

The Implementation of Shariah Principles in Home Financing Credit Without Bank at Shariah Property Developer Fabelia Property in Pekanbaru City

Jamiatul Husni^{1*}, Andi Irfan²

^{1,2} Fakultas Ekonomi dan Ilmu Sosial, Universitas Islam Negeri Sultan Syarif Kasim Riau, Pekanbaru, Indonesia

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ABSTRACT

This research aims to analyze the implementation of sharia principles in house buying and selling transactions without banks at Sharia Property Developer (DPS) Fabelia Property in Pekanbaru City. The study uses a qualitative method with a case study approach, and data collection techniques through observation, interviews, and documentation. Fabelia Property offers a home financing scheme without usury, fines, or bank involvement, using the murabahah and istishna' contracts. The results of the research indicate that the Fabelia transaction system is under sharia principles, especially in avoiding elements of usury and penalties. Although house prices at Fabelia tend to be higher than sharia mortgages through banks, the interest-free approach and transaction flexibility make this DPS a more desirable alternative for consumers. This study concludes that the sharia property financing scheme without banks implemented by Fabelia Property provides a solution for consumers who want to own a house according to Islamic principles.

*Corresponding author.

E-mail: jamiatulh691@gmail.com

INTRODUCTION

In 2021, in addition to being named the country with the largest population in the world, Indonesia is also included in the list of countries with the number 1 largest Muslim population in the world. This is also proven by the 2021 Population and Civil Registry census which stated that 86.93% or around 238.09 million of the total population in Indonesia were recorded as Muslim (Virgiawan, A.M. Luthfi, Sirajuddin, 2024). The majority of Indonesian citizens who are Muslim encourage the development of Islamic sciences, including economics and accounting. The emergence of Islamic banking is good news and an alternative for the community, especially Muslims, to be able to apply sharia principles including in financial and economic aspects. When conventional banking applies an interest system which is prohibited in Islam because it is included in usury, transactions in Islamic banks are carried out with a margin system (profit sharing). However, Islamic banks have not been able to implement sharia principles correctly by the Qur'an and Sunnah, so in Islamic banks, usury and, things that are forbidden in transactions seem to have only changed names.

The concept of margin sharing has not been fully implemented by Islamic banks and Islamic law is violated to obtain the expected profit (Agus Salim Harahap & Saparuddin Siregar, 2020). Although Islamic banking in Indonesia continues to grow, consumer doubts about the halalness of products offered by Islamic banks are still questioned (Ahmed, 2014); (Rahmayati, 2017); (Sukardi, 2012), (Nofianti et al; 2015). Islamic banks are still perceived as the same as conventional banks in terms of products even though there is special treatment for Islamic bank products (Ekawati & Shofawati, 2019). The emergence of consumer doubts about Islamic banks is due to the practice of satanic finance that is still carried out by several internal parties of Islamic banks in carrying out their operational activities (Wahyuni, 2018).

The doubts that arise are due to the lack of public confidence in the compliance of Islamic banking in implementing Islamic principles, encouraging the emergence of Islamic property developers who provide Islamic mortgage products without banks where consumers are free from transactions through banks in this case, but only transact directly with the developer. The system in non-bank Islamic mortgages is considered more flexible and simpler because there is no need for intermediation from banks or other financial institutions (Firmansyah & Indika, 2017).

Fabelia Property as one of the Islamic property developers (DPS) in Pekanbaru City offers a financing/home procurement scheme without involving banks (non-bank). Fabelia Property, which was founded in 2003, is a developer that uses a contract without usury and a bank. As shown on the official Fabelia Property website (<https://fabeliaproperty.com>), this developer implements contracts and transactions without fines, seizures, and bank involvement without involving insurance parties. In its implementation, Fabelia property uses the murabahah and istishna 'sale and purchase contracts, where sales and purchases can be made in cash or credit. Sharia mortgages through property developers can be an option for the community, especially Muslims, to

meet their needs for housing without violating sharia rules. Therefore, this study aims to determine how sharia is implemented in buying and selling houses with a credit system without a bank, a case study of the sharia property developer Fabelia property in Pekanbaru City

METHODOLOGY

This study uses a qualitative research method. According to Bogdan and Taylor, Qualitative methodology is defined as a research procedure that produces descriptive data in the form of written or spoken words from people and observable behavior. Qualitative research can generally be used for research on people's lives, history, behavior, concepts or phenomena, social problems, and others. (Miawaty, 2021). In this study, the researcher used a case study approach. According to Cresswell, a case study is a research design that can be carried out in various fields where researchers analyze in depth cases, and collect complete information using various data collection procedures based on a predetermined time (Miawaty, 2021). The researcher chose to use the case study method in this qualitative research because it follows the purpose of this study, namely to find out how the application of the sharia concept is carried out in house procurement transactions at the Sharia Property Developer Fabelia Property. The data collection method used by researchers to obtain accurate and relevant data in this study is field research with documentation techniques, observation, and semi-structured interviews. The research was conducted at Fabelia property, Pekanbaru City from February 2024 to July 2024.

