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Implementation of Hiwalah at Al-Ikhlas Batusangkar Public Employee Cooperative

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ABSTRACT

The trigger for the problem in this study is the implementation of hiwalah contemporary on KPN Al-Ikhlas Batusangkar. This study describes the implementation of hiwalah contemporary at KPN Al-Ikhlas Batusangkar, as seen in classical economics and the fiqh contemporary economy. The research used is field research with a qualitative approach. Data was collected through interviews. Data analysis using Miles and Huberman analysis includes data collection, reduction, presentation, and conclusion. The results of the research show that the forms of debt diversion to KPN Al-Ikhlas Batusangkar include, hiwalah in murabahah al inah, and hiwalah in murabaha, and followed by ijarah lumpuriyah tamblik bit (IMBT). Causal factors for the transfer of debt to KPN Al-Ikhlas Batusangkar include not wanting to be involved in usury anymore, their returns in the form of distribution of remaining operating results (SHU), and no gifts to cooperatives to get financing. After being discussed, there was a modification of the hiwalah form by using multiple contracts and allowed to find economic profit in doing hiwalah or transfer of debt.

KEYWORDS Hiwalah; Murabahah; Ijarah; Cooperative.

INTRODUCTION

The flocking of people transferring debts from conventional financial institutions to Islamic financial institutions has been rampant, for example, in Bogor, where customers have transferred homeownership loans (KPR) from traditional banks to the Cibinong branch of Bank BJB Syariah. (Maulida, Sobari and Hakiem, 2021). This credit transfer is mainly influenced by bank interest, which tends to increase, and wants to avoid usury, which Islam prohibits. Meanwhile, most customers' income tends to remain fixed, the cost of living tends to increase, and they are burdened with increasing monthly bills. (Maulida, Sobari and Hakiem, 2021).. This causes customers to transfer their debts from conventional financial institutions to Islamic financial institutions. Therefore, implementing *hiwalah*, or contemporary debt transfer, in Islamic financial institutions is fascinating.

Many people have conducted studies on the implementation of contemporary hiwalah. So far,

there are at least seven articles on implementing contemporary hiwalah in Islamic financial institutions. The studies that have been conducted can be categorized into three perspectives. First, *hiwalah* legal perspective (Nizamuddin, 2013; Sahal, 2017; Nurazizah, 2020; Hasanah, Setiawan and Aulia, 2022; Nurjaman, Setiawan and Herdiana, 2022). Second, *hiwalah from an economic perspective* (Juliana, Ismaulina and Salsazila, 2019; Mardhotillah *et al.*, 2021; Maulida, Sobari and Hakiem, 2021). Third, *hiwalah from a philanthropic perspective* (Shiddiq, 2021). So far, no study has discussed the implementation of contemporary hiwalah in Islamic financial institutions, especially Islamic cooperatives, in seeking economic benefits.

This study focuses on the implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar. It aims to describe the implementation of modern hiwalah at KPN Al-Ikhlas Batusangkar as seen in classical and contemporary economic fiqh. This study answers two research questions: First, what are the

forms of debt transfer at KPN Al-Ikhlas Batusangkar? Second, what factors cause the transfer of debt at KPN Al-Ikhlas Batusangkar?

The study of the implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar needs to be done to describe the forms of *hiwalah*. To explain the factors of *hiwalah*. Then, the views of classical and contemporary economic fiqh regarding the forms of *hiwalah* and the factors for *hiwalah* from financial profit. Therefore, the author wants to write an article titled Implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar.

