

Hybrid Contract In Islamic Banking Innovation In Indonesia: Systematic Mapping And Analysis Of Implementation Models

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Abstract: Innovations in Islamic banking products in Indonesia are increasingly relying on hybrid contracts, or al 'uqud al murakkabah, as the primary instrument to meet complex contemporary financial needs. However, there is currently no systematic mapping that simultaneously analyzes the types, implementation patterns, and Sharia compliance challenges of all hybrid contract models across categories of Islamic banking products in Indonesia. This study aims to: (1) identify the dominant types of hybrid contracts used in Islamic banking product innovations in Indonesia; (2) examine their implementation patterns in Islamic banking products; and (3) analyze the resulting Sharia compliance challenges. Using a Systematic Literature Review (SLR) approach based on the PRISMA protocol, this study selected 21 articles from 564 identified articles published between 2019 and 2024. The findings identified seven primary hybrid contract models dominating Islamic banking in Indonesia: Murābahah bil Wakālah, Ijārah Muntahiyah Bittamlīk (IMBT), Musyārahah Mutanāqīṣah (MMQ), Kafālah bil Ujrah, Wakālah bil Ujrah, Hawalah bil Ujrah, and the Rahn Qarḍ Ijārah combination. Products utilizing these models include property financing (KPR), gold pawnbroking, Islamic credit cards, multi-service financing, letters of credit, and Islamic demand deposits. Although hybrid contracts meet the needs of a dynamic market, several challenges persist, including the complexity of combining contracts, the potential for hidden riba conflicts, weaknesses in accounting records, and low public financial literacy. This study contributes a comprehensive and systematic mapping of hybrid contract types, implementation patterns, and legal implications across all major Islamic banking product categories in Indonesia an analysis not previously available in the existing literature. The findings may provide practical guidance for regulators and Islamic banking institutions in designing innovative financial products while maintaining Sharia compliance.

Keywords: Hybrid Contract, Islamic Banking, Islamic Financial Products, Sharia Compliance

INTRODUCTION

Islamic banking in Indonesia has undergone significant structural transformation over the past two decades, not only in terms of asset growth and branch networks but also in the depth and complexity of the products offered to the public. This development is not merely quantitative but also qualitative, as evidenced by the increasing complexity of the contractual structures used to meet contemporary financial needs. According to a report by the Financial Services Authority (OJK), total national Islamic banking assets have exceeded Rp 2,973 trillion in 2025, marking a

significant milestone in the industry's growth (Hakim, 2025). Behind these growth figures lies a phenomenon of contractual innovation that warrants serious academic attention: the increasingly dominant use of hybrid contracts or *al-'uqūd al-murakkabah* in the innovation of Islamic financial products.

The concept of hybrid contracts within the Islamic scholarly tradition is known by several terms, including *al-'uqūd al-murakkabah* (compound contracts), *al-'uqūd al-mujtami'ah* (aggregated contracts), and hybrid contracts. Terminologically, a hybrid contract is an agreement between two or more parties that integrates two or more contracts into a single transaction, such that all rights and obligations arising from these contracts are considered an indivisible unity. Burhan Arbouna defines it as an agreement between the parties to integrate two distinct contracts into a single transaction to achieve a mutually agreed upon objective. Meanwhile, Nazih Hammad asserts that all legal consequences of the integration of these contracts are viewed as a single, complete legal entity (Hasanudin et al., 2022).

The emergence of hybrid contracts arises as a response to the increasingly complex needs of modern financial transactions. The urgency of hybrid contracts stems from the reality that a single type of contract cannot accommodate the multidimensional needs of modern financial transactions, which simultaneously encompass aspects of ownership, guarantee, agency, lease, and profit sharing. Products such as sharia compliant mortgages, sharia compliant gold pawnbroking, sharia compliant credit cards, and sharia compliant letters of credit can only function effectively and in compliance with sharia through a combination of complementary contracts.

