused on risk management, and Vauziah et al., (2023) analyzed the implementation of fatwa from the perspective of literature review, this study will explore the dynamics of Islamic economic

thinking holistically by emphasizing the role of DSN MUI in encouraging innovation in Islamic banking products, digital transformation, and contemporary challenges in implementing sharia principles in the modern era, resulting in a more in-depth analysis of DSN MUI's contribution to the development of the sharia economy in Indonesia.

The research aims to comprehensively investigate the historical evolution and contemporary significance of Musharakah Mutanaqisha, specifically by: (1) tracing its conceptual origins and application from the time of Prophet Muhammad and his companions through the period of Imam Mahzab, (2) analyzing the transformation of Islamic economic thought and its manifestation in modern fatwa developments related to Musharakah Mutanaqisha products in sharia banking, (3) examining the critical role and identifying potential challenges faced by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) in promoting and implementing sharia economic principles within the Indonesian banking sector, and (4) exploring how these historical, theological, and institutional dynamics contribute to the ongoing development of innovative and contextually relevant Islamic financial products that balance traditional principles with modern economic requirements.

RESEARCH METHODOLOGY

This study employs a qualitative research approach utilizing a literature review methodology. Specifically, the research is a descriptive-analytical study that focuses on comprehensively examining the development of Islamic economic thought, with a particular emphasis on Musharakah Mutanaqishah and the role of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI).

The qualitative literature review method was chosen because it allows for an in-depth exploration of existing scholarly works, legal documents, fatwas, and academic sources related to Islamic banking, economic principles, and the evolution of Musharakah Mutanaqishah contracts.

Data Sources

The research utilizes secondary data sources, which include:

1. Primary Sources:
 - a. Fatwa DSN-MUI, particularly Fatwa No. 73/DSN-MUI/XI/2008 on Musharakah Mutanaqishah
 - b. Islamic legal texts and original sources from the Quran and Hadith
 - c. Official documents from Islamic financial institutions like Bank Indonesia and the Financial Services Authority (OJK)
2. Secondary Sources:
 - a. Academic books on Islamic economics and banking
 - b. Scholarly journal articles
 - c. Research publications on Islamic financial principles
 - d. Reports from Islamic financial development organizations
 - e. Legal documents and regulations related to Islamic banking in Indonesia

Data Collection Technique

The data collection technique follows a systematic literature review approach, which involves:

1. Comprehensive Literature Search

- a. Identifying relevant academic databases and research repositories
 - b. Systematic keyword searches using terms like "Musharakah Mutanaqishah", "Islamic banking", "DSN-MUI", "hybrid contracts"
 - c. Reviewing bibliographies of identified sources for additional relevant references
2. Document Analysis
 - a. Critical examination of selected sources
 - b. Extracting key information related to the research objectives
 - c. Documenting historical development, theoretical foundations, and practical implementations of Musharakah Mutanaqishah
 3. Categorization and Compilation
 - a. Organizing collected materials into thematic categories
 - b. Cross-referencing sources to ensure comprehensive coverage
 - c. Maintaining a detailed record of sources for academic integrity

Data Analysis Technique

The research employs a qualitative content analysis approach, which involves:

1. Descriptive Analysis
 - a. Systematically describing the historical evolution of Islamic economic thought
 - b. Tracing the development of Musharakah Mutanaqishah from the time of Prophet Muhammad to contemporary banking practices
2. Interpretative Analysis
 - a. Critically interpreting the meaning and significance of fatwas and legal documents
 - b. Examining the contextual understanding of Islamic economic principles
 - c. Analyzing the role of DSN-MUI in shaping Islamic banking practices
3. Comparative Analysis
 - a. Comparing different interpretations of Islamic economic principles
 - b. Examining variations in Musharakah Mutanaqishah implementation across different contexts
 - c. Evaluating the alignment between traditional Islamic principles and modern financial needs
4. Thematic Analysis
 - a. Identifying recurring themes in the development of Islamic economic thought
 - b. Analyzing challenges and opportunities in implementing Sharia-compliant financial products
 - c. Exploring the strategic role of institutions like DSN-MUI in economic innovation