METHODS

This type of research is field research with a qualitative approach. This research was conducted at KPN Al-Ikhlas Batusangkar. Data was collected through interviews. The interview was conducted with the Cooperative Manager as informant 1 face-to-face using audio recording. In addition, interviews were also conducted with cooperative members as informants 2 face-to-face using audio recording. Data analysis uses Miles and Huberman analysis, including data collection, data reduction, data presentation, and data conclusion. Data was collected through interviews in the form of debt transfer forms and factors causing debt transfer. After that, the data was reduced into two. First, data on forms of debt transfer include, *hiwalah* in *murabahah al inah*, and *hiwalah* in *murabahah*, and followed by *ijarah muntahiyah bit tamlik* (IMBT). Second, data on the factors causing the transfer of debt include not wanting to get involved in usury again, bringing economic benefits in the form of Residual Business Results (SHU), and the absence of providing collateral at KPN Al-Ikhlas Batusangkar. After that, the above data is presented and discussed using classical economic fiqh and contemporary economic fiqh. Then, conclusions are drawn from the data above after being discussed using classical and modern economic fiqh.

RESULT AND DISCUSSION

Forms of Debt Transfer at KPN Al-Ikhlas Batusangkar

The forms of debt transfer at KPN Al-Ikhlas Batusangkar were obtained through interviews. Based on interviews the author conducted with the cooperative manager, informant 1 explained the following:

There are two forms of debt transfer at KPN Al-Ikhlas Batusangkar. First, hiwalah first and continued with murabahah al-inah. Second, hiwalah first, and continued with murabahah, and continued with ijarah muntahiyah Bit Tamblik. (Interview informant 1, May 23, 2023)

From the interview above, it is explained that there are two forms of debt transfer at KPN Al-Ikhlas Batusangkar. First, the form of *hiwalah* in *murabahah al-inah*. In this *hiwalah*, cooperative members with debts in conventional banks transfer them to KPN Al-Ikhlas Batusangkar. Furthermore, KPN Al-Ikhlas Batusangkar accepted the debt transfer. As for the alternative process of paying debts to traditional banks, it was obtained through an interview with the cooperative manager, informant 1, who explained as follows:

There are two alternative processes for paying debts to conventional banks: transferring directly using the cooperative account to the conventional banking account and giving cash to members to pay off the debt to traditional banks. Of the two alternatives, the first is the most used (Interview Informant 1, May 23, 2023).

From the interview above, it is explained that there are two alternative processes for paying debts to conventional banks. The first alternative is for cooperative officers accompanied by members at the Bank's office to directly transfer the total amount from the cooperative account to the traditional banking account. The second alternative is cooperative officers handing over money to members to represent them in total paying debts to conventional banks. When viewed from these two alternatives, KPN Al-Ikhlas Batusangkar mostly does the first alternative compared to the second alternative in paying off debts to traditional banks. After the debt is paid off, the cooperative members switch to owing KPN Al-Ikhlas Batusangkar the repayment amount. KPN Al-Ikhlas Batusangkar, as a business organization, requires economic benefits. Based on the results of interviews, the author conducted with the cooperative manager as informant 1, who explained as follows.

After the member transfers the debt to us, the member must pay the debt in full. However, a murabahah al inah contract was arranged because they could not pay the debt. This contract requires members to sell one of their assets to us for the debt, such as a car or house. We also buy the asset and make a sale and purchase letter, which we bought at a price equal to the debt. Since we do not need the

asset, we sell it back to the member at a higher price than the previous purchase. After that, the member pays us monthly until it is paid off (Interview informant 1, May 23, 2023).

From the interview above, it is explained that members cannot pay the cooperative's debts. So, the member sells one of his assets to the cooperative, for example, a car or house. Therefore, a sale and purchase letter is made by the cooperative and handed over to the member as a sign of the validity of the sale and purchase. This means that the cooperative must pay the member to buy the car. However, the cooperative has paid it by helping the member transfer his debt from conventional banking to the cooperative. The vehicle or house purchased by the cooperative has no benefit, so the cooperative sells the car back to the member using a *murabahah al inch contract* (conditional sale and purchase contract). In the *murabahah al inah contract*, the cooperative buys a car or house at a price equal to the debt. Then, it sells it back to the member at a higher price than the purchase, and the payment is made in installments over an agreed time. This is where the cooperative makes a profit with *hiwalah* in *murabahah al inah*. Therefore, with *hiwalah* in *murabahah al inah*, the member must pay the car or house bill monthly to the cooperative until the debt is paid off.