The normative legitimacy of this practice is not without debate. In the classical fiqh tradition, combining two contracts into a single transaction is generally viewed as problematic, and classical scholars prohibited this practice based on a hadith of the Prophet forbidding multiple transactions within a single deal. However, contemporary scholars distinguish between prohibited and permissible contract combinations. The combination of contracts is considered prohibited if it contains elements of *hīlah* to justify *riba* or create injustice. Conversely, the combination of contracts is permissible if each contract remains legally independent and does not conflict with the other (Musyarrofah, 2023). AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) standards affirm that the combination of contracts is permissible as long as no contract

is made an absolute condition for another, so that each contract can stand independently within an integrated transaction structure.

In Indonesia, the National Sharia Council-Indonesian Ulema Council (DSN-MUI) has issued a number of fatwas legitimizing the use of hybrid contracts, provided they are free from excessive gharar, do not contain hidden riba in their cost mechanisms, and the execution of each contract is carried out separately and sequentially. Thus, the normative framework for hybrid contracts is in place; however, the availability of normative legitimacy does not equate to academic clarity regarding how the practice unfolds empirically.

Generally, studies on hybrid contracts in Islamic banking in Indonesia can be categorized into three main streams. First, studies focusing on normative-juridical analysis that examine the compatibility of hybrid contracts with DSN-MUI fatwas and the principles of fiqh muamalah (Febriani, 2022). Second, research examining implementation in specific products, such as Islamic credit cards (Tri Aryani et al., 2022), gold pawnbroking (Syahrir & Amelia, 2023), and Islamic mortgages (Dewi et al., 2022). Third, research focusing on the accounting and financial disclosure aspects of hybrid contracts, particularly regarding Sharia PSAK. This research is important for reporting transparency but does not address the substantive Sharia compliance dimension at all (Handayati & Prasetyo, 2020). Research on hybrid contracts is generally product specific or fragmented across specific contract types. More comprehensive studies, such as those conducted by Mariana and Athoillah (Mariana & Athoillah, 2023) and Musfiqoh and Sukamto, remain limited to descriptive literature approaches without systematic synthesis across product categories (Musfiqoh, 2024). As a result, there is currently no comprehensive map illustrating all types of hybrid contracts and their implementation patterns in Indonesia's Islamic banking sector.

Existing literature also reveals a major gap, the absence of a systematic review that simultaneously examines hybrid contract types, implementation patterns, and Sharia compliance challenges across Islamic banking products. While Mariana and Athoillah approached this objective, their study lacked a systematic literature selection protocol. Likewise, Musfiqoh and Sukamto analyzed hybrid contracts from a product development perspective but did not systematically incorporate the Sharia compliance dimension.

Based on these gaps, this study aims to integrate analyses of hybrid contract types, implementation, and challenges of compliance into a single comprehensive analytical framework based on a Systematic Literature Review (SLR) using the PRISMA approach. Beyond providing a descriptive overview, the study offers critical and comparative insights. Accordingly, it addresses three research questions: (1) What are the dominant hybrid contract models used in Islamic banking product innovation in Indonesia? (2) How are these contracts implemented across Islamic banking products? and (3) what Sharia compliance challenges are caused by the implementation of hybrid contracts?.

This study contributes by providing the first systematic cross-product mapping of dominant hybrid contract models in Indonesian Islamic banking, applying rigorous a PRISMA-based SLR methodology, and integrating contract typologies, implementation patterns, and Sharia compliance challenges into a unified analytical framework. These contributions fill an important gap in the literature and provide a basis for evidence-based policy and product development in Islamic finance.