RESULTS AND DISCUSSION

Theory Which used part in analysis This is principle benefit. benefit part in environment This pointing near principle regulation Islam Which emphasize that target conventional Sharia is spread service And benefit (benefit) travel stay away stripes And damage (mafsadat). Law Which caught in junction general must to accept view life portrait not enough life, counted justice, certainty, And benefit Which Can heighten happiness relatives human. In a way etymological, talk the benefit of identical use virtue (al-khair), benefit (al-naf'), And service (al-husn). In terminological, the benefit of part in sharia meaningful nurse And find target syara', that is guide religion, soul, ratio good, lineage/honor, And luggage things. everything furniture

Which defend presence five problem This considered like al-maslahah. By Because That, help And kill problems Which destroy Also counted part in al-maslahah. In knowledge syara', the benefit of is argument Which please allow near target al-Shari', servant part in part virtue and also transactions. Al-maslahah make target Which wanted by al-Shari'a part in regulations Which set pass Al-Qur'an And Al-Hadith (Al-Qaradawi, 2000).

Musharakah Mutanakah is a contract based on musyarakah, a form of cooperation between two or more parties. In a musyarakah contract, the assistance provided is long-term, halal and valuable, and is accompanied by an obligation to distribute it according to the agreed ratio, and accompanied by an obligation to bear risks in accordance with the proportion of cooperation. Musyarakah Mutanaqishah comes from the word "yutanaqishu" which means "gradual reduction". According to Stan Remi Shahdeini, Musharakah can be divided into two types: Perpetual Musharakah and Diminishing Musharakah. In the case of unlimited musyarakah, the capital structure of the partners remains unchanged until the end of the contract period. In the context of Islamic finance, a sustainable partnership is the financing of financial assets by maintaining a fixed amount of capital until the end of the contract period. Profits from Musharakah are shared among the partners according to their initial commitment and losses are shared proportionally according to the capital contributed. In declining musharakah, an agreement occurs between the bank and the customer in which the bank's capital is reduced over time and ownership of the assets is transferred to the customer. Ultimately, all goods belong to the customer. This is called Musyarakah Mutanaqishah (Adriani, 2019).

Musyarakah Mutanaqishah is a form of cooperation between two or more parties over the ownership of an asset. In this partnership, through a payment mechanism based on value, the ownership rights of one party are reduced while the ownership rights of the other party are increased. This form of cooperation ends with the transfer of ownership from one party to another. The concept of Musyarakah Mutanaqishah applies to financing through Islamic banking. Islamic banks and customers work together to provide or acquire assets and jointly own the assets. The ownership structure is determined based on the capital or funds contributed to the partnership, and the customer repays the capital or funds deposited by the Islamic bank in installments (Al-muhtasib, 2024).

In terms of language, fatwa means an answer to a problem (al-jawab `an al-amr al-mushkil). Technically, fatwa is defined as a statement of Islamic law regarding certain evidence to anyone who asks a question (Jum'ah, 2008). Fatwa is tool important in law Islam For give guide to people about various problem Which arise in life daily. A mufti is usually an experienced scholar and expert in Islamic law who has the authority to issue fatwas. These fatwas are based on the Quran, Hadith, Ijma (consensus of scholars) and Qiyas (analogy). Fatwa is defined as an opinion on law. The essence of a fatwa is to answer a frequently asked question. Therefore, it is discursive and dynamic, but this does not necessarily apply to the content of the fatwa. Fatwa is not only a theoretical study, but also a practical study. In issuing the fatwa, the mufti does not only pay attention to legal provisions, but also considers the reality of the problem and the circumstances of the person issuing the fatwa. To issue a fatwa that is acceptable in both content and application, the fatwa maker must have ijtihad, namely the ability to understand the nature of the problem and the conditions of the community that is the target of the fatwa. This will not happen because the basic problem has been handled (Yusuf al-Qaradhawi, 1999).

