

The Dynamics of Al Wadi'ah Al Mashirifiyyah in Islamic Banking: Theory and Implementation

Feni Anjani

Institut IAIN Palangka raya

Eka Rodiyah Sri Wulandari

Institut IAIN Palangka raya

Alfika Safitri

Institut IAIN Palangka raya

Zaitun Qamariah

Institut IAIN Palangka raya

Alamat: Kompleks Islamic Centre, Jl. G. Obos, Menteng, Kec. Jekan Raya, Kota Palangka Raya, Kalimantan Tengah 73112

Fenianjan34@gmail.com

***Abstract:** This article discusses the dynamics of Al Wadi'ah Al Mashirifiyyah in the context of Islamic banking, with a focus on the theory and implementation of the concept. This literature review explores the origins, basic principles, and practical application of Al Wadi'ah Al Mashirifiyyah in the Islamic banking industry. Through a comprehensive literature analysis, this article evaluates the effectiveness and challenges faced in the implementation of Al Wadi'ah Al Mashirifiyyah. The results of the study show that although this concept offers many benefits, there are also a few challenges in its application that require further attention. This article aims to provide a deep and useful insight for practitioners and academics in the field of Islamic banking.*

***Keywords:** Al Wadi'ah Al Mashirifiyyah, Islamic banking, theory, implementation, effectiveness*

INTRODUCTION

Islam views the earth and all its contents as a trust from God to His caliphs, to ensure maximum utilization for the common good. To achieve this divine purpose, God guides His Messenger through various instructions that include everything that humans need: faith, morals, and sharia. The first two factors, namely faith and morals, are fixed and do not change due to time and place differences. However, Sharia always changes according to the needs of the people and the level of civilization in each age of the Prophet. This is listed in QS. Al-Maidah verse 48.

The Islamic Sharia introduced by the Prophet SAW has its own identity. This Shariah is not only inclusive or covers everything, but is also universal. Islamic Sharia has special characteristics because there is no other Sharia that can perfect it. Islamic Sharia is comprehensive, meaning it covers all aspects of life, both ritual (worship) and social (muamalah). Universalism means Islamic Sharia applies anytime and anywhere until the end

of time. This universalism is especially visible in the field of muamalah. In addition to being broad and flexible, muamalah does not differentiate between Muslims and non-Muslims.

The general purpose of Sharia law, as stated by Al-Yubi, includes bringing benefits, rejecting harm (mafsadat), providing convenience, and eliminating difficulties. This is particularly evident in the legalization of various types of muamalah (social transactions) such as buying and selling, renting, and custody. These transactions facilitate mutual assistance between people to achieve profits and complement each other's needs. For instance, a fruit owner may need clothes or other necessities, which buying and selling can provide. Similarly, property owners may require food, drink, or clothing, necessitating engagement in trade.

Allah, the Most Gracious and Merciful, has ordained these transactions to facilitate human interaction and ensure the well-being of His people. Not everyone is rich or poor, young or old, and not everyone can manage their possessions alone. People inherently need each other. Sometimes, individuals have property but lack the time or capacity to manage it. Therefore, to ease the difficulties of His people and provide convenience, Allah SWT has established these provisions.

As the concept of Wadiah evolves in the Islamic world, it takes on various forms involving different actors. For instance, postal savings and bank-managed savings are types of Wadiah where deposited funds can be withdrawn by the depositor at any time. Although saving money in a bank may entail earning interest, Wadiah fundamentally remains a contract of safekeeping without compensation for services. Moreover, banks typically utilize the deposited funds to generate profits, which are then distributed to customers according to banking regulations. Over time, various adaptations and iterations have emerged in the development of Wadiah. In Islamic jurisprudence, Contemporary Fukaha holds differing opinions regarding the essence of Wadiah in banking. Some argue that it essentially operates as Wadiah according to its traditional understanding in fiqh literature, while others contend that it functions more akin to a debt or receivable. This article seeks to delve into the essence of this banking principle.