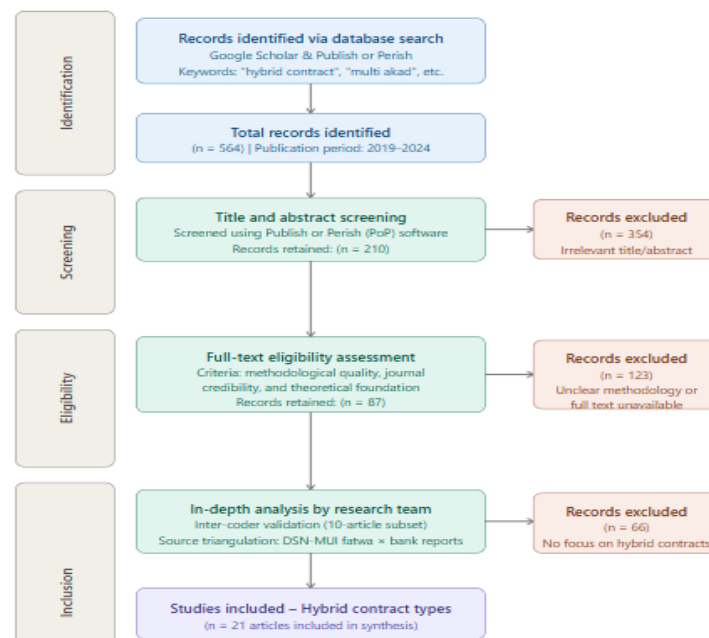
METHOD

This study employs a Systematic Literature Review (SLR) approach using the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta Analyses) framework as a protocol for systematic and transparent literature selection. SLR was chosen for its ability to methodologically integrate findings from various sources, resulting in a valid and scientifically accountable synthesis (Rethlefsen et al., 2021). This study is qualitative analytical in nature, employing a normative interpretive paradigm that treats academic texts and regulatory documents as primary data.

The primary data sources for this study are scientific articles obtained from the Google Scholar and Publish or Perish databases, using search keywords including “*hybrid contract*,” “*multi akad*,” “*hybrid contract and Islamic banking*,” and “*implementation of hybrid contracts in Sharia banking products*.” The publication timeframe is limited to the years 2019-2024 to ensure relevance to current developments in Islamic banking in Indonesia. As regulatory and contextual sources, this study also utilizes fatwas from the National Sharia Council Indonesian Ulama

Council, the annual reports of Bank Syariah Indonesia, the annual reports of Bank Muamalat Indonesia, reports from other Islamic banks, and the Compilation of Sharia Economic Law.

The literature selection followed the four PRISMA stages: Identification (564 records), Screening (210 articles after title and abstract review using Publish or Perish), Eligibility (87 studies after quality assessment), and Inclusion (21 articles on hybrid contract types). Articles unrelated to hybrid contracts in Islamic banking, lacking clear methodology, or unavailable in full text were excluded. Thematic synthesis was used to analyze three dimensions: hybrid contract types, Islamic banking products, and Sharia compliance challenges. Coding reliability was strengthened through inter-coder validation by two researchers, while validity was ensured through triangulation with DSN-MUI fatwas and Islamic banks' annual reports. The full selection process is presented in the PRISMA flow diagram.



RESULT AND DISCUSSION

Identification of *Hybrid contract* Types in Indonesian Islamic Banking

Based on the synthesis of 21 selected articles, this study identifies seven main models of *hybrid contracts* applied in Islamic banking in Indonesia. Each model is characterized by a specific combination of contracts, a clear legal basis, and unique product applications.

First, Murabahah bil Wakalah. This model combines the sale purchase contract with a margin (murābahah) and the agency contract (wakālah) in a single transaction (Mualim et al., 2021). The Islamic bank authorizes the customer to act as the bank's agent in procuring the requested items (Maksum et al., 2020). After obtaining the products, the bank executes a murābahah contract, selling them to the customer at cost plus an agreed-upon margin (I Nyoman et al., 2024). This model is the most dominant in the literature analyzed explicitly (Syarif et al., 2023). According to DSN MUI Fatwa No. 04/DSN MUI/IV/2000, the wakālah contract must be finished before the murābahah contract begins. This ensures that the bank is the true owner of the items before selling them to customers.

Second, Ijārah Muntahiyah Bittamlīk. This contract is a combination of a lease agreement (ijārah) and a promise (wa'ad) to transfer ownership at the end of the lease period, either through a sale purchase transaction or a gift (Abduloh et al., 2024). Wahbah az Zuhaili asserts that IMBT is a combination of the ijārah contract and the transfer of ownership, which must be executed separately. DSN MUI Fatwa No. 27/DSN MUI/III/2002 stipulates that: (1) the transfer of ownership is carried out after the ijārah period ends with a new contract; (2) the wa'ad is non binding; and (3) all pillars and conditions of ijārah must be fulfilled. IMBT is widely applied in property and vehicle financing, where the customer pays rent for a certain period and then has the option to own the asset. This contract is widely applied in property and vehicle financing.