Fatwa DSN-MUI about Musharaka Mutanaqishah Which First time issued on year 2008 become milestone important in development thinking economy sharia in Indonesia. Fatwa This

arrange about order method implementation mutual assistance mutant in financing House And vehicle in banking sharia. With publication fatwa This, bank sharia get runway law Which clear For develop products financing based on mutual assistance mutant (Dewan Syariah Nasional Majelis Ulama Indonesia, 2008).

Development Thinking Economy Sharia related Musharaka Mutanaqishah Time Prophet Muhammad And Friend Prophet

On time Prophet Muhammad SAW, although No There is form specific from Musharaka Mutanaqishah like Which We know Now, principle base about cooperation capital, distribution profit And loss, as well as acquisition gradually Can found in various practice economy And transaction Which taught by Prophet. With thus, although term And the application No known on time That, principle base Which underlying it Already applied in Lots aspect life economy people Islam on time Prophet.

Musharaka in context Sharia Islam is A contract partnership in where two party or more unite capital they For operate a business together. Profit And loss shared in accordance with agreement, generally based on contribution capital each (Abdul Wahab Khallaf, 2001).

On time Prophet Muhammad SAW, mutual assistance can found in form cooperation between friends he in field trading And business Malik, n.d.). As example:

1. Trading: The friend Prophet often do cooperation in field trading, like Which done by Ash Bakr Ash-Siddiq And Uthman son Affan. They together own partnership in trading Which very profitable in markets Mecca And Medina. They often share capital And profit in accordance with agreement they.
2. Baitul Mall: Baitul Mall or institution finance country on time Prophet Also Can considered as example from mutual assistance in form Which more big, in where public share riches For interest general, like charity, donation, And funds social other.

However, practice Musharaka Mutanaqishah, Which involving diversion ownership gradually from One party to party other, No found in form Which clear on time Prophet. Draft similar Possible There is, but more Lots happen in form partnership for results (like mudharabah) or sell buy gradually. Following example Which similar with principle diversion ownership gradually in a number of transaction Which done by Prophet And for friend he.

1. Sell Buy Gradually (*Bai' Bit-Taxite*) (Anam, 2021)

On time Prophet Muhammad SAW, there is practice sell buy in a way installment or taxi (delay payment). For example, Prophet Muhammad SAW Once do transaction with Utbah son Rabi'ah, in where purchase done with payment Which postponed. In context This, owner goods No direct divert fully ownership goods to buyer, but right on goods the Can enjoyed by buyer in a way gradually in accordance with settlement payment. This reflect principle diversion ownership gradually Which There is in mutual assistance mutant.

2. Cooperation in Trading And Investment

For example, on time That, Ash Bakr And Uthman No only operate trading together, but they Also often merge capital they in efforts big, share profit And loss, as well as do investment together. Profits **derived** from **work** This is usually divided based on **the portion of capital contributed** by each party.

3. Financing And Investment in Development Mosque

Development Mosque Prophetic in Medina Also Can considered as Wrong One example from principle mutual assistance Which more big, in where public in a way collective donate funds For objective together. Although No There is transfer ownership Which nature gradually, draft partnership in financing together For objective social or collective Can seen as model Which underlying mutual assistance mutant.

Although No There is implementation direct from Musharaka Mutanaqishah on time Prophet, practice cooperation in business, distribution profit And loss, as well as draft diversion ownership gradually or in a way gradually can seen as influence beginning Which influence development contracts similar in era contemporary. Implementation principles justice, clarity contract, And avoidance evil (uncertainty) in transaction business on time Prophet become base development Musharaka Mutanaqishah in context economy modern, specifically in financing sharia.