Second, the form of *hiwalah* in *murabahah*, followed by *ijarah muntahiyah bit tamblik*. Based on interviews the author conducted with the cooperative manager, informant 1 explained the following:

The process begins by identifying the origin of the member's debt to conventional banking. Once it is known that the debt is to buy a car or house, we accept the debt transfer. After that, we buy a car or house from conventional banks using a murabahah contract. We only pay off the remaining members' bills (Interview Informant 1, May 23, 2023).

The interview above explains that the process begins by identifying the origin of the member's debt to conventional banking. Finally, the cooperative found that it was confirmed that their members had bought a house or bought a car. Where the purchase of a house or purchase of a vehicle is funded by borrowing from conventional banks. In addition, it was found that members still had bills that they had to pay to traditional banks. Therefore, debt transfers from members to the cooperative continue. After the debt is officially transferred, the cooperative will buy a house or car from conventional banks using a *murabahah* contract. Whereas in repurchasing the

house or car, the cooperative only pays the remaining bills for the house or car. The alternative process of paying for a house or car to conventional banks was obtained through an interview with the cooperative manager, informant 1, who explained the following:

There are two alternative processes for paying for a house or car with conventional banks. First, transfer directly using the cooperative account to the conventional banking account. Second, cash should be given to members to pay off the debt to traditional banks. Of the two alternatives, the first is the most used (Interview Informant 1, May 23, 2023).

From the interview above, it is explained that there are two alternative processes for paying debts to conventional banks. The first alternative is for cooperative officers accompanied by members at the Bank's office to directly transfer the total amount from the cooperative account to the conventional banking account. The second alternative is cooperative officers handing over money to members to represent them in total paying debts to traditional banks. When viewed from these two alternatives, KPN Al-Ikhlas Batusangkar mostly does the first alternative compared to the second one, which pays off houses or cars to conventional banks. After the debt is paid off, the cooperative members switch to owing KPN Al-Ikhlas Batusangkar the house or car repayment amount. KPN Al-Ikhlas Batusangkar, as a business organization, requires economic benefits. Based on the results of interviews that the author conducted with the cooperative manager as informant 1, who explained as follows

The following process is to lease the house or car to the member using an ijarah muntahiyah bit tamblik (IMBT) contract. With this contract, the member pays a higher rent for an agreed-upon amount of time, and in the end, the member owns the house or car (Interview informant 1, May 23, 2023).

The interview above explains that KPN Al-Ikhlas Batusangkar rents out a house or a car that partly belongs to it. This means that part of the house or car belongs to the member. Therefore, the cooperative leases the car or house to members using an *ijarah muntahiyah bit tamblik* (IMBT) contract. This means that members must pay monthly rental installments to the cooperative for a mutually agreed time. In the agreement, the member must pay higher rental installments; ultimately, the member owns the house or car wholly. This is where the cooperative benefits from *hiwalah* in *murabahah*, followed by *ijarah muntahiyah bit tamblik* (IMBT). Meanwhile, with the

form of *hiwalah* in *murabahah*, without adding an IMBT contract. The cooperative does not benefit because it does not sell back to members. That is why it is added to the *ijarah muntahiyah bit tamblik* (IMBT) contract to help the cooperative. Which is by using an *ijarah muntahiyah bit tamblik* (IMBT) contract. Members must successfully pay in installments the amount of the rental bill for the agreed amount of time. Then, the house or car leased by the cooperative will become the member's entire property.

Factors that cause the transfer of debt at KPN Al-Ikhlas Batusangkar

The factors that cause debt transfer at KPN Al-Ikhlas Batusangkar can be obtained through interviews. Based on interviews the author conducted with the cooperative manager, informant 1 explained the following:

The process began in 2020 when the COVID-19 pandemic attacked the world, including Indonesia. So, in droves, the members of KPN Al-Ikhlas Batusangkar transferred their debts from conventional banks to cooperatives. Most of them reasoned that the factors that caused the transfer of debt included no longer wanting to be involved in usury, getting a return in the form of sharing the remaining results of the business (SHU), and not providing collateral to the cooperative, which is 35% of the 300 members who transferred debts from conventional banks to this cooperative (Interview informant 1, June 20, 2023).