Third, Musyārahah Mutanāqīshah (MMQ). This contract is a gradually diminishing partnership agreement, in which the bank and the customer collectively acquire an asset, and the customer gradually purchases the bank's ownership share through installment payments until the asset is fully owned by the customer (Ashsiddiqy et al., 2020). DSN MUI Fatwa No. 73/DSN MUI/XI/2008 defines MMQ as a form of syirkah that allows one party to reduce its ownership share through gradual purchase by the other party. During the ownership process, the customer pays ujarah for the use of the portion of the asset still owned by the bank, so that MMQ technically contains elements of ijārah (Kartika et al., 2026). Theoretically, MMQ is considered fairer in risk distribution compared to murābahah, but its complexity has become a barrier to adoption among customers (Nurhayati & Hasan, 2022).

Fourth, Kafālah bil Ujrah refers to transforming a kafālah (guarantee) contract from a tabarru' (non-profit) to a mu'āwadah (commercial) contract by imposing ujrah (remuneration) for guarantee services (Safitriani et al., 2023). In Islamic banking, the bank functions as a guarantor (kafil), securing the customer's commitments to a third party, in exchange for ujrah (payment) (Busari et al., 2024). The legal basis consists of DSN MUI Fatwa No. 11/DSN MUI/IV/2000 on Kafālah, No. 57/DSN MUI/V/2007 on L/C with kafālah bil ujrah, and No. 74/DSN MUI/I/2009 on Sharia Guarantees. This concept is used for guarantee banks, letters of credit, Sharia financing cards, and purchase financing.

Fifth, Wakālah bil Ujrah. This contract involves the delegation of authority from the principal (muwakkil) to the agent (wakil) to perform specific tasks in exchange for a fee (ujrah) agreed upon in advance. DSN MUI Fatwa No. 113/DSN MUI/IX/2017 establishes comprehensive provisions for the implementation of this contract. In Islamic banking, wakālah bil ujrah is often applied in fund transfer services, investment management, and as a component of murābahah bil wakālah (Ghozali et al., 2021). This model reflects the Islamic principle of operational efficiency because it allows customers to delegate their financial affairs to the bank in exchange for a transparent fee agreed upon in advance.

Sixth, Hawalah bil Ujrah. This contract is a debt transfer contract (hawalah) accompanied by the imposition of ujrah for the transfer service. Unlike traditional hawalah, which is of a tabarru' nature, the addition of ujrah transforms the contract's character into a commercial one. The DSN MUI has recognized the legitimacy of this model in the context of factoring and international fund transfers. Research by Hardiati highlights that in multi service financing (Hardiati et al., 2021), hawalah bil ujrah is a more adaptive and flexible alternative compared to kafālah bil ujrah, which is considered more complex in its operations. Bank Muamalat Indonesia's annual report lists hawalah as one of the contracts in its *hybrid contract* based financing services.

Seventh, Rahn Qard Ijarah. The combination of the rahn (pawn), qard (interest free loan), and ijarah (lease) contracts forms the fundamental structure of sharia compliant gold pawn products (Syahrir & Amelia, 2023). The customer receives a loan (qard) from the bank by pledging gold as collateral (rahn), while the bank sets storage and maintenance fees for the gold based on the ijarah contract (Indriani & Habib, 2023). DSN MUI Fatwas No. 25 and 26/DSN MUI/III/2002

stipulate that *ijārah* fees must be calculated based on the weight of the gold used as collateral, not on the loan amount, to avoid potential *riba*. The integration of these three contracts is possible because each has a different object *rahn* focuses on collateral, *qarḍ* focuses on loan funds, and *ijārah* focuses on storage services.