Development Thinking Economy Sharia Musharaka Mutanâqishah Time Priest School

Aliuddin Zadari in his book Jurisprudence Muammar Al-Mariya Al-Mukallan write that in One transaction must There is two contract, Good contract tijarah (contract trade) and also contract tabarul (contract non-commercial). He explain that merge second contract the No forbidden in Islam. -Contract Commercial). Argument Which used is argument Which requires fulfillment condition And contract. According to cleric sect This, contract plural allowed with terms and conditions certain (Febriani, 2021). Following This is example legalization by cleric sect This Which merge two contract:

1. Scholar Hanafi: It is permissible merge contract sell buy with contract lease based on on draft forgiveness. We leave implementation argument general (Kully) And argument Ishtishna`i (argument exceptions/special). Draft forgiveness This similar with draft Qiyas Kafi madhhab Shafi'i.
2. Scholar Maliki: If law Sharia know contract single, so law the allow merger a number of contract become One contract, with condition merger the legitimate. Will but, This is not a contract double Which consists of from contracts with law Which different, like Which applicable in Area Economy Europe. For example sell buy with method Sell it, Sharf, Musaqah, Sirkah, Qirad or Marry.
3. Scholar Shafiyyah: Allows sell buy And Lease as well as integration Regards And Lease.
4. Scholar Hanabil: Allows You merge Qardh (claim) And Please in One contract.

On time Priest School of thought, principle base charity Still very relevant, but like on time friend, draft the mutant Not yet developed with method Which known Now. Priest School like Priest Ash Hanifah, Priest Malik, Priest Shafi'i, And Priest Ahmad give guide about charity in various context transaction business. However, development And implementation draft subtraction ownership or the mutant new appear lately along with need public For do transaction Which more flexible in financing based on sharia.

The development of Islamic economic thought and changes to modern fatwas regarding Musharakah Mutanaqisha products in sharia banking

Draft economy sharia focus on a number of aspect important, that is: (Al-Qaradawi, 2000)

1. Prohibition Usury (Flower): Usury, Which means addition or flower on loan, forbidden in economy sharia Because considered No fair And oppressive party Which weak.
2. Principle Justice: Economy sharia emphasize on distribution risk Which fair between parties Which involved in transaction, like in principle for results (mudarabah) And musharakah).
3. Prohibition Gharar (Uncertainty) And Maysir (Gambling): Transaction Which involving uncertainty Which excessive And speculation forbidden in economy sharia.
4. Investment in Matter Which Halal (Haram): In economy sharia, transaction or investment only can done on sectors Which halal (No violate sharia), like industry food, drugs, And energy renewable, temporary sectors Which considered forbidden (like alcohol And gambling) avoided.

Banks play a vital role in the economy, and many banking products are based on classical umara fiqh concepts and have been reformulated to meet the transaction needs of modern society. One of the most popular Islamic banking products is Musharakah Mutanaqishah. Musharakah Mutanakisha is a form of cooperation between an Islamic bank and its customers regarding the ownership of an asset, where the ownership of the asset on one party is gradually reduced and the ownership of the asset on the other party is increased through a payment mechanism. Ultimately, full ownership of the asset is transferred to the customer. Thus, Musharakah Mutanaqishah allows flexibility in financial transactions and provides solutions that are in accordance with Sharia principles. This product is an innovative product that meets the increasingly complex needs of today's society (Masyhuri, 2012).

Musharaka Mutanâqishah is Wrong One form contract financing sharia Which used in banking sharia. In general etymological, say *charity* means Work The same or partnership, And mutant originate from say tanaqqas Which means reduce or reduce. So, mutual assistance *the mutant* is Work The same or partnership Which in inside There is subtraction (decline) part Wrong One party in ownership asset along with the walk time, with objective so that party the in a way gradually divert ownership asset the to party other until party That fully become the owner. On in practice, mutual assistance mutant used in financing property or project term long, in where bank or institution finance sharia And Customer together buy A asset, Then Customer in a way gradually buy part ownership bank the until asset the fully become owned by customers (Masyhuri, 2012).