RESULTS AND DISCUSSION

The informant's statement that the transaction practices carried out by Islamic banking are still not much different from the practices carried out by conventional banking is in line with the results of research conducted by Wahyuni, due to the continued existence of satanic finance practices in Islamic banking, which raises consumer doubts about Islamic banks. This is due to the satanic finance practices that are still practiced by several internal parties of Islamic banks in carrying out their operational activities (Wahyuni, 2018)

From the buyer's point of view, the transaction system used by Fabelia Property is in accordance with sharia, if it is based on the absence of usury elements. In addition, there is no additional value in the form of late fines or even in the form of property confiscation, as explained by J, "The credit agreement through Fabelia Property is in accordance with sharia, considering that there is no interest that falls into the usury category" (J, Interview, July 8, 2024)

Furthermore, Fabelia Property in its transactions uses two sale and purchase agreements, namely murabahah and Istishna'. These contracts, like other sales and purchase contracts, can be applied to the sale of housing units paid for in cash or on credit.

Regarding the use of the istishna contract, RS explained, "Sales and purchase transactions with orders, starting from an order from the consumer to build a house and the payment can be made in full or in installments within an agreed time." (RS, Interview, July 1, 2024) The financing process at the Sharia Property Developer (DPS) for purchasing a house on credit consists of several stages, starting from communication between the consumer and the developer regarding ordering the house, paying the down payment (DP) to the handover of the house. Regarding this, RS stated "The consumer contacts the Fabelia Property admin regarding their desire for property credit. Furthermore, the consumer is accompanied by the admin to see the property that will be the object of the contract. If interested, the consumer will make an appointment for the submission of the DP and the Agreement Contract. The consumer submits the DP and signs the contract at our office. We build the house according to the specifications stated in the contract. Installment payments start at the beginning of the following month after the contract. When the house is completed, we will hand over the keys. Submission of correspondence when paid in full" (RS Interview, July 1, 2024)

Compared to banking, the provisions regarding pricing for sharia property developers can be seen in the following table:

Table 4. 1
House Price Type 45

Type	Total Price	DP	Installment	
			Time	Per Month
45	IDR250.000.000	CASH	-	-
	IDR265.000.000	IDR66.250.000	1 Year	IDR16.562.500
	IDR280.000.000	IDR70.000.000	2 Years	IDR 8.750.000
	IDR300.000.000	IDR75.000.000	3 Years	IDR 6.250.000
	IDR315.000.000	IDR78.750.000	4 Years	IDR 4.921.875
	IDR330.000.000	IDR82.500.000	5 Years	IDR 4.125.000

Source: Fabeliaproperty.com

Tabel 4. 2
House Price Type 36

Type	Total Price	DP	Installment	
			Time	Per Month
36	IDR200.000.000	IDR50.000.000	5 Years	IDR2.500.000
	IDR190.000.000	IDR47.500.000	4 Years	IDR3.000.000
	IDR180.000.000	IDR45.000.000	3 Years	IDR3.750.000
	IDR170.000.000	IDR42.500.000	2 Years	IDR5.350.000
	IDR160.000.000	IDR40.000.000	1 Year	IDR10.000.000
	IDR150.000.000	CASH	-	-

Source: Fabeliaproperty.com

The credit selling price offered by Fabelia Property as the developer can be compared with the total house price if using a Sharia Bank KPR. The Sharia Bank KPR chosen was Bank Syariah Indonesia (BSI) KPR in its Griya Hasanah program, because of its image as a national sharia bank and offering competitive prices. The estimated total house price that consumers must pay if they use the BSI Griya Hasanah KPR is calculated based on the cash price from the developer, assuming a down payment of 25% and installments calculated using the Bank Syariah Indonesia (BSI) KPR calculator or simulation. The results of this calculation are then presented in the form of a simulation table.