The Dominance of *Hybrid contract* Implementation Models in Islamic Banking in Indonesia

First, Fund Raising Products in Sharia Current Accounts. Sharia current account products implement a *hybrid contract* through a combination of the *wadī'ah* (deposit) and *mudārabah* (profit sharing) contracts. The *wadī'ah* contract governs the management of customer funds as a deposit that can be withdrawn at any time without compensation, while the *mudārabah* contract allows the bank to manage a portion of customer funds productively with an agreed upon profit sharing arrangement. Research by Putri et al. on BSI's current account product indicates that this dual contract structure meets customers' liquidity needs while enabling productive and Sharia compliant asset management (Putri et al., 2024). The main challenges in *hybrid contract* based deposit products are establishing a fair and transparent profit sharing ratio, as well as separating the accounting records between the *wadī'ah* and *mudārabah* portions. Ambiguity in this regard could imply potential violations of the principle of *amanah* in the management of third party funds.

Second, Sharia Property Financing and Mortgage Products (KPR). Property financing is the broadest area of application for *hybrid contracts*, with three main models used alternately or simultaneously depending on customer needs *murābaḥah bil wakālah* for property purchases through a sale purchase agreement; IMBT for lease financing with a purchase option; and MMQ for gradual ownership partnerships. According to Sari and Fahrana's research, customers prefer the *murābaḥah bil wakālah* contract for mortgages due to its simplicity and installment certainty (Sari, 2019). However, Fahrana and Yahya MMQ is a more equitable risk distribution between the bank and the customer (Fahrana & Yahya, 2024). A study by Kurniawan identifies the main issues with *murābaḥah bil wakālah* for mortgage loans, the *wakālah* and *murābaḥah* contracts are still often drafted simultaneously (rather than sequentially as required by the fatwa), and the existence of the *murābaḥah* object is not always verified in advance by the bank. This creates a structural risk where the substance of the contract differs from what should occur according to *fiqh*

provisions. To address this issue, stricter oversight from the DPS and OJK is required, along with improved documentation standards for the contract process (Kurniawan & Anggraeni, 2024).

Third, Gold Pawn and Investment Products. Sharia gold pawn integrates three contracts: rahn, qarḍ, and ijārah, while gold installment products combine murābahah and rahn. In gold pawn, customers obtain quick liquidity by pledging gold as collateral, and storage fees are charged based on the ijārah contract. Research by Amiyati et al. at Bank SUMUT Syariah (Amiyati et al., 2022) and Pahrussadi et al. at BSI KCP Kadipaten Majalengka confirm that this model has been implemented in accordance with the provisions of the DSN MUI fatwa, although practices of determining ijārah fees based on the loan amount rather than the weight of gold are still found in some institutions, which have the potential to give rise to elements of hidden riba. (Nungki et al., 2024)

Fourth, Sharia Credit Card Products. Sharia credit cards employ a combination of three contracts: kafālah (the bank as guarantor of the customer's transaction with the merchant), qarḍ (the bank as lender for cash withdrawals), and ijārah (the bank as provider of the payment system service). According to Latifah's research on the BSI Hasanah Card, these three contracts have been implemented; however, the fees charged, including annual membership fees, monthly membership fees, late payment fees, and over limit fees, must be strictly monitored to ensure they do not exceed reasonable limits, which could result in usury (Tri Aryani et al., 2022). A review of the BSI Hasanah Card product at the UINSA Surabaya Branch found that while the kafālah bil ujah contract structure was met, late payment costs require higher criteria to prevent potential riba nasiah. This suggests that DPS oversight should be more focused on cost factors rather than contract structure compliance (Mahfudloh et al., 2024).

Fifth, the Sharia Letter of Credit (L/C). This product implements a combination of the wakālah bil ujah and murābahah contracts as the most efficient model with minimal risk (Sumanti & Al-rasyid, 2024). Safitriani et al. conducted research at Bank Muamalat Indonesia, demonstrating the usage of wakālah bil ujah in document and payment management for export import L/Cs. The bank acts as the importer's agent and charges ujah for its services. (Safitriani et al., 2023). The main challenge identified was determining the amount of ujah as a fixed nominal value in accordance with the provisions of the DSN MUI fatwa, rather than as a percentage of the

transaction value. Several studies have identified that for Sharia L/C, there are various *hybrid contract* models that can be applied wakālah bil ujah with qarḍ, a combination of sale and purchase with wakālah, murābahah bil wakālah, salam or istishna' with murābahah, as well as wakālah bil ujah with muḍārabah or musyārahah. This diversity reflects the flexibility of *hybrid contracts* in accommodating the various needs of Sharia compliant international trade transactions.