In the concept of classical Muammar jurisprudence which is used as the standard of legal reasoning, there is only one contract system, while the Sharia theory recognizes two contracts (two in one) in one transaction or contract. No. Ahmad and An-Nasa'i narrated from Abu Hurairah (may Allah be pleased with him): *That Prophet SAW forbid do two transaction in One transaction sell buy.* (Hadith This authenticated by at-Tirmidhi And Ibn Hibban).

Prohibition two contract in One transaction in jurisprudence transactions classic focus on avoidance ambiguity And potential injustice in transaction. Although in banking sharia modern Lots product Which looks merge a number of contract, principle base This still guarded with separate contracts Which different in a way clear And transparent (Al-Qaradawi, 2000).

System contract single, in where only One contract Which used in transaction, No Enough For fulfil need transaction finance Which the more complex, especially in banking sharia Which try guard balance between principle sharia And need business Which develop. As example, in transaction financing House or vehicle, bank sharia Possible need a number of step And process Which need implementation various contract at a time (Al-Sa'di, 2015). By Because That, hybrid contract become solution Which allow banking sharia For:

1. Increase flexibility: With merge a number of contract in One transaction, bank can to design product Which more in accordance with need Customer And can give solution more complete.
2. Fulfil need market Which more wide: Product based on *hybrid contract* can respond need financing Which more varies, like purchase goods, property, or vehicle, without violate principles sharia.
3. Increase efficiency operational: With use a number of contract Which Already agreed, banking sharia can more efficient in fulfil need financing while guard transparency And justice in transaction.

Banking sharia of course the more need hybrid contract (multi contract) in the transaction For fulfil need transaction finance contemporary. Example Which often used is contract murabaha. In reality, the Murabahah contract cannot stand alone and often needs to be combined with other contracts, including the Wakalah or Musharakah Mutanakisha contract. The Murabahah contract is a sales contract in which the seller informs the buyer of the purchase price of the goods. Add an agreed profit margin. However, in order for this transaction to run smoothly in the Islamic banking system, additional agreements such as wakalah, where the bank purchases the product from a third party as an agent for the client, are often required. Musharakah Mutanaqishah is form cooperation Which allow ownership a asset in a way gradually switch from bank to customers. With system hybrid contract This, bank And Customer can do transaction Which more flexible And in accordance with principles sharia. The single contract system of Islamic banking is in fact not sufficient to meet the needs of modern financial transactions. Therefore, the application of a hybrid contract approach in the development of Islamic banking products is good because it allows the combination of various contracts, thus providing a more comprehensive solution and meeting the needs of the community (Al-Qaradawi, 2000).

In process formation fatwa MUI related contract hybrid, specifically in context charity the mutants, DSN-MUI own committee Which consists of from for expert jurisprudence (cleric) And practitioner economy sharia. Committee This on duty For give guide And fatwa about various product banking sharia. The expert jurisprudence, economy, as well as banking sharia do discussion And study to problem Which faced in transaction banking sharia And laws Islam related use a number of contract in One transaction. Discussion This very important For understand aspect sharia And the application in context economy modern.

Fatwa related *hybrid contract* , like charity the mutants, become important For respond development need market And banking sharia Which the more complex. Furthermore DSN-MUI learn various case And product Which applied by bank sharia in Indonesia and also outside country. They identify potential problem And benefit from use contract more from One in One Transaction.Product like financing House with charity the mutant tested For ensure that No

There is element usury, evil (uncertainty), or maysir (gambling). Matter This very important For guard compliance to principle sharia (Al-Qaradawi, 2000).