Meanwhile, based on interviews the author conducted with members who transferred debts, informant 2 explained the following:

I previously borrowed credit from conventional banks. However, after COVID-19, I realized that getting financing from a cooperative was more profitable. Therefore, I transferred debt from traditional banking to KPN Al-Ikhlas Batusangkar. Because there I am also a member. The benefits I get from getting financing from a cooperative. First, I do not want to be involved in usury anymore. Second, I get a return in the form of sharing the remaining results of operations (SHU). Third, I do not need to provide collateral to get financing from the cooperative. I am very grateful to be able to transfer the debt to KPN Al-Ikhlas Batusangkar (Interview informant 1, June 20, 2023).

From the interview above, it is explained that the factors for the transfer of debt began in 2020. In that year, COVID-19 occurred and attacked the world,

including Indonesia. As a result, KPN Al-Ikhlas Batusangkar members flocked to transfer their debts from conventional banking to cooperatives. Members who transferred the debt to KPN Al-Ikhlas Batusangkar were 35% of the 300 members. Three factors make them transfer their debt. First, I do not want to get involved in usury again. Second, there is a return in the form of sharing the remaining results of operations (SHU). Third, there is no provision of collateral to the cooperative. In addition, they were based on interviews the author conducted with cooperative managers as informant 1, related to members not wanting to get involved in usury again, who explained as follows.

Conventional banking uses interest to provide credit and accept money deposits. Using interest in financial services is classified as usury and is forbidden in Islam. In addition, using interest in conventional banking tends to increase bills. Therefore, many of our members flocked to transfer their debts from traditional banks to us (Interview informant 1, June 20, 2023).

The author interviewed a member who transferred the debt as informant 2, who explained the following:

Using interest in conventional banking means that my bills tend to increase. Meanwhile, my income tends to remain fixed while my living expenses continue to grow. In addition, the use of interest in financial services is prohibited in Islam. This caused me to transfer debt from conventional banking to KPN Al-Ikhlas Batusangkar (Interview informant 2, June 20, 2023).

The interview above explains that conventional banking uses interest in providing credit and receiving money deposits. The use of interest in financial services is classified as usury and is prohibited in Islam. Because usury only benefits those who save and manage money and harms those who receive debt. Because the bills of the party receiving the debt tend to increase. As a result, the recipient of the debt becomes burdened. While the income of the recipient of the debt tends to remain fixed, and the cost of living continues to increase. This caused members to flock to transfer their debts from conventional banking to KPN Al-Ikhlas Batusangkar. Meanwhile, based on interviews that the author conducted with the cooperative manager as informant 1, related to the return in the form of sharing the remaining results of the business (SHU), which explained as follows:

"They just realized that as members, they would be fortunate if they received financing from the cooperative because their rights are also as members and as a form of loyalty. For example, if members receive credit from conventional banks with an interest rate of 0.5% per month. Then, the 0.5% interest per month is income for conventional banking. At the same time, members do not get anything. Conversely, suppose members receive financing from KPN Al-Ikhlās Batusangkar with a margin of 0.625% per month. In that case, a percentage of the margin will be returned to members in the form of the remaining business results (SHU) because they belong to the cooperative. Therefore, many of our members flocked to transfer their debts from conventional banks to us" (Interview informant 1, June 20, 2023).

During the interview, the author conducted with a member who transferred the debt as informant 2, who explained as follows:

"The good thing about getting financing at the cooperative is that I get benefits by distributing the remaining profit. However, I do not get anything in banking. Therefore, I transferred debt from conventional banking to KPN Al-Ikhlās Batusangkar.