RESEARCH METHOD

This study uses a literature review methodology that involves a detailed analysis of primary and secondary sources relevant to the topic under study. These methodological steps include:

1. Source Selection

The main sources used include classical texts in Islamic law, including the Quran and hadith, as well as scholarly works from scholars and scholars in the field of Islamic banking.

2. Collection of Information.

The information obtained from these sources is carefully collected and analyzed to understand various views and perspectives on the concept of wadiah in Islamic banking.

3. Literature Search

A comprehensive search was conducted through academic databases and digital libraries to identify articles, books, theses, and journals relevant to the research topic.

4. Critical Analysis

After collecting the relevant sources, a critical analysis of the content and arguments presented was carried out to gain a deep understanding of the essence of wadiah in the context of Islamic banking.

5. Synthesis of Results

The results of the analysis are synthesized to identify the main findings, conclusions, and implications relevant to the research topic. The information is then used to compile this literature review article.

By using this methodology, it is hoped that this study can provide a comprehensive understanding of the concept of wadiah in Islamic banking as well as provide valuable insight for readers.

RESULT AND DISCUSSION

Bagian ini memuat proses pengumpulan data, rentang waktu dan lokasi penelitian, dan hasil analisis data (yang dapat didukung dengan ilustrasi dalam bentuk tabel atau gambar, **bukan** data mentah, serta **bukan** dalam bentuk *printscreen* hasil analisis), ulasan tentang keterkaitan antara hasil dan konsep dasar, dan atau hasil pengujian hipotesis (jika ada), serta kesesuaian atau pertentangan dengan hasil penelitian sebelumnya, beserta interpretasinya masing-masing. Bagian ini juga dapat memuat implikasi hasil penelitian, baik secara teoritis

maupun terapan. Setiap gambar dan tabel yang digunakan harus diacu dan diberikan penjelasan di dalam teks, serta diberikan penomoran dan sumber acuan. Berikut ini diberikan contoh tata cara penulisan subjudul, sub-subjudul, sub-sub-subjdul, dan seterusnya.

Understanding Wadi'ah

Wadiah according to the language mentioned in al-Mujam al-Wasit is derived from the word *عَدْوًا* . which means peaceful, *عَدْوًا* means handing over something to so and so as a gift.

In al-Fiqh al-Manhaj it is said that according to language, wadiya means something that is entrusted to another person. Wadiah is a derivative of the word al-wad'u, which means "to go". These two meanings are interrelated. That is peace of mind regarding an asset that is handed over to another person because someone is willing to look after it.

Al-Mausu'ah al-Fiqhiyyah al-Kuwaitiyyah defines Wadiah as follows: "Wadiah is property that is kept with another person to be looked after by him without any compensation.

Wadi'ah type of contract

There are two types of Wadi'ah contracts used in Sharia banking

1. Wadi'ah Yad amanah: In this contract, the entrusting party cannot take advantage of the assets entrusted, if the assets are damaged or lost, the party receiving the entrustment is not responsible. However, the custodian may be charged a custody fee as compensation for maintenance responsibilities.
2. Wadi'ah yad Dhamanah: In this contract, the financial institution is obliged to bear all the assets entrusted. This contract is similar to the qardh contract, so giving bonuses to the Wadi'ah Yad Dhamanah contract is prohibited because it can be considered usury.

Concept of Wadiah

Wadiah is mandated based on the Quran, Sunnah, and scholarly consensus. Its basis in the Quran is derived from the words of Allah, Most Gracious and Most Merciful, as mentioned in Surah An-Nisa (4:58): "Indeed, Allah commands you to render trusts to whom they are due." Additionally, Surah Al-Baqarah (2:283) emphasizes the importance of fulfilling entrusted responsibilities, stating: "And if you are on a journey and cannot find a scribe, then a security deposit should be taken."

