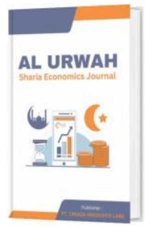
Al Urwah: Sharia Economics Journal
https://journal.takaza.id/index.php/alurwah
Vol.02, No.03, 2025, pp. 12-16
E-ISSN: 3025-9398
E-mail:alurwah@takaza.id



Application of the *Al-Wakalah* Agreement in Buying and Selling in Sharia Banking

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Article History:
Received: 19-02-2025
Revised: 01-03-2025
Accepted: 19-03-2025

Keywords: *Wakalah Agreement, Sharia Banking, Sharia Compliance, Murabahah, Wakalah Bil Ujrah*

Abstract: *This study examines the application of the Al-Wakalah contract in sales transactions in Indonesian Islamic banking, amidst rapid digitalization and challenges of sharia compliance. The aim is to outline the implementation, identify compliance issues, and evaluate its potential to replace conventional contracts. Using a descriptive qualitative method through library research, the population includes post-2000 Al-Wakalah literature and fatwas, purposively sampling 25 Google Scholar sources (2013-2025). The instrument is a library guide, analyzed by the Miles and Huberman model with a focus on the pillars of wakalah. The results show that Al-Wakalah functions dually as a ujrah service (transfer, L/C) and a supporter of Murabahah, guaranteeing asset ownership according to DSN-MUI Fatwa No. 10/2000, but is vulnerable to gharar due to unclear documentation. In conclusion, strengthening SOPs is necessary for sharia integrity, with limited field data suggesting mixed-methods in further studies.*

How to Cite: Rahmah, Aulia. (2025). Application of the Al-Wakalah Agreement in Buying and Selling in Sharia Banking. *Al Urwah : Sharia Economics Journal*. 2(3). 12-16. https://doi.org/10.61536/alurwah.v2i3.412

https://doi.org/10.61536/alurwah.v2i3.412

Introduction

In the era of rapid development of Islamic banking in Indonesia, the *Al-Wakalah* contract has become a primary instrument in various buying and selling transactions, allowing banks to act as a representative of customers for services such as fund transfers, letters of credit, and asset purchases under the *Murabahah* scheme (Nuhyatia, 2013; Sahla et al., 2023). This phenomenon reflects the flexibility of *Al-Wakalah* as a delegation of authority from the *muwakkil* to the representative, which aligns with the Islamic principle of mutual assistance in muamalah matters (Nuhyatia, 2013; Maulana, 2024). The application of this contract is increasingly widespread with the digitalization of banking services, where banks provide ATM and mobile banking facilities to efficiently execute customer instructions (Mulyadin, 2024; Sahla et al., 2023).

The practice of *Al-Wakalah bil Ujrah* in sharia banking shows strong integration with other contracts, especially in *Murabahah* financing, where the bank authorizes customers to purchase goods on behalf of the bank to ensure legal ownership before sale (Yunita, 2018; Mulyadin, 2024). This phenomenon is supported by DSN-MUI fatwa no. 10/DSN-MUI/IV/2000 which legitimizes *wakalah* as part of banking services with binding agreements, including ujrah compensation (Sahla et al., 2023); (Maulana, 2024).

However, the application of *Al-Wakalah* in buying and selling often raises substantial sharia issues, such as the potential for gharar due to unclear documentation of asset ownership when customers purchase on behalf of the bank in *Murabahah bil Wakalah* (Yunita, 2018; Maulana, 2024). This problem is exacerbated by a lack of understanding among customers and bank staff regarding the pillars of *wakalah*, which can transform the essence of buying and selling into mere debt-based financing, contrary to sharia principles (Nuhyatia, 2013; Mulyadin, 2024). Furthermore, variations in interpretation of DSN-MUI fatwas between financial institutions lead to inconsistencies in practice, increasing the risk of moral hazard and non-compliance (Sahla et al., 2023; Yunita, 2018).

The problem is further complicated by regulatory and infrastructure challenges, where the lack of strict sharia-compliant standard operating procedures (SOPs) means that wakalah rarely stands alone but is instead combined with other contracts, potentially creating prohibited hybrid contracts (Maulana, 2024; Mulyadin, 2024). This phenomenon is also evident in L/C and transfer services, where technological reliance has not been matched by strict oversight of the *wakalah's* mandate (Nuhyatia, 2013; Sahla et al., 2023).

This study aims to describe the implementation of the *Al-Wakalah* contract in Islamic banking transactions, identify Sharia compliance issues, and evaluate its potential as a replacement for conventional contracts (Nuhyatia, 2013; Yunita, 2018). The urgency lies in the need to strengthen Sharia practices amidst the growth of Indonesia's Islamic financial industry, avoiding gharar and riba (Maulana, 2024; Sahla et al., 2023). The novelty of this study is a contemporary analysis of the post-2021 *wakalah* digitalization phenomenon, with recommendations for the latest fatwa-based SOPs to improve efficiency and maslahah (Mulyadin, 2024).