Critical Analysis of *Hybrid contracts* and Their Challenges as Sharia Financial Innovations

Overall, the results of this study indicate that *hybrid contracts* have become the foundation of Islamic banking product innovation in Indonesia. From a fiqh perspective, Islamic banks have the ability to effectively combine various contracts into a single product, demonstrating the adaptability of fiqh muamalah to the complexity of contemporary financial needs. However, from the perspective of what actually occurs in practice, there is a gap between regulatory design and on the ground implementation. This disparity is not solely technological but signifies profound structural issues: insufficient supervisory capacity, record-keeping methods that do not align with the complexity of contracts, and financial literacy that is inadequate for the intricacy of the goods available. These findings corroborate Hamza's critique that numerous Islamic financial products, particularly those utilizing *hybrid contracts*, fundamentally mirror conventional financial structures under a Sharia-compliant contractual framework, lacking significant alterations in risk distribution and equity (Hamza, 2013).

This study also outlines five types of systemic difficulties that impede the effective adoption of *hybrid contracts* in Indonesian Islamic banking. First, consider structural complexity and dual oversight. The mixing of two or more contracts within a single product increases complexity, necessitating stringent control by the Sharia Supervisory Board (SSB). These findings support Setiawan's claim that when *hybrid contracts* are utilized to restructure distressed finance, oversight must assure compliance with each contract individually and their interactions within a single transaction (Setiawan et al., 2022). In other words, the capabilities of the DPS must be significantly enhanced so that they can understand complex contract structures. This issue is exacerbated by the fact that OJK regulations have not yet specifically mandated minimum competency standards for the DPS regarding the mastery of hybrid contract arrangements. Findings by Witasari regarding the role of the DPS in enforcing Sharia principles at Islamic banking institutions in Semarang

indicate that the effectiveness of oversight depends heavily on the capacity and independence of the DPS, which still varies across institutions (Aryani Witasari, 2020). Iqbal and Mirakhor's study in the context of global Islamic finance indicates that weaknesses in Sharia governance including the limited capacity of the Sharia Supervisory Board constitute one of the most systemic factors threatening the integrity of the Islamic financial industry as a whole (Rahmatika & Andriansyah, 2024).

Second, findings regarding the risk of hidden riba in certain *hybrid contract* products constitute a key finding of this research. In gold pawnbroking, setting *ijārah* fees based on the loan amount rather than the weight of the gold effectively creates a proportional relationship between the fee and the loan amount, which is structured like interest. Similarly, uncapped late fees and overlimit charges may produce components similar to compound interest with Sharia compliant credit cards. Kurniawan's research suggests that Sharia banks struggle to balance profit and Sharia compliance in *murābahah* financing. Strategies for guaranteeing Sharia compliance include product diversity, education, and transparency. OJK laws should create clear norms for *ijārah* fees, rather than leaving it up to individual banks (Kurniawan & Anggraeni, 2024). A fundamental challenge in this domain is the asymmetric information and lack of awareness surrounding equitybased products, alongside issues related to debt based transactions that create systemic barriers to the full implementation of Sharia-compliant financial principles (Maksum, 2018).

Third, accounting deficiencies and limited transparency in hybrid contract management undermine the integrity of Islamic banks' financial statements. In *murābahah bil wakālah*, banks often record *murābahah* assets directly without recognizing the ownership phase required under the *wakālah* arrangement, creating uncertainty as to whether the bank genuinely owned the assets before selling them to customers a fundamental condition for the validity of *murābahah*. Such practices may mislead financial statement users and reinforce perceptions that these transactions differ little from conventional interest bearing loans disguised as sale contracts. Sa'diyah's study found that these deficiencies are not merely technical accounting issues but reflect a mismatch between the substance of Sharia transactions and their accounting representation. (Sa'diyah et al., 2020). Therefore, harmonization among DSN MUI, IAI (Indonesian Institute of Certified Public

Accountants), and OJK in developing accounting standards specifically for hybrid contract transactions is urgently needed (Sembiring & Ahmad Muhajir, 2024).