Team expert DSN-MUI compile draft fatwa Which give guidelines And provision about use contract hybrid in banking sharia. Draft This Then discussed more carry on with for expert And party related. Fatwa the Also will tested For ensure that all contract Which used fulfil principles sharia Which set in Al-Qur'an, Hadith, And consensus for scholars. After fatwa finished arranged And approved by for expert in DSN-MUI, fatwa official published And announced to public And institutions finance sharia. Fatwa No. 73/DSN-MUI/XI/2008 about charity the mutant This give guidelines about use Musharaka Mutanaqishah as form contract hybrid Which merge mutual assistance (partnership) And lease (rent) in transaction financing, like purchase House or vehicle (Dewan Syariah Nasional Majelis Ulama Indonesia, 2008).

Fatwa This very important For give certainty law And sharia for practitioner banking sharia in to design product Which fulfil need market modern, without violate principle sharia. With fatwa This, banking sharia can offer product Which more flexible And innovative, while still guard principle justice, transparency, And benefit for all party Which involved in transaction. DSN-MUI stage socialization For ensure that banking sharia understand And implement fatwa the in product they, like **mutual assistance mutant aqishah**. Banks sharia start implement fatwa the with offer product Which in accordance with principle sharia, Which merge more from One contract. Product like financing House with **mutual assistance mutant** start introduced to public. MUI in a way periodic do evaluation to implementation fatwa For ensure product Which produced still in accordance with principle sharia And fulfil need economy people.

Role Fatwa DSN-MUI in push implementation economy sharia in field business banking sharia in Indonesia.

The fatwas issued by DSN-MUI are essentially provisions that apply to the Indonesian banking system and bind all Islamic banks and fiqh muamalah practitioners. Several fatwas have been ratified and consolidated into one law. Bank Indonesia has issued various regulations to support the implementation of Sharia principles in Islamic banking. Fatwas are contextual and can change depending on the situation and circumstances. Changes in DSN-MUI fatwas on certain topics can have an impact on banking regulations in Indonesia. The existence of DSN MUI fatwa number shows the importance of its role as a guideline for the implementation of Sharia principles in Islamic finance. Since the enactment of Sharia Banking Law No. 21 of 2008, stakeholders are expected to comply with the Sharia principles set out in the DSN-MUI Fatwa in regulating business activities. The role of DSN-MUI fatwas as a guideline for Sharia principles is not explained in detail in the Indonesian Banking Law. Comply with Law Number 21 of 2008 concerning Types of Remittances in Islamic Banking Institutions and the Implementation of Sharia. Although the DSN-MUI fatwa has discussed the need for Islamic finance, there are still many questions remaining and there has been no fatwa supporting the development of Islamic financial products and practices (Undang-Undang No. 21 Tahun 2008 Tentang Perbankan Syariah, 2008).

In fact, some fatwas in banking laws are difficult to implement and can be an obstacle to the development of Islamic finance. The results of the investigation found many obstacles in the efforts to implement the DSN-MUI fatwas that have permanent legal force, many of which are contrary to Islamic law. The MUI fatwa on mudharabah, musyarakah, ijarah and so on

cannot be fully implemented because positive law only allows debt transactions through banks. Islamic banks in Indonesia face several obstacles in developing their business. The following is a summary of the obstacles that arise from perceptions of Islamic financial institutions and Indonesian banking.

1. Investor Perception: Many investors still think and believe that Islamic banking is only for the Muslim community. The low level of integration of Islamic finance and the use of Arabic terminology in fatwas and banking regulations hinder public understanding.
2. Tax regulations and the development of new products and services are not yet supported by adequate legal basis in the form of fatwas. DSNMUI and Indonesian banking regulations.
3. Human resource limitations: Lack of awareness about Islamic financial products and systems.
4. Undercapitalization: The capitalization of Islamic banks is still low.
5. Sharia Arbitration Court: The National Sharia Arbitration Court was established by the MUI, not the government, and is therefore not binding.
6. Government Institutions: Government support is still minimal.
7. Technical limitations: Information systems that must change every month, such as how results are communicated to third parties, are tied to systems that remain the same every month.