Research Methods

This study uses a qualitative method with a descriptive approach that focuses on analyzing the phenomenon of the application of the *Al-Wakalah* contract in buying and selling in Islamic banking, as in accordance with the characteristics of in-depth studies of Islamic muamalah practices (Creswell & Poth, 2018; Sugiyono, 2013). This method was chosen because of its exploratory nature, which allows for the disclosure of sharia substance through contextual narratives, rather than quantitative measurements, thus aligning with library research that relies on primary sources of fiqh and fatwas (Emzir, 2022; Sudaryono, 2024). A deductive approach was applied to test the consistency of the *Al-Wakalah* theory from the Qur'an, Sunnah, and the DSN-MUI with contemporary practices in Indonesian Islamic banks (Nuhyatia, 2013; Sahla et al., 2023).

The research instrument included a literature review guide as the primary tool for collecting secondary data from books, journals, DSN-MUI fatwas, and Islamic banking documents. The data analysis technique employed the Miles and Huberman qualitative model, which involves data reduction, presentation, and conclusion drawing (Creswell & Poth, 2018; Sugiyono, 2013). The data collection technique was conducted through systematic library research, namely searching, grouping, and verifying relevant sources regarding *wakalah bil ujrah* in transfer transactions, L/C, and *Murabahah*, followed by

https://doi.org/10.61536/alurwah.v2i3.412

content triangulation for validity (Emzir, 2022; Sudaryono, 2024). The analysis focused on fulfilling the pillars of *wakalah* (ijab-qabul, clear object, trust) to identify potential gharar, with the support of software such as Mendeley for reference management (Sahla et al., 2023; Nuhyatia, 2013).

The research population consisted of all literature, fatwas, and documents on *Al-Wakalah* practices in Indonesian Islamic banking after the DSN-MUI fatwa No. 10/2000, with a purposive sample of 25 selected relevant sources from Google Scholar from 2013-2025, including accredited journals on *Murabahah bil Wakalah* (Yunita, 2018; Maulana, 2024). This sample selection considered inclusive criteria such as active DOIs, relevance to the buying and selling phenomenon, and representation of national Islamic banking cases, thus including case studies such as BNI Syariah and Bank Nagari (Sugiyono, 2023; Emzir, 2022). The sample was limited to maintain the depth of analysis without sacrificing comprehensiveness (Sudaryono, 2024; Sahla et al., 2023).

The research procedure begins with preliminary problem identification, followed by data collection through a systematic search of academic databases, and then data reduction and categorization based on the theme of *wakalah* as a service and support contract (Nuhyatia, 2013; Creswell & Poth, 2021). The next stage is deductive interpretation by comparing the sharia basis (Quran, Al-Baqarah: 283, Sunnah of Abu Hurairah) with practical implementation. Conclusions are then validated through implicit expert discussions based on current literature (Yunita, 2018; Sugiyono, 2023). The entire process adheres to qualitative research ethics to produce coherent and applicable findings for strengthening sharia compliance (Emzir, 2022; Maulana, 2024).

Results and Discussion

Al-Wakalah Agreement in Buying and Selling

Islamic banks use the *al-Wakalah* contract for two main functions: as a service contract and as a supporting contract (transaction). In the first function, Islamic banks act as *al-Wakilah* (authorized agent) for customers (*Al-Muwakkil*) to carry out various daily banking services, such as fund transfers, letters of credit (L/C) and *Murabahah*. In this relationship, *al-Wakalah* is legitimized in the form of *Wakalah Bil Ujrah*, meaning this representative function is not only important to support the bank's commission-based income but also provides convenience to customers without violating the prohibition on usury (Nasution et al., 2025).

Meanwhile, its most important role is as a supporting contract in a sale-based financing transaction. In this scheme, the Islamic bank acts as the representative (customer) with the power to purchase the asset. The goal is to ensure that the bank meets the sharia requirements to become the asset's legal owner before reselling it to the client through a *Murabahah* contract. Therefore, *Al-Wakalah* serves as a legal mechanism to ensure that the bank does not sell goods it does not already own, and to maintain the substance of the sharia-compliant sale and purchase contract and avoid elements of usury in the financing process (Waris & Sari, 2023)

The National Sharia Council of the Indonesian Ulema Council (DSN-MUI) has issued a fatwa on *wakalah* through Decree No. 10/DsnMUI/IV/2000. *Wakalah* is the granting of power of attorney by one person to another party to perform an act that could be delegated. In Islamic financial institutions, *wakalah* is carried out as part of Islamic banking services to customers. *Wakalah* involves a process of ijab (consent) and qabul (assent) that must be pronounced by both parties as a sign of their agreement. A *wakalah* that is given in return creates a legally binding relationship and cannot be revoked arbitrarily by either party (Abdillah et al., 2022).