From the interview above, it is explained that new members realize they are fortunate if they receive financing from the cooperative because their rights are also as members and as a form of loyalty to the cooperative (Hilario, 2022). They obtain economic benefits if they receive funding from KPN Al-Ikhlās Batusangkar. The benefits will get a return in the form of sharing the remaining business results (SHU). For example, if they receive credit from conventional banks with 0.5% monthly interest. Then, the interest is income for traditional banking, and members get nothing. Meanwhile, suppose they receive financing from KPN Al-Ikhlās Batusangkar with a margin of 0.625% per month. In that case, a percentage will return to them by sharing the remaining results of operations (SHU) because all members are the owners of KPN Al-Ikhlās Batusangkar. This causes members to flock to transfer their debts from conventional banking to KPN Al-Ikhlās Batusangkar. Besides that, based on interviews the author conducted with the cooperative manager as informant 1, related to the absence of providing guarantees to the cooperative, which explained as follows.

"They think that in conventional banking, they must provide collateral to receive credit. Meanwhile, KPN Al-Ikhlās Batusangkar does not need to provide physical collateral, such as withholding SK and securities. However, the guarantee is only in the form of trust. Even so, we still ensure that their salaries are full by working with the treasurer of UIN Mahmud Yunus Batusangkar campus. As a result, the payment of the financing bill will run smoothly until it is paid off. This is why many of our members flocked to transfer their debts from conventional banks to us" (Interview informant 1, June 20, 2023).

In addition, an interview the author conducted with a member who transferred debt as informant 2, regarding the absence of providing collateral to the cooperative, explained as follows.

"What I like about transferring debt from conventional banking to KPN Al-Ikhlās Batusangkar is that there is no provision of collateral to the cooperative. Therefore, I transfer debt from conventional banking to KPN Al-Ikhlās Batusangkar" (Interview informant 1, June 20, 2023).

The interview above explains that members think that in conventional banking, they have to provide collateral to receive credit. Meanwhile, KPN Al-Ikhlās Batusangkar does not need to provide physical collateral, such as withholding SK and securities, to receive financing. However, the guarantee is only in the form of trust. This means that KPN Al-Ikhlās Batusangkar belongs to all members. Even so, KPN Al-Ikhlās Batusangkar still ensures that their salary is full. The way KPN Al-Ikhlās Batusangkar collaborates with the treasurer of the UIN Mahmud Yunus Batusangkar campus. As a result, payment of the financing bill will run smoothly until it is paid off. The goal is that no party is harmed in financial services, both those who provide and receive financing. This causes members to flock to transfer their debts from conventional banks to KPN Al-Ikhlās Batusangkar.

There are two forms of debt transfer at KPN Al-Ikhlās Batusangkar. First, *hiwalah* in *murabahah al-inah*. Which is *murabahah al-inah* as a form of multi-contract in transferring debt so that KPN Al-Ikhlās Batusangkar can obtain economic benefits. Second, *hiwalah* in *murabahah*, followed by *ijarah muntahiyah bit tamblik* (IMBT). Which is *murabahah*, followed by *ijarah muntahiyah bit tamblik* (IMBT) as a form of multi-contract in transferring debt so that KPN Al-

Ikhlas Batusangkar can obtain economic benefits (IMBT).

Three factors cause the transfer of debt at KPN Al-Ikhlas Batusangkar. First, members no longer want to be involved in usury. Second, there are factors of return in the form of sharing the remaining results of operations (SHU). Third, there are factors such as not providing collateral in financing. These factors cause members to transfer their debts from Conventional banking to KPN Al-Ikhlas Batusangkar.

From the results of the research conducted by the author, the forms of *hiwalah* in *murabahah al inah*, and *hiwalah* in *murabahah*, followed by *ijarah muntahiyah bit tamblik* (IMBT) at KPN Al-Ikhlas Batusangkar are a form of multi-contract in transferring debt. *Hiwalah* is a contract used to transfer debts or receivables from *muhil* (first party) to *muh alalai'hi* (third party) to pay the debt or collect the debt from *muh al* (second party). (Mardhotillah *et al.*, 2021). Historically, *hiwalah* was carried out using the principle of helping, and taking economic advantage of the service was forbidden. However, in the current era, *hiwalah* still uses the principle of assisting and combines it with business principles, and it is permissible to take economic benefits from these services. (Nurjaman and Witro, 2021). To address this, Islamic scholars need to provide solutions so that Islamic law can keep up with the development of the current era. As explained by Ridwan, Islamic scholars need to deliver solutions so that Islamic law can keep up with the development of the current era, with the establishment of new Islamic laws, which include many emergence of modern institutional systems, new leader election systems, and the occurrence of social problems. (Ridwan, 2017).