According to Yeni Selma Barulintji, there are many obstacles in implementing the Islamic economic fatwa, especially since not all Islamic economic experts are aware of the DSN-MUI fatwa. Many still believe that the DSN-MUI fatwa has no legal force. The DSN-MUI fatwa cannot be fully implemented because it is a law that applies and must be obeyed by all sharia economic actors. In addition, there are still many other laws and regulations that do not support the implementation of the DSN MUI fatwa. The real problem is:

1. DSN-MUI fatwa on products that do not meet Islamic banking requirements.
2. The process of translating or merging DSN-MUI fatwas into statutory regulations.
3. The willingness of Islamic banks to align their banking practices and products with the DSN-MUI fatwa.

To minimize these obstacles, the following steps can be taken:

1. Active participation of stakeholders: Stakeholders such as Bank Indonesia and Islamic banking institutions will participate in the preparation of each DSN-MUI fatwa through DSN-MUI and ensure that DSN-MUI functions. MUI fatwas serve the needs of the Islamic banking industry. We need to be more proactive and committed. And they do not provide reasons for different interpretations.
2. Improving the quality of human resources: Islamic banks need to improve the quality of their human resources so that they can understand the principles of Islamic banking. This is important. This is because there are still many employees who adhere to the principles of conventional banking but in carrying out Islamic banking transactions. Overcoming these obstacles will enable Islamic banking to develop better in accordance with Islamic principles.

Based on research on the development of Islamic economic thought and the role of DSN-MUI fatwa in Islamic banking in Indonesia, there are important **implications** that the implementation of Islamic financial products, especially Musharakah Mutanaqishah, still faces a number of significant challenges. The main obstacles include limited investor perception, limited human resources, minimal government support, tax regulatory constraints, and technical challenges in information systems. Nevertheless, the DSN-MUI fatwa has a strategic role in encouraging the development of innovative Islamic banking products in accordance with sharia principles, with the need to improve the quality of human resources, active participation of stakeholders, and alignment of banking practices with existing fatwas are the main keys in facing these challenges. This research emphasizes the importance of a comprehensive and sustainable approach to developing a more mature and responsive Islamic financial ecosystem to the needs of modern society.

CONCLUSION

Based on the analysis of the development of Islamic economic thought related to Musharakah Mutanaqishah, it can be concluded that this concept has undergone a significant evolution from the time of the Prophet Muhammad PBUH to the modern era, starting from the basic principles of help-help and capital cooperation in the time of the Prophet, developing more complex during the time of the Imam of the Madhhab with detailed discussions about the fairness of profit and risk sharing, and subsequently became an innovative solution in contemporary Islamic banking. Fatwa DSN-MUI No. 73/DSN-MUI/XI/2008 is an important milestone in providing a clear foundation of sharia law for Musyarakah Mutanaqishah financing products, although it still faces various obstacles such as the limitations of positive legal regulations, public perception that is still inclined towards conventional banking, limited human resources in understanding the principles of Islamic banking, and technical obstacles to implementation. Despite these challenges, Musharakah Mutanaqishah proves the flexibility and adaptability of the sharia economy in answering the needs of modern financial transactions, with DSN-MUI playing a strategic role in bridging the needs of modern society with sharia principles through relevant and comprehensive fatwas.

The recommendations of this study include comprehensive efforts to develop the sharia economy in Indonesia through improving the quality of human resources with continuous training programs, improving the regulatory framework that supports the innovation of sharia financial products, wider public socialization to increase public understanding, strengthening the DSN-MUI institution and government support, developing hybrid contract products that are flexible but still compliant with sharia principles, and the development of adaptive technological infrastructure. The main focus is to create a modern, transparent, and responsive Islamic financial ecosystem to the needs of the community, while maintaining the integrity of the basic principles of Islamic economics, which ultimately aims to overcome challenges such as limited resources, investor perceptions, and regulatory complexities that have been hindering the development of Islamic banking in Indonesia.

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