Table 4. 3
Simulation of Total House Prices Based on KPR BSI Griya Hasanah 5 Years Installments

Type	Cash	DP 25%	Total Price	
			Installment	Total
36	150.000.000	37.500.000	2.321.688,68	176.801.320,8
45	250.000.000	62.500.000	3.869.481,13	294.668.867,8

Table 4. 4
Simulation of Total House Prices Based on KPR BSI Griya Hasanah 10 Years Installments

Type	Cash	DP 25%	Total Price	
			Installment	Total
36	150.000.000	37.500.000	1.458.801,01	212.556.121,2
45	250.000.000	62.500.000	2.431.340,02	354.260.802,4

Based on the calculation tables above, the selling price on credit via Bank KPR is estimated to be lower compared to the selling price offered by the developer. Fabelia stated that the price difference was related to differences in the systems used by banks and Fabelia itself. In the banking world, financing is based on fluctuating interest rates which tend to rise every year but never fall. Meanwhile, Fabelia avoids this because it is part of usury which is forbidden. The monthly installment costs are not related to the percentage and interest rate, but are divided according to the length of credit the consumer can afford. This is based on RS's statement "Usually conventional property (banking) applies interest in an uncertain manner depending on the interest rate, which tends to increase every year" (RS, Interview, 01 July 2024)

There is a difference in price offered by the seller to the buyer with the price increase along with the length of the credit payment tenor indicating the concept of time value of money while Islam does not recognize the concept of time value of money because in Islam what is prioritized is the economic value of time, where what is valuable is time itself. Money is only seen as a means of exchange, not for speculation, because this is prohibited in sharia. On the other hand, the time value of money is closely related to the

projection of future prices, the implication of which is the existence of interest. This interest is directly related to usury, which is considered haram and unjust in Islam so that Islam prohibits the practice of usury. However, it turns out that in terms of buying and selling transactions, Islam allows the determination of a deferred-payment price higher than the cash price. Zaid bin Ali Zainal Abidin bin Husain bin Ali bin Abi Thalib, the great-grandson of the Prophet Muhammad. explains that the higher deferred price is allowed not at all due to the time value of money, but because the seller's rights are withheld (Rahmat Ilyas, 2017)

In the banking system, there are consequences for late installment payments in the form of late fines, and vice versa. There is a fine known as a penalty, namely a sanction for customers who make payments earlier than the given time period. This penalty is regulated by the OJK in the regulations on accelerated credit repayment stated in the OJK Circular Letter Number 13/SEOJK.07/2014 concerning Standard Agreements. Fabelia property, as a developer that uses sharia principles, does not apply these fines and penalties. The amount of credit paid by the buyer is the remaining payment that must still be paid in installments which comes from the difference between the selling price that has been reduced by the DP that has been paid by the buyer. F explained, "If you buy property at Fabelia Property for 500 million, then you pay 300 million down payment, your remaining debt is 200 million, in the agreement you will pay in installments for 2 years, then your debt of 200 million will not increase (without interest) for 2 years, either if there is a delay in payment or if the payment is accelerated (without fines and penalties)" (F, Interview, July 1, 2024)

Credit that complies with sharia provisions is true like that. If it is brought into a murabahah contract, then the selling price is the basic price of the goods plus the profit that has been agreed upon by the buyer and seller, then the amount of the installment is calculated by dividing the selling price by the credit deadline that is in accordance with the buyer's ability.

Fines as applied to home ownership credit through banking are not applied by Fabelia property. When it is due but the consumer has not made the payment, Fabelia will follow up by contacting the consumer to remind them that the payment is due. If the worst possibility occurs if there is a cancellation and the consumer is no longer able to pay or can no longer continue paying the installments, especially if it has accumulated for several months, then a discussion is needed to find a middle ground as a solution that provides benefits and pleasure for both parties. The solution provided by Fabelia as stated by RS "We both look for the best solution, for example, we sell this house. When it sells, for example, two hundred million, while the remaining debt is fifty million to the developer, then fifty million for the developer, the rest is for the consumer." (RS, Interview, July 1, 2024)

This can certainly be realized if the house that is the object of the transaction can be sold at the normal price or market price. However, there is still a possibility that the house will be sold below market price. If this happens, then one party or even both parties

could suffer losses. The developer did not explain this case example, because the developer assumed that the house would always be sold at market price, so it is necessary to review further the solutions that will be provided if such a case occurs.

CONCLUSION

The conclusion of this study shows that the transaction system used by Fabelia Property is in accordance with sharia principles, especially in avoiding usury and not applying late fines or penalties. Fabelia uses two sale and purchase agreements, namely murabahah and istishna', which can be applied to both cash and credit payments.

A comparison between the financing systems of Fabelia Property and Islamic banks, especially in the context of mortgages, shows that house prices through Islamic bank mortgages tend to be lower, but the banking system still applies interest and penalties, which are considered contrary to sharia by consumers. Meanwhile, Fabelia avoids these elements in its financing system.

In sale and purchase transactions, Islam allows the determination of a higher deferred price than the cash price. The determination of a higher deferred price is not at all due to the time value of money, but simply because the seller's rights are withheld. In the case of transaction cancellation, Fabelia Property offers a deliberation solution to resolve the problem, which includes the possibility of selling the property to cover the buyer's remaining debt, although this can pose a risk of loss if the property is not sold at market price.

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