Implementing contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar is a new phenomenon. Therefore, Islamic scholars need to provide *ijtihad* to determine new Islamic law. In the ancient era, *hiwalah*, or debt transfer, was carried out only using the principle of helping, and it was forbidden to take economic advantage of these services. However, in the current era, *hiwalah*, or debt transfer, has combined the principle of helping with business principles, and it is permissible to take economic benefits from the service.

Modification of the form of *hiwalah* for the implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar includes, *hiwalah* in *murabahah al inah*, and *hiwalah* in *murabahah*, followed by *ijarah muntahiyah bit tamblik* (IMBT). Where previously,

hiwalah was carried out using the principle of helping, it was forbidden to take economic advantage of these services. So, *hiwalah* is only done using the *hiwalah* contract. Where *muhil* transfers his debt to *muh alalai'hi*, and *muh alalai'hi* accepts the transfer of debt. After that, *muh alalai'hi* pays the debt in full to *muh al*. Then *muhil* owes back to *muh alalai'hi*, and the payment is equal to the payment of the previous debt, or *muh alalai'hi* just let it go. As a result, *muhil* does not have to pay the debt to *muh alalai'hi*.

Meanwhile, the implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar has modified the form of *hiwalah*. So, *hiwalah* is done by adding a new contract so that KPN Al-Ikhlas Batusangkar can get economic benefits from these services. Which contracts added include, *murabahah al inah*, and *murabahah*, followed by *ijarah muntahiyah bit tamblik* (IMBT). This is the modified form of *hiwalah*. The modification of the form of *hiwalah* is done to help members to get *hiwalah* financing. Cooperatives also help to get economic benefits from the *hiwalah* service, and conventional banks also help to get cash. As a result, the contemporary *hiwalah* that is carried out remains valid and eligible.

The implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar has also been determined by the Indonesian Ulema Council through the National Sharia Council Fatwa (DSN-MUI) No. 31 of 2022. The Indonesian Ulema Council explains that the *hiwalah* form can be modified if it fulfills the agreed *hiwalah conditions*. The conditions are that the three parties must be baligh and reasonable, *muhil and muhal*, and *muh alalai'hi* both agree to the transfer of debt, and there is certainty about the form of debt and credit. There is a similarity in receivables in terms of both amount and quality.

The implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar, above, has shown that the fatwa is explained to ensure that the modification of the *hiwalah* form does not harm the three parties to the contract. The modification of the *hiwalah* form above is a tool only. While in its basic form, there is *muhil and muhal*, and *muh alalai'hi* agrees to the transfer of debt. So the implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar carried out by *muhil*, *muh al*, and *muh alalai'hi*, by modifying the form of *hiwalah* is valid according to economic *fiqh*.

Because the modified form of *hiwalah* has fulfilled the conditions of *hiwalah*, according to (Toyyibi, 2019) four conditions must be met for *hiwalah* to be valid and

protected by law. First, the three parties must be baligh and rational. Second, *muhil, muhal, and muhal alaihi* all agree to the transfer of debt. Third, there is certainty about the form of debt and credit. Fourth, receivables are similar in quantity and quality. The modification of the *hiwalah* form for the implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar combines helping and business principles. The implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar is carried out by assisting the members in obtaining financing, and also helping conventional banks to get cash, and helping KPN Al-Ikhlas Batusangkar to get economic benefits from the *hiwalah* service, by adding a new contract. Which the added contracts include, *murabahah al inah*, and *murabahah*, followed by *ijarah muntahiyah bit tamblik* (IMBT). Whereas classical *hiwalah* generally only uses the principle of assisting and is prohibited from taking financial advantage of the service (Yurkevich et al., 2022).