Fourth, technical infrastructure has limitations. Managing *hybrid contracts*, which comprise multiple types of contracts, necessitates an information technology infrastructure capable of differentiating, monitoring, and reporting on each contract individually. According to Hasniati's research on BSI Mobile Banking, present Islamic banking technology solutions are insufficient to provide the transparency and accounting segregation needed for hybrid contract administration (Hasni & Udzma, 2023). This technical mismatch has an impact on operational efficiency as well as regulators and the DPS's ability to monitor operations. Alshater et al. recognized Islamic FinTech as having tremendous potential to improve transparency and Sharia compliance in hybrid contract management using blockchain based smart contracts. However, adoption of this technology in Indonesia's Islamic banking sector is still in its early stages, requiring a supportive regulatory environment as well as significant infrastructural investment (Hasan, 2020).

Fifth, low public literacy. Nurhayati and Hasan found that the public preferred *murābahah bil wakālah* over MMQ for mortgages while Fahrana found the same for CIMB Niaga Syariah Bank. (Nurhayati & Hasan, 2022). However, theoretically, MMQ is more equitable in risk sharing. This preference does not indicate a choice based on comprehension, but rather a lack of information of the more intricate dynamics of *hybrid contracts*. Sharia banks have not adequately educated their consumers about the benefits of the *hybrid contract* model. Consequently, the public's focus remains on products that are structurally most similar to conventional products.

This scenario is aggravated by the lack of systematic and standardised customer education programs in Islamic banks that focus on comprehending contracts and the significant disparities between *hybrid contract* forms. In their study on financial inclusion, Okello Candiya Bongomin et al. show that low financial literacy significantly reduces the adoption of Islamic financial products, particularly those based on profit sharing and partnership models that require active customer participation (Okello et al., 2016). Zaki's research also reveals that enhancing Islamic financial inclusion through proper literacy is required for the adoption of more inclusive and equitable *hybrid contract* products (Zaki et al., 2023).

Having discussed the various hybrid contract models and their operational characteristics, a comparative synthesis is presented to highlight the contractual structures, product application, legal foundations, and principal implementation challenges in Indonesian Islamic banking.

Hybrid contract model	Contract combination	Product application	Legal basis	Key implementation	Sharia compliance challenges
Murābahah bil Wakālah	Murābahah+ Wakālah	Property financing (KPR), Vehicle financing, Multi-purpose financing, Letter of credit	No. 04/DSN-MUI/IV/2000 (Murābahah) No. 10/DSN-MUI/IV/2000 (Wakālah)	Bank authorises customer as agent (wakīl) to procure goods; murābahah contract executed after procurement is complete	- Wakālah and murābahah often signed simultaneously, violating required sequence - Bank ownership of goods not always verified prior to sale
Ijārah Muntahiyah Bittamlik (IMBT)	Ijārah+ Wa'ad (promise)	Property financing (KPR), Vehicle financing, Capital goods leasing	No. 27/DSN-MUI/III/2002 (IMBT)	Customer pays rent over a fixed period; ownership transfer (via sale or gift) executed under a separate contract at lease end	- Ownership transfer contract not always executed separately as required - Wa'ad treated as binding, contradicting fatwa provisions
Musyārahah Mutanāqishah (MMQ)	Musyārahah+ Ijārah	Property financing (KPR), Business partnership financing	No. 73/DSN-MUI/XI/2008 (MMQ)	Bank and customer jointly own asset; customer pays ujah for use of bank's share and gradually purchases that share through instalments	- High structural complexity limits public adoption - Inadequate segregation between musyārahah and ijārah portions
Kafālah bil Ujrah	Kafālah + Ujrah	Bank guarantee, Sharia letter of credit (L/C), Sharia credit card, Purchase financing	No. 11/DSN-MUI/IV/2000 (Kafālah) No. 57/DSN-MUI/V/2007 (L/C) No. 74/DSN-MUI/I/2009 (Sharia guarantee)	Bank acts as guarantor (kafil) for customer obligations to a third party; ujah charged as fixed fee for guarantee service	- Transforms tabarru' contract into commercial one; risk of ujah exceeding reasonable limits - Late payment charges may produce riba-like elements
Wakālah bil Ujrah	Wakālah+ Ujrah	Fund transfer services, Investment	No. 113/DSN-MUI/IX/2017	Principal (muwakkil) delegates specific financial tasks to bank	- Ujrah must be fixed nominal value, not