In these two verses, the concept of trust encompasses everything that requires safeguarding and management by an individual, whether it be in the form of debt or property. The trustee who oversees these assets is termed as the Wadiah. The directive to preserve and return entrusted property serves as evidence for the prescription of Wadiah.

In terms of the Sunnah, the Prophet Muhammad (SAW) emphasized the importance of trustworthiness with the statement: "Trust those who trust you, and do not betray those who betray you" (Recorded by Ahmad and Abu Daud).

From the perspective of scholarly consensus (Ijma'), all scholars from the early Muslim community until the present unanimously agree on the permissibility and obligation of Wadiah. As articulated by Muhammad Ibrahim, the significance of upholding Wadiah lies in recognizing that property owners may at times be incapable of managing their assets due to reasons such as limited space, physical weakness, illness, or insecurity. In such cases, others who are capable step in to manage these assets. Therefore, in His infinite mercy, Allah has allowed Wadiah as a form of security for property, fulfilling a necessity for humans. Those who accept deposits are thus rewarded by Allah, the Most Gracious and Most Merciful, for their service.

Pillars and Terms of Wadiah

In the Hanafi School, for a contract to be valid, it is necessary for both parties involved to be of sound mind. Therefore, it is not permissible to accept a deposit from a child who has not reached the age of discernment (tamyiz) or from someone who is mentally incapacitated. Similarly, it is not permissible to entrust Wadiah to a child who has not reached the age of discernment or to someone who is mentally incapacitated. Unlike other schools of thought, the Hanafi School does not require the individual to have reached puberty. Thus, it is valid to accept a deposit from a discerning child who has been granted a trading license, as this is one of the criteria for engaging in trade. Likewise, it is permissible to entrust Wadiah to a young child who has been granted permission, as they are considered capable of managing their affairs.

Some of the pillars and terms of the Wadiah al-Mashirifiyyah Agreement are as follows:

1. Attendance : The depositor and recipient must be present together to sign contract
2. Nature of Savings : Savings must be saving in nature, not for other purposes
3. No Remuneration : No compensation is required, except in the form of avoluntary gift from the bank
4. Can be taken anytime : Deposits can be taken any time, or based on agreement

Characteristics of the Wadiah Agreement

Wadiah is on a Jays contract and not a regular one. Therefore, the parties to the contract or either party can terminate the contract at any time without requiring the consent or permission of either party. Cancelled due to death or insanity of one or both. Wadiah is a trust

agreement. Therefore, the deposit received by the escrow recipient is a deposit. He is not responsible for damage to deposits unless caused by negligence or intention.

Imam al-Syairazi, a leading jurist from the Syafi'i School, said that Wadiah in the hands of the entrusted is a trust. If it is damaged not due to negligence then he does not bear it. This is based on a narration from Amer bin Shuaib from his father from his grandfather. This is also narrated by Abu Bakr, Umar, Ali, Ibn Masud, and Jabir and this is the consensus of the jurists in each region.

Understanding Al-Wadi'ah al-Mashrifiyah

Definition of Al-Wadi'ah al-Mashrifiyah Al-Wadi'ah al-Mashrfiyah is a muraqab sentence which consists of two sentences, namely al-Wadiah and al-Mashrfiyah, with the number of sentences for bank deposits being called Wadiah. The reason lies in history. First, banks limit deposits in the form of gold and silver by charging administration fees. Things have changed, and it's not just accepting gifts from people who appreciate them, but also owning them and sharing their blessings.