When viewed, the implementation of contemporary *hiwalah* is carried out by modifying the form of *hiwalah* by combining the principles of helping and business principles. The implementation of contemporary *hiwalah* at KPN Al-Ikhlas Batusangkar is carried out by helping members to obtain financing, and also helping conventional banks get cash, and also helping cooperatives by adding new contracts so that KPN Al-Ikhlas Batusangkar can get economic benefits from these services. Which contracts added include, *murabahah al inah*, and *murabahah*, followed by *ijarah muntahiyah bit tamblik* (IMBT). There is a lot of disagreement from fiqh scholars regarding modifying the form of *hiwalah*. Most scholars forbid adding *murabahah al inah* contracts, except for the Shafiiyyah scholars. As a result of this social problem, *hiwalah* has been modified to keep up with the era of progress. Therefore, Indonesia has a united organization of scholars called the Indonesian Ulema Council (MUI). The Indonesian Ulema Council (MUI), through the DSN-MUI fatwa Number 31 of 2022, allows *murabahah al inah*. However, implementing *hiwalah* is only allowed in conventional financial institutions like Islamic financial institutions. This is based on the consideration that the sin is more minor compared to if Muslims remain in debt to traditional financial institutions. So, modification of the form of *hiwalah* may be done as long as it benefits all three parties and no one is harmed.

From the results of the research conducted by the author, the factors that cause *hiwalah* to occur at KPN Al-Ikhlas Batusangkar include not wanting to get

involved in usury again, the existence of returns in the form of distribution of the Remaining Business Results (SHU), and the absence of providing collateral to the cooperative to obtain financing. First, do not want to get involved in usury again. Members do not want to get involved in usury again because usury increases monthly bills for conventional banks. As a result, as a debtor, the member becomes the aggrieved party. As explained by (Jamarudin, Anam and Pudir, 2020), usury is the leader of all social evils. Therefore, the reason that members transfer debt from conventional banking to KPN Al-Ikhlas Batusangkar is correct. Because it aims to seek economic benefits so that members' monthly bills remain stable at KPN Al-Ikhlas Batusangkar until the debt is paid off. Previously, in classical economic fiqh, debt transfer was not allowed to seek economic gain. However, in contemporary economic fiqh, the transfer of debt can seek economic benefits. (Nurjaman and Witro, 2021). Members transfer debt from conventional banks to KPN Al-Ikhlas Batusangkar. It aims to pursue economic benefits so that the member's monthly bill remains stable at KPN Al-Ikhlas Batusangkar until the debt is paid off.

Second, there is a return in the form of sharing the remaining results of the business (SHU). All members get a return in the form of sharing the remaining results of operations (SHU). If members get financing, this is and provide money storage at KPN Al-Ikhlas Batusangkar. In contrast, if members get credit in conventional banking without giving money storage. Then, members will not get a return on profits. As explained by (Hidayatina and Joni, 2018), all members will get economic benefits; if they want to receive financing and provide money storage, the benefits are in the form of sharing the remaining business results (SHU). Therefore, the reason members transfer debt from conventional banking to KPN AL-Ikhlas Batusangkar is correct. This is to obtain economic benefits by sharing the remaining results of operations (SHU). Previously, in classical economic fiqh, debt transfer was not allowed to seek economic benefits. However, in contemporary economic fiqh, the transfer of debt is allowed to seek economic benefits as members transfer debt from conventional banks to KPN Al-Ikhlas Batusangkar. It aims to pursue economic benefits so that members receive returns by sharing the remaining results of operations (SHU) at KPN Al-Ikhlas Batusangkar.