The legal basis of *Al-Wakalah* is as follows:

1. **Al-Qur'an**

فَإِنْ أَمِنَ بَعْضُكُمْ بَعْضًا فَلْيُؤَدِّ God willing, God willing, God willing, God willing

"...So, if some of you believe in others, let those who are trusted carry out their mandate and let them fear Allah, their Lord..." (QS. Al-Baqarah: 283)

قَالَ اجْعَلْنِي عَم عَلِيمٌ

"Yusuf said: 'Make me treasurer of the state (of Egypt). Indeed, I am a person who is good at

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guarding (trust) and knowledgeable (experienced).'" (QS. Yūsuf: 55)

وَكَذَٰلِكَ بَعَثْنَاهُمْ لِيَتَسَاءَلُوا بَيْنَهُمْ ۚ قَالَ قَائِلٌ مِّنْهُمْ كَمْ لَبِثْتُمْ ۖ قَالُوا لَبِثْنَا يَوْمًا أَوْ بَعْضَ يَوْمٍ ۚ قَالُوا رَبُّكُمْ
هَٰذِهِ إِلَى الْمَدِينَةِ فَلْيَنظُرْ أَيُّهَا أَزْكَىٰ طَعَامًا God willing, God willing, God willing, God willing, God willing
فَلْيَأْتِكُم بِرِزْقٍ مِّنْهُ
وَلْيَتَلَطَّفْ وَلَا يُشْعِرَنَّ بِكُمْ أَحَدًا

"And so We woke them up, so that they might ask each other questions. One of them said, 'How long have you been (here)?' They answered, 'We are (here) a day or half a day.' Said (another), 'Your Lord knows better how long you will be (here). So tell one of you to go to town with your silver, and let him see which food is better, and let him bring some of it for you, and let him be gentle, and never tell anyone about you.'" (QS. Al-Kahf: 19)

The above verses provide an ethical and legal basis stating that the person acting as a representative (al-Wakīl) must act honestly, responsibly, and adhere to the limits of authority granted by the person granting the authority (*al-Muwakkil*). This is a crucial requirement for all transactions in the Islamic financial system to remain legitimate and valid.

2. **Sunnah**

From Abu Hurairah ra (some other narrations from Abu Rafi'), it is stated that the Prophet SAW delegated (gave power of attorney) to a man to buy a camel for him which would be used to pay off a debt.

3. **Consensus**

Based on the principle of ta'āwun (mutual help) in kindness (refer to QS. Al-Mā'idah: 2) and the practice of tawakkul (handing over affairs) which was common during the time of the Prophet and his companions (refer to QS. Al-Kahf: 19).

Implementation of *Al-Wakalah* in Islamic Banking

Some transactions that use the *Al-Wakalah* contract are as follows:

1. **Transfer Services**
   - A. The *Wakalah* agreement begins when the customer asks the bank to act as a representative to transfer money to another account.
   - B. In this case, the bank will take money from the customer's account and will transfer it to the designated account according to the instructions given by the customer.
   - C. In the development of technology, banks help prepare facilities (ATM/mobile banking) and forward customers' electronic orders.

The process of transferring money using the *Wakalah* contract concept begins when a customer requests the bank, acting as their representative, to send money to another person's account. If the transfer is from the customer's account to the recipient's account, the bank will first withdraw funds from the customer's account and then transfer the funds to the requested account according to the customer's instructions. With today's technological advances, customers can make transfers via ATMs, mobile banking, or the internet. The bank is responsible for providing the tools and transmitting the customer's electronic instructions (Nuhyatia, 2013).

2. ***Less of credit* (L/C) services**

A letter of credit is a bank service that helps importers send purchase orders for goods supplied to other countries. Letters of credit utilize the services of banks in both the importing and exporting countries. Using a *wakalah* contract, a letter of credit guarantees the importer that payment will be made after the goods are shipped, in accordance with the sales and purchase agreement between the importer and exporter (Nuhyatia, 2013). Letters of credit transactions simplify the import and export process for the public, as banks guarantee smooth payment in accordance with the applicable sales and purchase contract.

https://doi.org/10.61536/alurwah.v2i3.412

3. *Al-Wakalah*on Murabahah

The relationship between *Murabahah* financing and *Wakalah* (Islamic loan) involves Islamic banks as capital providers, not as direct owners or sellers of goods. Thus, Islamic banks act as capital providers in *Murabahah* financing under the *Wakalah* contract (Yunita, 2018).

Conclusion

This study concludes that the al-wakalah contract plays an important role in Islamic banking as a service contract (wakalah bil ujrah) for fund transfer services, letters of credit, and as support for murabahah financing to ensure lawful asset ownership prior to sale and to avoid gharar and riba; its sharia foundations strengthen flexibility in contemporary digital transactions, although in practice it is often integrated with other contracts that may lead to compliance inconsistencies, highlighting the need to strengthen Islamic bank SOPs, particularly in documenting ijab-qabul and the trustee role of the agent to enhance customer maslahah amid the growth of Indonesia's Islamic financial industry, while the study is limited by its library research approach based on secondary data that does not capture field dynamics, thereby constraining the generalizability of the findings, and future research is recommended to adopt mixed-methods with longitudinal case studies in national Islamic banks as well as comparative analyses with global practices to test the effectiveness of digital wakalah SOPs and enrich theoretical contributions.

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