Masharif is the plural form of mashrif and comes from the word sharf which means returning something from one state to another or replacing it with another state. Regarding the word "fiqh" it means using money to buy and sell money. And Mashrif is used as a place to buy and sell money. The use of the word mashrif is more important than bank Al Wadi'ah al Mashrifiyah is divided into four types

1. Wadi'ah Al Hisab al Jari (current account), namely an amount of money entrusted by customers to the bank with the condition that the bank must return it to them whenever they want. Customers can withdraw their savings whenever they want as well as the amount.
2. Wadi'ah al Tsabitah (fixed deposit), namely Wadiah which is limited by tempo. The customer does not have the right to withdraw it except after the agreed maturity date. The bank invests the gift and gives interest to the owner.
3. Wadi'ah al Taufir (Saving Account), namely Wadiah which is not limited by time, but the right to withdraw is subject to the rules, the owner cannot withdraw it in full and all at once, but the bank determines the daily withdrawal limit. In this Wadiah the bank gives interest, but the presentation is usually smaller than Wadiah al tsabitah
4. Al khozahah al maqfulah (lockers), namely Wadiah which is stored in a certain safe and the bank asks for wages from the renter. Customers store their assets directly and these assets have nothing to do with the bank, even bank employees do not know what is stored there. Usually what is stored is jewellery, gold and precious stones.

Implementation of the Wadiah al-Mashrifiyyah

Implementation of the Wadiah al-Mashrifiyyah Agreement is the process of implementing a trust-based wadiah contract, where the party entrusting it (trustee) hands over duties and power to another party to look after their property. In this contract, the party receiving the deposit (recipient) has the authority to use the object entrusted, but must return the object to the depositor whenever the depositor wishes.

As for the Implementation of the Wadiah al-Mashrifiyyah Agreement in Sharia Banking

1. Wadi'ah Giro: Customers can entrust funds to sharia banks and get bonuses from the bank.
2. Gold Savings: Customers can entrust gold to a pawnshop and obtain safety and security in the use of the gold

Implementation Example

1. Wadiah Savings Products: Sharia banks apply wadiah contracts for wadiah savings products carried out at BMT Al-Rifa'ie Gondanglegi Malang and Bank Syariah Indonesia KCP Magelang Gatot Subroto.
2. Implementation of Wadiah Contracts in Sharia Banking: Sharia banking implements qard contracts or wadiah contracts for guaranteeing deposited goods (hifz al-mal).

Consulation and Sugestions

In the view of the Hanafi School, mental intelligence is an important condition for the validity of a contract. Therefore, it is not allowed to accept deposits from children who have not yet reached the level of thoroughness (tamyiz) or from individuals suffering from mental disabilities. Similarly, it is not allowed to leave wadiah to children who have not yet reached the level of thoroughness or to individuals who suffer from mental disabilities. In contrast to the views of other sects, the Hanafi sect does not consider it important that an individual has reached puberty. Therefore, it is legal to accept deposits from children who have reached the level of thoroughness and are given a trade license, as this is one of the criteria for engaging in trade. Similarly, it is permissible to leave wadiah to children who are given permission, because they are considered capable of managing their affairs. However, it is not valid to entrust wadiah to minors who are less efficient in managing their property, because they are usually not skilled in taking care of their property.

It is important to understand the requirements and principles of Islamic law related to wadiah, especially in the context of differences of opinion between schools of fiqh. For parties involved in financial transactions or Islamic banking, it is recommended to seek

advice from competent Islamic law experts or scholars to ensure the validity and legitimacy of the transactions carried out. This will ensure compliance with sharia principles and avoid potential confusion or unwanted disagreements in the implementation of trusts and financial affairs.

For the next researcher, it is recommended to explore more deeply the application and implications of Shariah law in Islamic banking contracts, especially in the context of wadiah. Emphasis can be given to the comparison of views between the main schools of jurisprudence and how they affect the practice of banking and financial affairs in the daily life of Muslims. In addition, it is useful to study the impact of new technologies and innovations in Islamic banking on Islamic law, including its implications on the concept of wadiah. Further research can also be done to examine practical issues related to the implementation of wadiah principles in the context of modern banking. It is hoped that these studies can provide a deeper understanding of the aspects of sharia law in Islamic banking as well as contribute to the development and consolidation of the sharia financial industry.

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