Third, there is no provision of collateral to obtain financing at KPN Al-Ikhalas Batusangkar. Members do not need to provide physical collateral to obtain the

funding at KPN Al-Ikhlas Batusangkar. However, it must give non-physical collateral in the form of trust. It is inversely proportional if, in conventional banking, you have to provide physical collateral. As explained by (Z and Zainuddin, 2020), physical collateral may not be given to microfinance institutions, and they will still get financing because it is based on the principle of complete trust. However, microfinance institutions must see their ability to return the funding. KPN Al-Ikhlas Batusangkar is also part of a microfinance institution with a cooperative legal entity. Therefore, the reason members transfer debt from conventional banking to KPN Al-Ikhlas Batusangkar is correct. Because it aims to seek economic benefits so that members can utilize assets without worrying about the confiscation of assets by KPN Al-Ikhlas Batusangkar. Previously, in classical economic fiqh, the transfer of debt was not allowed to seek economic benefits. However, in contemporary economic jurisprudence, the transfer of debt can seek economic benefits. (Nurjaman and Witro, 2021). Members transfer debt from conventional banks to KPN Al-Ikhlas Batusangkar. It aims to pursue economic benefits so members can utilize assets without worrying about confiscation by KPN Al-Ikhlas Batusangkar.

Social factors also play a significant role in the decision to transfer debt. In the close-knit community of Batusangkar, family and peer pressure can heavily influence financial decisions. Members may feel compelled to transfer their debt to relieve their family of financial strain, conform to social expectations, and maintain their reputation within the community. Additionally, success stories from peers who have managed their debt through transfer can create a ripple effect, encouraging others to follow suit. Conversely, the stigma associated with financial distress can also drive debt transfer as members seek to avoid the social consequences of being perceived as financially unstable.

Administrative policies and procedures at KPN Al-Ikhlas are another crucial factor. Clear, transparent, and supportive policies regarding debt transfer can facilitate the process and make it more accessible to members. If the cooperative offers straightforward procedures, adequate support services, and financial counseling, members will be more likely to consider transferring their debt as a manageable option. Conversely, complex and opaque administrative processes can deter members from pursuing debt transfer, leaving them to struggle financially.

Economic incentives KPN Al-Ikhlas provides can also influence the decision to transfer debt (Ramm et al., 2006). Offering more favorable loan terms, lower interest rates, or other financial benefits to new debtors or those refinancing their debt can make debt transfer attractive. These incentives provide immediate financial relief and improve members' overall financial health by making their debt more manageable. Additionally, economic incentives can stimulate a cooperative culture where debt transfer is seen as a strategic financial management tool rather than a last resort.

Lastly, the regulatory and legal environment surrounding debt transfer can impact the feasibility and frequency of such transactions. Compliance with local laws and regulations is essential, and any changes in the legal framework can significantly influence members' decisions. For instance, favorable regulatory conditions supporting debt transfer and protecting creditors and debtors can encourage more members to take advantage of this option. On the other hand, restrictive regulations can pose challenges and reduce the attractiveness of debt transfer as a financial strategy. By understanding and addressing these various factors, KPN Al-Ikhlas can create a supportive environment that helps its members manage their debts more effectively and maintain economic stability.

CONCLUSION

Two research results were found in this study. *First*, the forms of debt transfer at KPN Al-Ikhlas Batusangkar include, *hiwalah* in *murabahah al inah*, and *hiwalah* in *murabahah*, followed by *ijarah muntahiyah bit tamblik* (IMBT). *Second*, the factors causing the transfer of debt at KPN Al-Ikhlas Batusangkar include not wanting to get involved in usury again, the return in the form of distribution of the Remaining Business Results (SHU), and the absence of providing collateral to the cooperative to obtain financing. According to economic fiqh, the form of *hiwalah* has been modified from conventional *hiwalah* found in classical fiqh to contemporary *hiwalah* using multiple contracts. Likewise, the factors of *hiwalah* have shifted from not being allowed to seek economic benefits found in classical economic fiqh to being permitted to seek monetary benefits found in contemporary economic fiqh.

The transfer of debt at KPN Al-Ikhlas Batusangkar is influenced by several interconnected factors broadly categorized into economic, social, and

administrative aspects. First and foremost, financial instability among cooperative members often triggers debt transfers. Members facing unexpected financial hardships, such as job loss, medical emergencies, or other economic downturns, may be unable to meet their debt obligations. In such scenarios, transferring debt to another party, often with better financial standing or a more favorable loan agreement, becomes a viable solution to manage their financial burden and avoid default.

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