		management, Sharia letter of credit	(Wakālah bil Ujrah) No. 10/DSN-MUI/IV/2000 (Wakālah)	as agent (wakīl); fixed or pre-agreed ujrah charged for the service rendered	percentage of transaction compliance inconsistent across institutions Scope of authority (tawkīl) not always clearly defined in contracts
Ḥawālah bil Ujrah	Ḥawālah+ Ujrah	Multi-service financing, Factoring services, International fund transfer	No. 12/DSN-MUI/IV/2000 (Ḥawālah) No. 58/DSN-MUI/V/2007 (Ḥawālah bil Ujrah)	Debt obligation transferred from original debtor (muḥīl) to a third party (muḥāl 'alaih); bank charges ujrah for administering the transfer	Addition of ujrah shifts tabarru' nature to commercial; risk of ta'alluq (interdependent contracts) Operational complexity in multi-party cross-border transactions
Rahn Qarḍ Ijārah combination	Rahn+ Qarḍ+ Ijārah	Sharia gold pawnbroking Gold instalment products	No. 25/DSN-MUI/III/2002 (Rahn) No. 26/DSN-MUI/III/2002 (Rahn Emas) No. 19/DSN-MUI/IV/2001 (Qarḍ)	Customer receives interest-free loan (qarḍ) secured by gold collateral (rahn); bank charges storage/maintenance fee (ijārah) calculated on gold weight, not loan amount	Ijārah fees often based on loan amount rather than gold weight, creating hidden riba structure Weak accounting segregation across three simultaneous contracts

CONCLUSION

This study has answered the three research questions using a PRISMA based SLR method. First, seven major *hybrid contract* models used in Indonesian Islamic banking were identified: Murābaḥah bil Wakālah, IMBT, Musyārakah Mutanāqīṣah, Kafālah bil Ujrah, Wakālah bil Ujrah, Hawalah bil Ujrah, and Rahn Qarḍ Ijārah. The most dominant model in the literature is Murābaḥah bil Wakālah, followed by IMBT and MMQ, while Ḥawālah bil Ujrah has received less attention despite its broad application potential. All models are supported by DSN-MUI fatwas and regulatory frameworks, although their implementation varies in practice. Second, hybrid contracts are implemented across three product categories: (1) fund raising products, particularly Sharia current accounts (2) financing products, including home financing, gold pawnbroking, gold

installment schemes, and multi service financing and (3) service products such as Islamic credit cards. Third, the review identifies five key Sharia compliance challenges: contract complexity, potential hidden riba in pricing mechanisms, weaknesses in hybrid contract accounting practices, limited public understanding of hybrid products, and inadequate technological infrastructure

The implementation of hybrid contracts are essential for product innovation and competitiveness in Islamic banking. Their effectiveness depends on regulatory harmonization, robust Sharia oversight, and improved financial literacy. Under these conditions, they can promote the objectives of maqāsid al-sharī'ah through welfare, justice, and financial inclusion. Theoretically, this study contributes to a more comprehensive and empirically grounded taxonomy of hybrid contracts in Indonesian Islamic banking. Practically, Islamic banks should strengthen DPS competencies and internal supervision, implement transparent accounting systems, enhance financial literacy programs on hybrid contract mechanisms, and develop information technology infrastructure for effective hybrid contract management and reporting. Regulators are encouraged to standardize pricing mechanisms and formulate accounting standards that better reflect the Sharia substance of hybrid contract transactions.

This study is limited to Indonesian and English language literature published between 2019 and 2024 and does not include unpublished internal bank reports. Future research should examine (1) the long term effects of hybrid contracts on financial performance and customer satisfaction (2) comparative studies between Indonesia and other OIC member states (3) technology based integrated supervisory frameworks for multi contract management and (4) the effectiveness of Islamic financial literacy programs in increasing the adoption of equitable hybrid products such as MMQ.

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